21st Century Work: High Road or Low Road

PROCEEDINGS OF THE 20TH CONFERENCE OF THE ASSOCIATION OF INDUSTRIAL RELATIONS ACADEMICS OF AUSTRALIA AND NEW ZEALAND

VOLUME 1. REFEREED PAPERS
BARBARA POCOCK, CHRIS PROVIS AND EILEEN WILLIS EDITORS
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Introduction

2005 marks the twentieth conference convened by the Association of Industrial Relations Academics of Australian and New Zealand (AIRAANZ). Since 1983, AIRAANZ conferences have promoted and extended the study of workplaces and industrial relations in Australia and New Zealand, as well as in other countries.

2005 has been a year when industrial relations has achieved headline status, at least in Australia, for much of the year. Australia’s national industrial relations law has been significantly rewritten by the Howard Government following its election victory in 2004 which gave it control of the Senate. In some ways, these changes mirror earlier reforms in New Zealand, while in other ways they are very different. Both countries have now moved away from their century-long experiment with conciliation and arbitration systems that were unique in the developed world. Individualised employment relations increasingly characterise workplace relations in both countries.

Academic research in Australia and New Zealand has helped inform lively public debate about these changes. Hopefully, over coming decades, researchers in both Australia and New Zealand will continue to inform public debate, collect and analyse evidence, and engage in vigorous academic and public discussion about the nature, effects and possibilities for industrial relations in our countries, setting them in their international context and continuing a tradition of international exchange and discussion.

AIRAANZ conferences are usually marked by lively debate, in a collegial environment, with particular encouragement for emerging researchers and post-graduates.

The 2006 conference has as its theme ‘21st Century Work: High Road or Low Road?’ The high road of the title is epitomised by highly skilled and highly paid jobs that are safe, secure and satisfying in highly profitable industries. On the other hand, the low road points to low-skill, low-pay jobs that are unsafe, insecure and unsatisfying in marginally profitable industries. In reality, 21st Century work is a complex mix of these positive and negative characteristics. Enormous diversity characterises work in different countries and within them – by industry, occupation and region. Outcomes are diverse for different kinds of workers, by age, skill, gender, race and ethnicity. The 2006 conference offers an opportunity to reflect on the changing nature of work and industrial life, and to consider the most useful directions for future research.

This volume of proceedings contains the refereed papers presented at the 2006 conference. All papers in this volume have been reviewed by at least two referees in a double-blind process. Other papers and abstracts which have not been refereed are included in a companion volume. Our thanks go to the referees. We are very grateful for their time and assistance.

The University of Adelaide, Flinders University and the University of South Australia have all contributed support for the 2006 AIRAANZ conference, which is jointly convened by academics from all three institutions.

The editors would like to particularly thank Jenny Czernezkyj for her assistance. Jenny administered the refereeing process and organised the layout and preparation of the two volumes of papers for the conference, always working with great professionalism, good humour and timeliness. Her work has made our tasks as editors, as well as the tasks of authors, much easier than they might otherwise have been.

We are confident that this collection of papers will continue the strong tradition of research analysis and debate that has characterised the past twenty AIRAANZ conferences.

The Editors:
Barbara Pocock, University of South Australia
Chris Provis, University of South Australia
Eileen Willis, Flinders University
DEST Publication Requirements

In accordance with the Australian Government’s Department of Education, Science and Training’s Higher Education Research Data Collection criteria, the papers published in these proceedings meet the definition of research in that:

1. The AIRAANZ 2006 Conference is a conference of national and international significance.
2. Each paper, in its entirety, was double-blind, peer reviewed before publication.
3. The proceedings will be made available to libraries and on the AIRAANZ web site.
4. Author affiliation is noted on each paper.

The Conference Convenors would like to acknowledge and thank the following people for refereeing the papers in Volume 1 of the AIRAANZ 2006 Conference Proceedings.

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† There was no official theme for this conference; therefore the title of the presidential address is used.
‡ The title of the presidential address is included where this is identified in the conference proceeding’s volume.
This paper reviews the key principles of Catholic Social thought as they pertain to relations between labour and capital. It is argued that such principles are foundational for the conduct of ethical relations and the exercise of moral values in the workplace, and are recognisable in the right of workers to employment and just compensation for their labours, in the duty of employers to provide safe and engaging work for those in their charge, and in the obligation of the state to dispense wise governance in a manner that guarantees the welfare and security of all its citizens. It is argued that these principles have had de facto airing in Australian political and economic history, and that they might be usefully drawn upon again to protect the rights of workers under the current ascendency of neo-liberal policy solutions.

Introduction

Catholics and Catholicism have figured little in the industrial relations literature. There has been the odd study looking at Catholic activism in specific industrial settings (e.g., Arnal, 1986; Betten, 1976). There have been a few studies detailing the activities Catholic labour movements (e.g., van Empel, 1997; Mikkelsen, 2005). There have been several studies commenting on Catholic workplace issues, such as religious freedom (e.g., Levin, 2001), sectarianism (e.g., Walls & Rory, 2003) and Sunday observance (e.g., Quadrant, 2005). And there has been the occasional references made to Pope Leo XIII’s (1891) famous encyclical, Rerum Novarum, as means a means of evoking the more beneficent management of labour (e.g., Bellace, 2001) or for the purposes completing analysis more concerned with other matters (e.g., Martin, 1989). If Catholics and Catholicism have been largely ignored by the industrial relations literature, so also have the issues of ethics and morality in workplace relations (Provis, 2005). These apparent omissions frame the following discussion, which, in the context of the potential changes being heralded by the passing of the Workplace Relations Amendment (WorkChoices) Bill 2005, set out a range of labouring ideals based on the recommendations and broad themes contained in Catholic social doctrine. To this end, the following discussion reviews the key principles of this school of thought as they pertain to the rights of employees, the duties of employers and the obligations of the state. It is suggested that these principles are capable of providing foundational support for the conduct of ethical relations and the exercise of moral values in the workplace, something that seems more than usual necessary with the growing ascendency of contemporary neo-liberal policy solutions and market-driven managerialism.

Catholic Social Doctrine

The corpus of ideals that make up modern Catholic social thought has several sources. The principle of these is represented in major encyclicals published over the past hundred or so years: Rerum Novarum (1891, Leo XIII), Quadragesimo Anno (1931, Pius XI), Mater et Magistra (1961, John XXIII), Pacem in Terris (John XXIII, 1963), Populorum Progressio (1967, Paul VI), Octogesimo Anno (1971, Paul VI), Laborem Exercens (1981, John Paul II) and Centesimus Annus (1991, John Paul II). Also important has been a range of significant
social pronouncements (e.g., Vatican II, 1962-65), official teachings (e.g., Catechisms) and pastoral declarations issued by various national conferences of Catholic bishops.

The ideals contained in these teachings and pronouncements suggest that the ‘good society’ is apparent in a peace and stability predicated upon people acting virtuously and justly towards one another in accordance with the principles of Christian morality; principles that are held to be both inviolable and universal (Mater et Magistra, 1961, #192; see also: Pontifical Council for Justice and Peace, 2004, chapter four). These ideals hold private property to be a natural right, religious freedom to be a moral right, and marriage and the family to be sacrosanct (Centesimus Annus, 1991, #38, 47, Part IV). The role of the Church in mediating social conflict and providing moral leadership is deemed imperative, and negotiation and consensus at all levels are believed to be the only basis for enduring and harmonious relationships (Second Vatican Ecumenical Council, 1966, #1084). The idea of class conflict is thus rejected in favour of an organic view of society, in which the notion of ‘solidarity’ is propagated as a means of resolving differences between various social classes. However the conditions underpinning this solidarity are incapable of occurring spontaneously, and must therefore be supported by those in positions of power (i.e., employers and political leaders) (Quadragesimo Anno, 1931, #78-82).

The ‘good society’ is similarly rendered in the workplace by the measure of its peace and stability, which again is said to rely on people acting virtuously and justly towards one another (Rerum Novarum, 1891, #19). To this end labour is held to be more than a mere commodity, a soulless artefact set to work in accordance with the ‘laws’ of supply and demand, but instead something with specific human needs and an enduring need for human dignity (Quadragesimo Anno, 1991, #81). Work is similarly regarded as having objective and subjective dimensions. Its objective manifestation is ‘the sum of activities, resources, instruments and technologies used … to produce things’; a dimension that constantly ‘varies … according to the changing technological, cultural, social and political conditions’ in which it takes place. Its subjective manifestation is the variety of actions and work processes that correspond to personal vocations; a dimension that is relatively stable as ‘it does not depend on what people produce or [what] activit[ies] they undertake, but on their dignity as human beings’ (Pontifical Council for Justice and Peace, 2004, #270).

Two points flow from this analysis. The first is that man is held to be the subject of work as much as the object of work (Laborem Exercens, 1981, # 589), such that any business activity that reduces workers to mere instruments of production misunderstands ‘the essence of labour and strips it of its most noble and basic human finality’ (Pontifical Council for Justice and Peace, 2004, #271). The second is that the processes of labour are deemed to be ‘a primary efficient cause’, while capital is deemed to be ‘a mere instrumental cause’ (Laborem Exercens, 1981, #606).

As a result of these claims Catholic social advocacy argues that workers should be favoured over capital through acceptance of their inalienable rights. These include the right to work (Pontifical Council for Justice and Peace, 2004, #287); the right ‘to participate in the ownership, management and profits of organisations’; (Laborem Exercens, 1981, #616); the right to a ‘just wage’ (Quadragesimo Anno, 1931, #198-202); the right to adequate rest from work (Centesimus Annus, 1991, #804); the right to a safe working environment (Laborem Exercens, 1981, #629); the right to work that supports moral integrity and personal dignity (Laborem Exercens, 1981, #812); the right to acquire private property as a reward for their labours (Pontifical Council for Justice and Peace, 2004, #282); the right to social insurance and pensions to sustain them when sick, injured, unemployed, elderly or in maternity (Laborem Exercens, 1981, #625-9); and the right to assemble, form associations and engage in strike action (Rerum Novarum, 1892, #135). They also have a right to sufficient free time
to attend to family needs and partake in cultural, social and religious activities (Second Vatican Ecumenical Council, 1966, pp.1088-89; see also: Pontifical Council for Justice and Peace, 2004, chapter six).

Businesses have the obligation to respect and support these rights. They may pursue profit with little restriction save that which maintains the ‘dignity of workers’ and promotes their ethical and moral treatment in the workplace (Pontifical Council for Justice and Peace, 2004, #340). In this regard businesses are expected to structure work in a way that allows workers to fulfil their family and religious duties (Laborem Exercens, 1981, #625-629); to invest in modes of ‘production that offer people an opportunity to make the best use of their labour’ (Centesimus Annus, 1991, #840); to ‘respect workers as a people ennobled with Christian character’; to resist ‘expos[ing] workers to dangerous occasions and corrupting influences’; to not ‘tax [workers] beyond their strength or employ them in work unsuited to their sex and age’; and to ‘refrain from cutting [workers’] wages … by force, fraud or usurious dealings’ in the pursuit of profit (Rerum Novarum, 1891, #29; see also: Pontifical Council for Justice and Peace, 2004, chapter 6). Those ‘blessed with affluence’ also have the responsibility to share their wealth by establishing charitable ‘insurance institutes’ as a means of ameliorating the plight of the less advantaged (Rerum Novarum, 1891, #55). Treated in this way workers are expected to ‘fully and faithfully perform work which has been freely and equitably agreed upon’; to ‘never injure property or persons’, or ‘resort to violence, riot or public disorder in defending or pursuing their causes’; and to avoid ‘people of evil principles’ who would divert their interests to ruinous ends (Rerum Novarum, 1891, #29).

The state also has duties that require that it provide ‘wise statesmanship’ through the promotion of moral rule, support for family life and respect for the law and religion (Rerum Novarum, 1891, #32). As a means of ensuring workers have access to adequate employment, it has the obligation to ‘sustain business activities … that ensure [ample] job opportunities, stimulate those activities where they are lacking, [and] support them in moments of crisis’ (Centesimus Annus, 1991, #848, 853) It furthermore has the duty to put in place a ‘juridical framework for promoting ‘equality’ between the two sides of industry (Centesimus Annus, 1991, #811), as well as establish systems of social insurance to protect the weakest members of society (Pontifical Council for Justice and Peace, 2004, #355). To promote the common good, the state also has the responsibility to enact policies to protect freedom of speech and religious freedom, as well as provide services that ensure all have access to food, housing, education, culture, transportation and health care (Second Vatican Ecumenical Council, 1966, #1046-7); see also: Pontifical Council for Justice and Peace, 2004, chapter eight).

All this is aimed at supporting social solidarity by weening underprivileged or disadvantaged people away from ‘futile socialist causes’, which are deemed to be both divisive and destructive, and so contrary to the core principles of Catholic social teachings. The state therefore has obligations which cast it in a far more interventionist role than would normally be accepted by classical liberalism and its dependence on unchecked individualism and unrestrained free market economics (Populorum Progressio, 1967, #26). But it is an intervention that is far less than the ideals of socialism and its advocacy and enforcement of the collective ownership of the means of production (Centesimus Annus, 1991, #13).

So, to summarise, Catholic social thought advances the idea that private property, marriage, family, interventionist politics, business philanthropy, social stability and industrial peace are all necessary for the good society. In employment it furthermore propagates the notion that workers have certain workplace rights and certain obligations they owe to the job and their employer. Employers, in turn, have the right to expect faithful service and have the obligation to treat those in their charge with fairness and justice. Those in positions of political power also obligations, in this instance to ameliorate the plight of the needy and the
dispossessed, both socially and on the job. These obligations are not solely a measure of Christian charity being advocated or dispensed in reaction to the social and economic problems of industrial capitalism. It is partly inspired by such morality, but it is more about providing the less well off with a sufficient stake in the system so as to discourage their coming under the influence of ‘evil men’ who would lead them to revolutionary endeavours.

What can be take from this for the purposes of proposing an appropriate set of labouring ideals for the 21st century? In answering this question I want to make the argument that the principles of Catholic social thought as they apply to workplace relations have certain enduring qualities. That is to say, they have relevance across time and space regardless of what work is being performed or what form employment takes. To establish their endurance and relevance I will first refer to the social, economic and political conditions that existed during the years of the so-called ‘Australian Settlement’; a period spanning 1901 to the mid-1970s, and one noted for the highly interventionist role played by the state in the conduct of work and workplace relations. This is not to say that Australian public policy and management practices were ever formulated in direct accordance with the specifics of Catholic social doctrine, even though many Catholics were undeniably influential in the course of Australian politics and business over the period in question. What is instead being argued is that the relative peace and stability experienced by Australian society over the period occurred largely because the economic and political conditions broadly replicated many of the earlier mentioned principles contained in Catholic social thought. That is to say, there was a near de facto application of the principles, so to speak; akin, say, to someone acting like a Christian without necessarily being a Christian. The fact that the conditions were implicit in this way does not lessen support for the contention that the principles themselves demonstrate certain enduring qualities and relevance. This being the case, it may account for why the Australian clergy at the time were notably languorous in propagating their virtues; but more on this later. For the moment let us look at this period more closely.

The ‘Australian Settlement’ – stability and predictability

The Australian Settlement was first established in 1901 and was built on two separate pieces of legislation. The first established a system of compulsory conciliation and arbitration and was premised on the legitimate right of trade unions to bargain on behalf of workers. The second established a system of trade protection to insulate the interests of Australian business from international competition. The logic of mutual support embedded in these pieces of legislation held that so long as Australian businesses were protected from international competition, they would remain sufficiently profitable to meet the demands of trade unions. Trade unions, in turn, were granted a legal right to make such demands so long as they adhered to the agencies of compulsory conciliation and arbitration, which were themselves charged with ensuring that all received a ‘fair go’ (Kelly, 1992, pp.2-3). This legislative rationale was to become later buttressed by an adherence to Keynesian demand management policies. These policies represented a political settlement that held the state responsible for avoiding economic recessions and their associated unemployment problems by engaging in publicly funded infrastructure and welfare programmes - a form of governmental ‘pump-priming’, to use the terminology of the times, used to fill the space of failing private investment when national economic growth was in decline (Keynes, 1936).

This policy framework was variously supported by the ideological predilections held by the main political parties. The Australian Labor Party held employers to have considerable advantages because of their power to determine where and when to invest, what to produce and who to employ. It was therefore appropriate for governments to maintain institutions for
the purpose of ensuring greater social and economic equality. To this end, and although rarely holding office over the period in question, the Labor Party consistently supported the public ownership of health care, education, gas, electricity, transport, communications, and so on, this being seen as a way of dampening inequalities more generally that emerged from economic transactions taking place in the private sector. It was also a consistent supporter of Keynesian demand management policies, as well as the country’s industrial tribunals and centralised system of wage fixing, with these being regarded as a direct way of counteracting the imbalance in negotiating power that was thought to exist between capital and labour in the workplace (Aitkins & Jinks, 1983, chapter eight).

The Liberal and National parties held the belief that rules and conventions should be preserved and enforced to ensure an ordered social and economic life. This end Liberal and National Coalition governments, which ruled continuously from the late 1940s until the early 1970s, supported the public ownership of key sectors of the economy in a similar manner as the Labor Party. They also endorsed the application of Keynesian policy prescriptions and supported the system of compulsory conciliation and arbitration. They did this, however, not in the name of advancing the cause of equality, but in the name of reducing sources of tension that seemed likely to generate challenges to the existing rules and conventions (Aitkins & Jinks, 1983, chapter eight).

The political dominance of this type of conservatism appealed to the social values and norms of the time, which held males to be acting responsibly and appropriately in the role of ‘bread-winners’ for their families, and women similarly so when acting in the role ‘home-makers’. ‘Outsiders’ in the form of immigrants were viewed with suspicion, but were generally accepted over time, and communism at home and communist expansion abroad were regarded with fear. Literature and the arts were reverential of overseas offerings, but were nonetheless subject to high levels of censorship that broadly conformed to the country’s conservative ideals, or least those of its cultural elites (Murphy, 2000). And Aboriginal rights, youth issues and the environment attracted little concern beyond the ‘fringe’ elements of society. More generally the cultural ethos deemed that all should have a stake in the ‘lucky country’, with home ownership in leafy suburban settings being the ultimate consumer goal and annual holidays to the coast in the family car being the ultimate leisure pursuit (Horne, 1980). To make this possible the social consensus charged government with a duty to eliminate mass unemployment and provide for those disadvantaged by the industrial process. It furthermore charged government to ensure Australian industry remained sufficiently profitable to meet the wage demands of a highly unionised workforce. The end result was a labour force dominated by full-time working males, and the development of a mode of economic organisation based on mass production for mass consumption, the latter being bolstered by a beneficent welfare state and an institutionalised system of employment relations that delivered on-going real wage support for workers.

Such values ensured that the prospects and patterns of work and suburban life conformed to the needs of burgeoning manufacturing sector. They also provided the backdrop for a certain type of industrial organisation and associated employee relations. The emergence of large-scale manufacturing encouraged the spread and dominance of scientific management techniques. Work tasks were disaggregated down to their simplest form, required low levels of skill to perform and were largely repetitive. Managers exercised high levels of authority and dominated most aspects of employees’ working lives, from their hiring and firing, to the organisation and allocation of their work tasks. Relations between the two accordingly ranged from active paternalism to on-going antagonism, but either way the untrammelled power of employers was limited by unions through periodic industrial campaigns, adjudications reached in the country’s conciliation and arbitration institutions, and
governments determined to ameliorate the more detrimental excesses of industrial enterprise. In short, the political settlement and cultural predilections of Australian society endorsed the role of an interventionist state, and the need to restrain the operation of market forces through its agency so that all might receive a ‘fair share’ of the national wealth.

The ‘good society’ represented in a ‘fair go’ society

To put this history in terms closer to the present argument, the ‘good society’ in which all received a ‘fair go’ was more or less realised *de facto* over the period of the Australian settlement. To be sure this realisation was devoid of the spiritual emphasis contained in Catholic social doctrine. But there was still much that was virtuous, just and ethical in the way work and workplace relations were conducted. To the extent that this was the case, it could be argued that many of the same ends were realised, or nearly realised, in a way that was broadly consistent with Catholic doctrine. Political support for tariffs, industry subsidisation and home ownership advanced the interests of private property ownership for both businesses and individuals. Marriage and family were supported by arbitrated wages that were systematically adjudicated and regularly advanced in accordance with community standards and prevailing economic conditions. The provision of welfare involved genuinely competitive visions about how to deal with the country’s economic and social problems, with all sides of politics agreeing that the state had a responsibility to improve the lives of those disadvantaged by the economic system. Industrial peace was underpinned by a mixture of business paternalism and political conservatism, both of which supported the concept of a ‘fair day’s pay for a fair day’s work’. Employers had legal obligations to treat employees safely and justly, taxation was distributive to the advantage of the less well-off, and those working on Sundays attracted a ‘penalty’ from employers for the time spent away from families, sport and religious duties.

The suggestion in this is that all was going well in the ‘Land of Oz’, which may seem a tad quixotic since the period was also marked by a major economic depression and several severe recessions, on-going social divisions over matters relating to immigration and aboriginal welfare, communist xenophobia and exaggerated fears of atomic annihilation, as well as two world wars (e.g., Murphy, 2000). This is true, but it would be somewhat disingenuous to suggest that Australian society and Australian workplaces are far more stable and harmonious now than they were over the first 75 years of federation.

So what did this relative stability and harmony, such that it was, mean for the Catholic clergy and the propagation of Catholic social doctrine? Outside of matters relating to people’s spiritual well-being, irregular public forays condemning Soviet and Chinese communism abroad, and efforts aimed at countering communist infiltration into the labour movement at home (Maken, n.d., pp.20-24), they had little to say about the social and economic conditions under which people lived and worked. And why should they when the common cultural and material understanding across all classes in the country held Australia to be the ‘lucky country’. I want make the argument here that this legacy still persists - or so it would seem – and that few Catholic leaders over the past three decades have been willing or able to say anything substantial and critical about the economic tribulations and social problems experienced by growing numbers of Australians being affected by the various neo-liberal political agendas and advancing free market economics. I will say more on this legacy later, but for the moment I want to detail the terms of the new industrial context which has emerged to replace the older Australian settlement. The point to be taken in the following passages is that Australia has drifted far from its *de facto* application of the virtues and justices that characterised the ‘good society’ of ideal Catholic social thought.
The new industrial context – dynamism and unpredictability

The Australian Settlement came under severe pressure during the 1970s and 1980s as a result of forces emanating from an evolving world economy, and by the early 1990s was all but redundant. The legitimising values that long charged the state with a mandate to intervene in people’s social and economic lives has since given way to ascendant notions of market fundamentalism, and Australian society and politics have become imbued with the perception that market forces unleash growth and incentive, whereas state intervention only serves to hinder productivity and stifle initiative (Beeson & Firth, 1998, pp.215-231).

The current political context is now one where the ideological divide that once distinguished the main political parities has all but collapsed. The Labor Party no longer holds to the view that government has a primary responsibility to administer public institutions to promote social and economic equality (Pollitt & Bouckaert, 2000, p.231), and it no longer believes that a centralised system of industrial relations is necessary to promote a balance of negotiating power between the two sides of industry (Hughes 1998). For their part the Liberals and their coalition partner in the Nationals no longer hold to the older conservative ideal that public institutions should ensure that rules and conventions sustain social and economic order, and they any longer believe industrial tribunals and centralised bargaining are the best way to ensure industrial peace (Hughes, 1998).

In practical terms the national context is now one where the policy agenda of both sides of politics embrace a three-pronged strategy of public sector reform, the privatisation and corporatisation of public assets and services, and the liberalisation of private sector transactions. To this end the past decade has seen major public expenditure cuts, the sale of public sector assets on an unprecedented scale and policies to introduce competition into all areas of goods and services provision (Abbott, 1999, pp.39-58). This new context has formed the backdrop for a new type of industrial organisation and associated industrial relations. Business strategies are now being adapted to make prevailing modes of production and organisation more flexible. An important outcome of such strategies has been the changed conditions of employment. These are recognisable in the growing incidence of casual, contract and part-time employment, in the decentralisation of authority structures, in the expanding use of outsourcing and the broadening spread of ordinary hours work, in the de-standardisation of labour contracts and work tasks, in the relaxation of attendance regulations and the dispersion of work sites through electronic networking, in the move from mass production in large scale factories to batch production in small-scale work-houses and service organisations, and in the transition from uniform, secure systems of life-long employment to more pluralised systems of precarious underemployment (Abbott & Kelly, 2000).

These changed conditions of employment have had their costs. They are represented in a growing peripheral workforce being visited by new forms of unfavourable distributions of income (Wicks, 2005), poor career opportunities and low status within the organisations they work for (May, Campbell & Burgess, 2004). They are also represented in the generation of new sources of insecurity as the risks of engaging in work become privatised and the costs of social protection previously afforded by public institutions are shifted onto the recipients themselves. At the same time the growing numbers of casual, contract, part-time, outsourced, non-unionised workers employed at flexible times in decentralised work locations is enabling businesses to save on the costs of health and safety, superannuation and overtime, sick pay and holiday leave, building and tool expenses, and the like (May, Campbell & Burgess, 2004). And for those so employed the flexibilisation of employment and on-going labour and product market uncertainties are visiting them with increasing doubt.
and scepticism about the protections provided by traditional institutions, whether they be political, legal, welfare or trade union related (Abbott & Kelly, 2000).

A ‘fair go’ gone, the ‘good society’ lost

So the ‘good society’ in which all received a ‘fair go’, if only in a *de facto* manner devoid of the spiritual character of Catholic social doctrine, is no longer apparent. Indeed in its quest to ensure economic exchanges conform to the purity of free market economics, it is a concept no longer supported by the state. Tariffs and industry subsidisation have been radically reduced and the prospect property ownership has been left to the market. This has seen larger businesses flourish at the expense of smaller counterparts, whilst the possibility of home ownership has become increasingly doubtful for many young Australians. Marriage and family life have become more unstable and more uncertain; a condition exacerbated by people working longer hours under increasingly casualised, precarious or flexible employment conditions (Walcott & Hughes 1999). Mainstream politics no longer span competitive visions about how to improve the economic and social lives of people, with the major political parties being at one in their belief that the state should retreat from such matters wherever possible. Workplace relations are being increasingly governed not so much by consultation and negotiation as a mixture of cultural indoctrination (for the core workforce) and fear of unemployment (for the peripheral workforce). And wage outcomes are being determined more by the shifting balance of power in favour employers than any previous notions of ‘fairness’.

Clearly all is not well in the ‘Land of Oz’, and, on the present argument, is less well than in the period of the Australian settlement. True, the recent past has been marked by an unusually long period of economic growth, low rates of unemployment and reasonable levels of material prosperity. But it has been a type of growth that has skewered employment and prosperity in favour of the few at the expense of the many (Wicks, 2005; May, Campbell, & Burgess, 2004). The characteristics of even secular forms of virtue and justice in workplace relations are now under attack in ways not seen since the years leading up to Federation. And so it should hardly surprise that the previous levels of industrial stability and harmony are being similarly challenged. Certainly this challenge has not manifested itself in the usual way, namely, in organised collective action such as strikes and public demonstrations. It has instead manifested itself in accordance with the new industrial context, via a rise in unorganised forms of individual action such as absenteeism, high labour turnover and stress leave (Department of Industrial Relations, 1995).

What is being argued here is that the legacy of *caritas* which served the Catholic clergy so well over the period of the Australian settlement is no longer appropriate to the new industrial context in which Australia (and indeed much of the developed and developing world) finds itself. Rather than catering for people’s spiritual needs, a stronger and more adequate moral and ethical message might be conveyed to those holding position of business and political power. For almost three decades, and with growing veracity, this quarter has come to believe it has little or no responsibility for alleviating the plight of the disadvantaged in society. It has instead abrogated this responsibility to the abstract and unaccountable entity of the market. The observations and analysis of Catholic social doctrine make it quite clear what problems are associated with industrial capitalism organised on the basis on free market economics. It is also quite clear about the remedies (on both scores, see: Pontifical Council for Justice and Peace, 2004), the sum of which place significant responsibilities on the rich and powerful; *to wit*, in being the owners of particular personal qualities and/or inordinate material wealth they have both ethical and moral obligations to look after those
less advantaged than themselves. Such impositions are reflected in Catholic social doctrine and its assertions that workers have a moral and ethical right to employment and just compensation for their labours; that employers have a the moral and ethical duty to provide safe and engaging work for those in their charge; and that the state has the moral and ethical obligation to dispense wise governance in a manner that guarantees the welfare and security of its citizens.

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There is a need for teaching innovation in industrial relations, which has relied almost exclusively on traditional written forms of assessment. The term ‘text’ is now defined much more widely to refer to ‘multiple forms of communication including information on a digital screen, video, film and other media, oral speech, television, and works of art as well as print material’ (Healy, 2000:156). Teaching and learning methods need to incorporate visual forms of communication and assessment to develop students’ multiliteracies. This paper explores innovative assessment practices in a first year course in Employment Relations. The paper assesses student posters as a means of communicating understanding. This paper seeks to classify the range of approaches students used to produce their posters. It is through these different approaches to poster making that students demonstrate the structure of their thinking about the meaning of employment relations.

**Introduction: Generic skills and higher education**

In the last couple of decades there has been a change in the skill sets employers expect from employees, with less emphasis being placed on what graduates ‘know’ and more emphasis being placed on what they can ‘do’ (Bennett, Dunne and Carre, 2000:1). The origins of this shift in Australia can be traced back to earlier debates about the development of workplace competencies following the Carmichael and Mayer reports (Australian Vocational Certificate Training System, 1992). A more recent shift has seen much greater emphasis placed on generic skills and attributes of employees as opposed to competencies. A good example of this more recent approach is the Australian Chamber of Commerce and Industry (ACCI) which produced a report in 2002 which argues ‘[e]nterprises are increasingly seeking a more highly skilled workforce where the generic and transferable skills are broadly distributed across the organisation’ (ACCI, 2002:2). The ACCI conducted research among employers and found that they were seeking employees with generic personal attributes (such as loyalty, commitment and enthusiasm) and generic skills (such as problem solving and team-working) in addition to technical and job-related skills.

While there is often a disparity between academics’ and employers’ perceptions of generic skills (Leveson, 2000), many universities have embraced this ‘skills agenda’ (Fallows and Steven, 2000) and developed statements of the generic and transferable attributes that their graduates should possess. These generic attributes represent the qualities, skills and understandings a university community anticipates its students should acquire at university and display as a graduate professional and citizen (Higher Education Council, 1992).

Communication ability is one area that is universally recognised as a core generic skill and is incorporated into many university statements of graduate attributes. Communication skills are generally taken to refer to written and oral skills, although the emphasis is often heavily on written skills. This is not surprising given the centrality of written communication in the form of essay writing and exams in the traditional university curricula. However, one form of communication which has received very little attention at all – outside areas like graphic design and the fine arts - has been the area of visual communication and literacy.
Visual modes of representation

Primary, secondary and tertiary education systems of instruction and assessment have been overwhelmingly based around print literacy and written communication. Russell (2000:205) contends that ‘educational institutions have been dominated by a hegemonic print discourse’. As a corollary, the visual realm has mistakenly been viewed by some as a ‘less legitimate form of reasoned communication than print, and more a medium for entertainment than for the serious message’ (Healy, 2000:161, 162). Indeed, as George (2002:31) has observed, there has been a tendency to equate text with high culture and production whereas visual materials have been associated with low culture and consumption.

There has been emerging critique of the primacy of language as the main medium of communication in western societies (Thesen, 2001:133). New technologies and media, particularly in the form of computers and the Internet, increasingly employ visual and print text in an integrated way. The term ‘text’ is now defined much more widely to refer to ‘multiple forms of communication including information on a digital screen, video, film and other media, oral speech, television, and works of art as well as print material’ (Healy, 2000:156). These newer communication media or modes have increasingly become more widely diffused and used. For example, it is now commonly the case that younger children, prior to entering school, will have had much more experience with visual-based interactive and multimedia text, than with written print. Young people live in an aggressively visual culture (George, 2002). For example, an American youngster will view about half a million television advertisements (Christopherson, 1997:169).

Some would argue that students need to develop multiple literacies, with written communication representing only one form of communication (George, 2002). Cope and Kalantzis (2000:5) use the terms or ‘multiliteracies’ and contend that there is an ‘increasing multiplicity and integration of significant modes’ of meaning making including textual, visual, gestural, audio, spatial and multimodal. The term ‘multiliteracies’ is now employed to represent the process of making meaning through the interaction of these communicative modes (Duncum, 2004:253). Our focus for the present is to contrast visual and textual modes.

Visuals ‘share language’s burden in representing the world and our thought about it’ (Lopes, 1996:7). Text and visuals are external representations which readers use to construct internal mental representation as a process of discerning meaning. But the visual and the textual realms are different and employ different sign systems. Texts are descriptive representations using symbols. Symbols are arbitrary designations that are associated with objects by convention. Visuals, on the other hand, are depictive representations using iconic signs. Icons are associated with the designated object by similarity. As Jean (1998:121) observes, symbols used in visual expression are the visual equivalent of metaphors or parables; images that represent large ideas in simple form. Text and pictures are processed cognitively in a different but complementary way (Schnotz, 2002:103-111).

Making sense of visual material is different from that of text. Analysis of text entails sequential and logical reasoning, a sense of order and purpose, and ability to detect abuses of logic and commonsense, capacity for judging the efficacy of relations between propositions and the sense of objectivity and detachment (Karl, 1994:195-197). This sense of linear and rational detachment is difficult to achieve with images which can evoke strong emotional responses (Thesen, 2001:138). While it is possible to acquire the critical skills to interrogate visuals, they are uniquely sensual (Duncum, 2004:257) and stimulate a sense of immediacy, of being close to the source (Thesen, 2001:138)
Visuals and the assessment of learning

In higher education, written assignments or exams have been the main methods of assessing students learning. Traditionally, outside of engineering and applied arts, the use of visual forms of assessment has been rare. However, experimentation with alternative forms of assessment is taking place with the growing interest in the multiliteracies and multimodality of meaning production (Duncum 2004; Thesen, 2001). Learning is a creative process (Sanders-Bustle, 2003:45) and the use of visual forms of assessment becomes another ‘expression of our search for order in a complex world’ (Sitz, 1997:84).

However, as Laurillard (1993:50) has explained, learning in an academic setting is a complex relational process. For students to learn they need to apprehend the structure of knowledge, for meaning is given through structure. Discerning structure is difficult. Students needs to focus on the main ideas and concepts, relate and distinguish evidence and argument and organise the content into a cogent whole (Ramsden, 1992). For students to be able to discern and express knowledge, they need to be able to interpret and use symbols systems - whether they be linguistic, symbolic or pictorial – within some overall structure.

In the case of visual assignments, how do students apprehend and display the structure of their knowledge? While the conventions of constructing essays and using grammar and text syntax are well established, it is much less clear how students can display understanding within the open format of a visual poster. In the following section of this paper, we seek to explore the ways in which students in a business school sought to display the structure of their knowledge about employment relations using posters.

Method and poster assessment

The data gathered for this paper was drawn from a visual learning assessment item in a large first year course Employment Relations 1011IRL taught at the Griffith Business School in 2004 on Nathan campus. As part of their assessment, students were required to produce a poster – or some other visual display - based on their findings from a group-work written report they had produced about an employment issue such as health and safety, training, recruitment and selection and performance management. The poster was produced one week after the groups submitted their written reports and before they received feedback from their tutor on their performance in the written report. In 2004, all students in the course gathered in a single venue to display their poster to their tutor and to one another. In 2005, students displayed their posters in tutorials.

The main learning objective of the poster was to develop students’ ability to show key concepts and argument in a visual display. The poster assessment was designed to be a visual restatement of the main conclusion from their report expressed as an arrangement of images, text and numbers (such as graphs and tables). It was expected that there would be a strong connection between the conclusion of the students’ written report and central message of the poster. Students were advised that it was simply not good enough to produce a pretty poster with lots of jumbled images on it. It was emphasised in the study guide that students were trying to communicate a message to the viewer with their poster and hence it was expected that the conclusion drawn from their report were to be translated into a clear statement in their poster. In many ways, students were effectively asked to develop a visual argument where the poster was used to make a reasoned claim with the aim of convincing the audience to accept that claim (George, 2002:29). Posters were assessed in terms of clarity of message, visual impact and creativity.
To help their tutors and other students understand the meaning of their poster, student were asked to write a short explanation about the poster. The written explanation entailed the following:

1. the main conclusion from the report;
2. the central message, narrative or story of the visual image;
3. the audience for the poster;
4. the context in which the poster was to be viewed;
5. the style or genre of visual image; and
6. the meaning of the main images/figures.

Students were given several pages of advice about how to address each of the above topics. This advice was based on the work of visual sociologists Emmison and Smith (2000), who developed a framework for analysing visual materials. The purpose of the poster explanation was partly to stimulate student thinking about poster design and partly to reinforce that it was expected that the message of the poster, based on the written report, was to be well thought through and clearly expressed.

The overarching aim of the poster (and the poster explanation) was to encourage students to distil a central conclusion or argument from their written report. Prior to the introduction of the poster assessment – first introduced in 2003 - student group reports commonly did not contain clear and obvious conclusions or an argument. By requiring student groups to present the main findings and conclusion from their written report in visual a manner – and in a public display – it was hoped that students would strive to draw firm a conclusion in their written report which could be expressed well in the poster. There is insufficient space in this paper to explore the contribution that the poster makes to the quality of learning from the assessment item. However, since the introduction of the poster, teaching staff have observed an increase in students’ capacity to draw clear conclusions from their research. In addition, use of the posters to accompany students’ explanation of their findings to their peers heightens the audience’s attention, and makes it easier for the group to succinctly present their findings. We interviewed 12 student groups about their approaches to poster-making, and whether they felt it contributed to their learning. These results will be reported separately.

**Student approaches to the posters**

For this paper, we examined over one hundred posters and identified several distinct student approaches to communicating understanding through visual display. This project adopted a modified phenomenographic approach. Following Marton and Saljo (1997) the posters were analysed then grouped together on the basis of similarity. Posters were thus organised into particular categories or ‘pools of meaning’ (Marton and Saljo, 1997:42).

To help us with our classification of posters we examined existing frameworks such as the fivefold framework devised by Levine to characterise the role of pictures in text processing: decorational, representational, organisational, interpretational and transformational (cited in Carney and Levin, 2002). While this framework was useful – and we did draw on some aspects of it – the Levin framework was too narrow as it was devised to represent the ways in which pictures were used to complement text as an aid to learning to read. We also drew on the framework developed by film theorists Brodwell and Thompson (2004) of different film types: narrative, rhetorical, abstract, categorical and associational. While there was some overlap between the two schemas, we were able draw on both these different traditions to help
us devise categories that we felt captured the range of approaches students adopted to poster making. We then tried to link our framework with Biggs (1999) SOLO taxonomy of levels of learning. Once we had devised the schema, we asked two colleagues to apply the categories to some tens of posters. Our categories made sense to them and they were able to classify posters according to our schema. On the basis of our analysis we identified five main approaches: abstract, text-based, declarative, categorical and metaphorical.

We should note at the outset that not all of the students adopted a single approach to producing the poster. Sometimes students would combine elements from a number of these approaches into one poster. Often, these types of posters were visually very ‘busy’ and confusing and difficult to interpret. Students may have put a lot of effort into constructing them, but it was difficult to understand the central message. Nevertheless, we outline the key characteristics of each of these different approaches to posters below.

**Abstract approach**

Probably the least effective form of poster was the abstract approach. With this approach, images, words and phrases were randomly dispersed across the poster with no apparent pattern or structure. It was unclear how the floating signs related to one another. An example of this type of approach can be seen in Figure 1. The intention may have been to create a gestalt impression, but it is difficult to interpret the key message. Very few students adopted this approach and these posters were graded very poorly. The approach is similar to the prestructural category of Biggs’ (1999:46-48) SOLO taxonomy where student work is largely irrelevant or incorrect.

**Text-based approach**

Some posters were composed almost entirely of text. Commonly, this type of poster would contain text drawn directly from the written report. The text would be bracketed into a number of discrete chunks or sections. These sections would normally mirror and summarise the main sections of the written report. Often the students would type the text on their computers and then paste the printed text onto a sheet of cardboard, to be read as normal text from left to right and top to bottom. The posters may have contained minimal decoration such as borders around the textboxes or the edges of the poster. The posters would be titled with the main report topic and sub-headings would commonly be used to identify the content of the main textboxes.

Alternatively, rather than using large pieces of texts, some students summarised the main points into key phrases or paragraphs. Sometimes charts or tables were added to display the statistical findings of the research, often without any elaboration. Commonly these chunks of information would be loosely arranged on the poster, often without any apparent links between the different pieces of information.

**Text based with decorational or representational visuals**

Some students produced marginally more sophisticated posters that included some visual material to supplement the written text. An example of this approach is shown in Figure 2. These posters were still largely text-based but did include some additional visual material that was either decorational or representational. The decorational material may have included some small images of the topic dotted over the poster or around the edges and perhaps some other features such fancy borders, extensive colouring, hand-drawn headings and the like.
The visual material beautified the posters but was largely ornamental and added little to the overall message of the poster. Again, these posters showed a very low level of abstraction and were generally not graded highly.

Some students in this category of work were more thoughtful about their choice of visual material and were able select images that represented or illustrated their topic rather than being just decorative. For example, students may have produced a poster dealing with the importance of equity at work and illustrated this topic by using images of people of different ethnic groups to represent diversity at work. Overall, the quality of these posters was not high and the text tended to dominate the visual material.

In sum, few students produced posters that were entirely text based – although many students used written text heavily. Given that students were expected to provide a strong statement of their key report conclusions, it is not surprising that many students relied on the familiar written text to describe their findings. The students were not shown many examples of posters and it is not surprising that many students in a business degree had difficulty depicting visually their findings and resorted instead to describing them in words.

This approach to poster construction involved a low level of abstraction and relied heavily on written text to impart meaning. These posters were generally not graded highly and did not show much creativity, effort or visual impact. It is difficult to classify these posters according to Biggs (1999) SOLO framework. This poster approach was prestructural to the extent that little visual material was used in the posters and hence students did not really engage with the assessment task. However, the predominance of text enabled students to clearly convey their findings in summary form.

**Declarative approach**

Using a different approach, some students used the poster to make a simple, direct rhetorical or declarative statement. This approach included making exhortations such as ‘health and safety is important’ or ‘training is vital to success’. These posters were often simply constructed and communicated a direct and succinct message. Figure 3 gives an example. Little decoding of the poster was required by the viewer. In some cases the main message was displayed in written text with images used to represent the main idea. In other cases, students would use a strong visual image to depict the main idea and then use some text to clarify meaning. Sometimes these posters would contain several distinct statements on a single topic.

While these posters were very direct, a major weakness of this rhetorical approach was that the message was sometimes trivial. Students were studying health and safety and training and other topics precisely because they were important topics. Merely restating that health and safety was important conveyed little to the reader as to why such a topic was important, or what the students had concluded from their report. Thus, while this approach was an effective method of communicating a direct message, there was sometimes a lack of sophistication with the message which detracted from the overall standard of the posters of this type. This approach was similar to Biggs (1999) unistructural category in so far as students identified a single issue or concept of importance without really exploring the relationship between ideas.

**Categorical approach**

A further approach that some students used was to organise their ideas and concepts into categories. In a slightly different context, this approach has been described as ‘organisational’
by Carney and Levin (2002) and ‘compartmental’ by Tuft (1997). Visual material and text would be grouped in some manner, to signify the central ideas and how they were linked together. In most cases, text was used sparingly. This organisational approach was used by many groups of students. Students used this categorical approach in three different ways: diagrammatic, storytelling and dualism.

**Diagrammatic organization**

A sub-type of the categorical approach was the use of diagrams. Key words/phrases, symbols and images were grouped and related to impart meanings within a conventional narrative structure. With this type of poster, the students were seeking to communicate by using the familiar structure of written text where nouns signify key ideas and verbs indicate the relationship between ideas. As can be seen in Figure 4, pictures (or text boxes) were used as nouns to represent key ideas and arrows (or the like) were used as verbs to indicate direction of causation or influence. Some diagrams were simply arranged while others consisted of many ideas linked together, perhaps with feedback loops.

This was a common approach. This approach was similar to a concept map and allowed students to express their report findings in summary form. It also allowed them to experiment with the production of meaning using images and symbols. At the same time, though, it allowed students to retain a familiar narrative structure within which they could communicate their central message by using arrows, for example, to indicate sequencing where one idea leads to another and so on.

**Storytelling approach**

Another sub-type of the categorical approach was the use of storytelling. This approach was similar to the diagrammatic approach in that students attempted to develop a narrative of some sort. In the storytelling approach, the narrative was often communicated through a cartoon format. As a conventional form of visual communication, the cartoon approach allowed students to use images to depict key ideas and the text - either as first- or third-person commentary - to develop the narrative of the story. The main elements of the story are portrayed in a series of panels with the bulk of meaning derived from the visual material, supplemented by text. This type of approach was not common as it required the students to possess considerable drawing ability, or the capacity to use computer programs to create cartoons.

**Dualist organization**

A third sub-type of the categorical approach was the dualist organisation. This approach did not use a linear narrative approach to convey meaning. Instead, visual comparisons were used to illustrate a message through a juxtaposition of contrasts or oppositions. Common dichotomies included: right/wrong, good/bad, successful/unsuccessful, positive/negative, win/lose, safe/unsafe, past/present, and so on. Students often used this dualist approach to impart meaning by contrasting a desirable course of action or state of affairs with an undesirable one. The contrast highlighted not only the benefits of the former, but also the negative consequences of the latter. This communication approach therefore contained a strong normative message about how organisations should and should not conduct their employment relations affairs.
In some cases, colouring was used to signify good (white) versus bad or poor (black). Students sometimes used dramatic images to contrast strongly the positive from the negative attributes. This style of poster was not heavily dependent on text, although text was sometimes used to denote main ideas or to give additional meaning to the arrangement of images and symbols. In some cases students only highlighted one side of the binary opposition such as using ‘ticks’ to indicate the correct approach or solution while the opposite case was implied but not stated. Figure 5 is an example of the dualist approach.

In summary, the common characteristic of these three sub-types described above was that each approach grouped key ideas into distinct categories. The main difference between these sub-types was the way in which the categories were related to one another. In the diagrammatic approach, key ideas were linked by arrows, or the like, to indicate the sequence of ideas. In the story-telling approach, the cartoons format allowed the key category of ideas to be expressed in panels with the written text tying the narrative of the panels together. In the dualist approach, the construction of oppositional categories generated a contrast between two courses of action, views or state of affairs. This overall approach was akin to the multi-structural or relational categories in Biggs (1999) SOLO taxonomy in so far as students were exploring multiple concepts and the relations between them.

Metaphorical approach

Another approach was to use metaphors. These posters tended to be the most sophisticated posters both in terms of creativity of design and complexity of ideas. These posters were, in many ways ‘imaged scenes’ (Tuft, 1997:127). An example of this type of approach can be seen in Figure 6. In terms of Biggs taxonomy, this approach was either relational or extended abstract.

A common metaphor used by students was the staircase or ladder, which symbolised progress, advancement, elevation or improvement. Another common metaphor was the journey. For example, one group of students displayed the human resource performance appraisal cycle as a trip from Earth (where the goals were formed) via several planets (symbolising the steps of the cycle) to the destination, a distant star (symbolising performance improvement). Other journey metaphors included roads, railways and sea travel.

Other metaphors included: a barrier (obstacles or impediments to success), an umbrella (protective cover), a jigsaw (key ideas linked to form a solution), a scale (balancing the needs of competing groups/interests), a key (the secret to success), the blindfold (lack of awareness), the prison (a consequence of negligence), a sliced cake (shares for all), a contest (effort and the correct approach leads to victory), a recipe (ingredients for success) plus others.

Conclusion

In response to the growing need to develop and assess student multiple literacies, this paper has explored innovative assessment practices in a first year course entitled Employment Relations. The paper assessed the use of student posters as a means of communicating understanding. Our aim was to identify how students apprehend and display the structure of their knowledge of employment relations in a visual display. This paper identified five approaches to producing posters. It is through these different approaches to poster making that students demonstrated the structure and sophistication of their thinking about the meaning of employment relations.
The findings indicate that students can take five basic approaches to conveying a message visually: abstract, text-based, declarative, categorical and metaphorical. Categorical and metaphorical approaches sought to communicate multiple concepts and the relations between them. These approaches tended to be graded highly. The abstract, text-based, declarative approaches were less effective and showed lower levels of understanding. Examples of these kinds of posters will be used next time the course is run, to develop student understanding of how to communicate visually and effectively.

Is it worth using innovative approaches such as this in first year teaching? Our answer would be, overwhelmingly, ‘yes’. In an increasingly visually-oriented world, where the technological capacity to create and manipulate images and image-based materials is increasing exponentially, students should be exposed to such exercises in order to understand that messages and meaning are created visually as well as aurally and by print. It is only by giving students the opportunity to ‘have a go’ themselves, that they can appreciate this process. We also owe it to the students to be explicit about the kinds of visual strategies that are likely to communicate with their audience most effectively (and hence result in higher marks). As teachers, we understand the various genres of writing, but have no or limited understanding of visual genres. Hence the classification scheme developed and explored in this paper should be of assistance to industrial relations teachers in developing visually-based assessment items in the future.

Acknowledgements
Thanks to Joan Corrie, Julian Howe, Ben Powell and Elizabeth Thurecht for advice and assistance on this project.

References


Figure 1: Abstract Approach

Figure 2: Text Approach

Figure 3: Declarative Approach

Figure 4: Categorical Approach (Diagrammatic)

Figure 5: Categorical Approach (Dualist)

Figure 6: Metaphorical Approach
Student Experiences at Work and Attitudes to Unionism:
A Study of Retailing and Fast Food

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The paper discusses the results of a survey of students’ perceptions of work in retailing and fast-food employment in Australia, with particular regard to their attitudes towards union membership. Our research question is: to what extent do management practices affect young people’s views about joining a union? We find that low-cost labour management regimes are likely to increase employees’ interest in joining a union. By contrast, more positive ‘developmental’ work regimes do not seem to be associated with worker attitudes to joining a union. Our findings have implications for employers, managers and unions.

Introduction
The theme of this conference raises a contrast about work: ‘High Road or Low Road?’ On the one hand, there are highly skilled and well paid jobs that tend to be safe, secure and satisfying; on the other hand, there are low-skill, low-pay jobs that tend to be unsafe, insecure and unsatisfying. An increasingly important form of work in the early 21st Century is casual work by young people. This growth is associated with both demand and supply. Many enterprises in the service sector, for instance, are offering their customers the convenience of long opening hours, which they staff to a considerable extent with young people, many of whom are students, who are also employed on a casual basis. Most such jobs are found along the ‘low road’ i.e. they are low-skill, low-paying, insecure and are usually weakly protected by unions. This paper seeks to explore students’ perceptions of such work in two major segments of the service sector: retailing and fast food.

We seek to shed light on the work situation of students in retailing and fast food, particularly with regard to unionisation. This is an important issue for unions; if this vital category of young workers get a favourable taste of unionisation at an early stage in their working lives, then arguably they would be more likely to be union members when they move into subsequent jobs. This paper discusses student work and unionism. It then considers employers’ and managers’ policies and practices with regard to unionisation. After outlining our research methods, we discuss our results, then draw conclusions.

Student employment in retailing and fast food
In Australia, nearly three-quarters of full-time undergraduate students who are less than 25 years old are also in employment on a part-time basis (Long and Hayden, 2001: 100). One in five such students work as retail sales assistants - the largest bloc of university student workers (McInnis and Hartley, 2002:25). In total, 69 per cent of university students (who have entered straight from school) work in sales or as clerical workers. Female university students are more likely to be in employment than their male counterparts and more likely to work in sales or service roles. Retail and hospitality work is increasingly a part of the formative experiences of young Australian workers. It is an important period of socialisation; it is in this context that young workers first experience for themselves: an employment
tolerate high levels of managerial control (Lucas, 1997; Lucas and Ralston, 1996). Australia’s system of junior wages, where workers under 21 are paid proportionately less than adults, provides employers with another incentive to hire youths.

The demand for youth labour is rising along with the growing numbers of university students who are available for casual work. Since the early 1980s, enrolments at universities have grown, but so have the costs of higher education. At the same time, income support available to students has decreased. This has increased the incentive of university students to seek employment, and to work longer hours.

Many employers see student employees as more easily trained than other young workers (Smith and Green, 2001; Curtis and Lucas, 2001). Lucas (1997) found that employers were able to take advantage of students’ potential, asking them to perform duties well beyond their job descriptions. Employers often preferred students for front-line service work because they were ‘better educated and more articulate than other workers’ (Curtis and Lucas, 2001: 48). This ‘coincidence of needs’ offer employers a numerically and functionally flexible form of labour (Lucas, 1997: 607). The growth of the student labour market raises some important challenges for unions.

**Unionism**

There is a union representation gap among young workers in Australia (Bearfield, 2003), New Zealand (Haynes et al, 2005), and the UK, Canada, and the US (Bryson et al, 2005). In all these countries, young workers are less likely to be union members than older workers. Yet many more young workers are as likely to want to be in a union, which is also the case for their older co-workers. In Australia, for example, only 16 per cent of young workers are trade union members, but 51 per cent of non-members would rather be in a union (see Table 1).

**Table 1. Representation gap in Australia: Workers aged 15-24 and 25-44**

<table>
<thead>
<tr>
<th></th>
<th>15-24</th>
<th>25-44</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Member</td>
<td>16%</td>
<td>26%</td>
</tr>
<tr>
<td>‘I’d rather be in a union’</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Representation Gap</td>
<td>+35%</td>
<td>+24%</td>
</tr>
</tbody>
</table>

*ABS Cat No 63100 Aug 1999, Table 20
 Bearfield, 2003: 6; survey includes young workers 18-24 years old

Analyses have shown that most of the difference in unionisation level and the representation gap can be attributed to where young people work. Young workers are more likely to work in nonunionised workplaces. This reflects the over-representation of young workers in small workplaces and in certain industries, such as retail and hospitality, which have lower levels of union membership (Haynes et al, 2005: 107). However, overseas studies have also found that a larger representation gap also exists among young workers in organised workplaces. Freeman and Diamond (2003: 44) found that young non-members had not joined because they had not been asked to. They interpreted this as evidence that unions do not appropriately target young workers (e.g. Biddle et al, 2000). This was also Cregan’s (1999: 112) conclusion. But Haynes et al (2005: 110) did not find evidence of this in New Zealand.

Structural analyses of industry, workplace size, and union presence and activity cannot account for the whole representation gap. Workers’ individual characteristics, such as family
background, knowledge and attitudes should be considered alongside these factors. Bryson et al. (2005) propose a social experience model to explain the youth representation gap. They argue that (in economic terms) trade union membership is an ‘experience’ good. Most of the benefits of membership are intangible (i.e., they are experienced) and their value can be appreciated only after joining. This is especially so in Australia, where ‘free-riders’ can also benefit from the union wage differential. In contrast, before joining they can not have the satisfaction of having a voice via a union, or even industrial assistance with a workplace issue. Thus people must experience the benefit themselves, or have close experience of the value of membership through a family member, friend, or co-worker. Consistent with this explanation, they propose three main reasons why young workers are more likely to experience a representation gap than older workers. First, older workers, because they usually have more experience in the labour market, have greater access to information about the functions of unions in general. Second, older workers have more experience to gauge the likely success or efficacy of union members given their individual circumstances. They can assess the likely benefit of union membership more realistically. Third, older workers are more likely work in places that already have union members. Because organising a union in a non-union workplace has a much greater cost than starting a job and joining a union in an already organised workplace, young workers are more likely to accept the status quo of working in an unorganised workplace.

Using the model of union membership as an experience good, the period of student employment is an important stage in the socialisation of young workers. Krosnick and Alwin (1989) found that, typically, political attitudes stabilise in the 20s, coinciding with the period of student employment. Lowe and Rastin (2000) found that many young people’s attitudes toward unions are initially neutral or uncertain, but had stabilised three years after finishing full-time education. Union membership also stabilises, although over a longer period spanning the entire 20s (Elias, 1996: 181). The first two factors proposed by Bryson et al relate to knowledge. Young people are capable of learning about the workforce through their student jobs, as well as through their university studies and work experience placements. The third factor relates essentially to industry. Although young student workers are predominantly employed in low-density industries, some will move on to jobs in well-organised professional fields. Thus, there is a strong reason to conclude that the experiences of young people while working in student jobs will influence their attitudes toward unions and their future union membership patterns. We turn to considering how employer policies and practices influence those experiences.

**Employers’ policies and practices**

Numerous studies have found that workers’ propensity to join unions is strongly influenced by managers’ policies and practices towards unionisation (e.g. Bain, 1970; Dundon, 2002). The actions of managers set the climate for unions (e.g. Holland et al., 2000, p. 6). For example, employers might formulate sophisticated human resource management (HRM) policies or cruder union-busting policies, which might include discrimination against workers who join unions. One study found about 32 per cent of workers reported that they believed that managerial attitudes were opposed to unions (Teicher et al., 2005). However, this type of discrimination is illegal in many jurisdictions and it is unlikely that such overt behaviour would be widespread.

More broadly, HR and work organisation policies may have an influence on employees’ interest in joining unions. On the one hand, managers may adopt a ‘developmental approach’ to managing labour through policies such as fair treatment of staff, team working, worker autonomy and skills development. This so-called ‘sweet stuff’ (Roy 1980; Gall, 2001) may
result in more job contentment and dissuade workers from joining unions. Firms that are famous for adopting a development or high-road approach include IBM and Hewlett Packard.

On the other hand, management may employ a ‘low-cost’ regime or a ‘fear-stuff’ approach to managing work and labour. The low-cost regime entails a focus on minimising wage costs, for example, through unpaid overtime or working through breaks. This approach can also be associated with a regime where workers are ‘hustled’ to work harder and may be subject to harsh treatment at work. The fast food industry is often portrayed as typifying such a management ‘bleak-house’ (Sisson, 1993) approach to cost-minimisation. However, in reality there is not always a clear distinction between the types of firm and types of managerial regimes (Dundon, 2002).

To what extent do such labour management regimes tend to influence young people’s views about joining a union? For instance, would workers be less inclined to join a union if management adopted a developmental approach? Conversely, would a low-cost management approach induce employees’ interest in joining a union? We investigate these questions below.

**Research Methods**

We devised a survey instrument to explore the work experiences of young people in fast food and retailing. We piloted our instrument on students with experience of fast-food retailing. We developed the fast food survey into a more general instrument to include retailing. We then surveyed university students in 2001 and 2002.

We mainly surveyed large first year classes. We gained permission to administer the survey before the start of lectures. We surveyed students currently working in fast food or retailing as well as students who no longer worked in fast food or retailing, but had done so in the past. There were 526 useable responses from the students we surveyed at Griffith University and Queensland University of Technology campuses in Queensland. The majority of students surveyed were studying business or engineering.

**Table 2. Demographic Features of the Main Student Sample (n=411)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>18 years</td>
<td>34</td>
</tr>
<tr>
<td>19 years</td>
<td>26</td>
</tr>
<tr>
<td>20 years</td>
<td>12</td>
</tr>
<tr>
<td>21-24 years</td>
<td>28</td>
</tr>
<tr>
<td><strong>Employment Status</strong></td>
<td></td>
</tr>
<tr>
<td>Casual</td>
<td>83</td>
</tr>
<tr>
<td>Permanent Full-time</td>
<td>4</td>
</tr>
<tr>
<td>Permanent Part-time</td>
<td>12</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>37</td>
</tr>
<tr>
<td>Female</td>
<td>63</td>
</tr>
<tr>
<td><strong>Union Membership</strong></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>12</td>
</tr>
<tr>
<td>No</td>
<td>70</td>
</tr>
<tr>
<td>Don’t know</td>
<td>19</td>
</tr>
</tbody>
</table>

Table 2 displayed on the previous page provides demographic details of our respondents. The sample comprised twice as many females as males, which approximates the casual or part-
time fast-food/retail workforce. The majority of respondents were 18 or 19 years of age. The vast majority of respondents were working on a casual employment basis. Few of them (12 per cent) said they were members of a union.

We devised our questions after reviewing others’ research (e.g. Barron and Maxwell, 1998; Lucas and Ralston, 1996; Lucas, 1997). We asked students a series of questions about their experiences at work. We designed questions covering many of the issues that might affect students in their jobs in retailing or fast food.

To better delineate the underlying constructs in our survey, we used exploratory factor analysis. We used a varimax rotation in the Statistical Package for the Social Sciences (SPSS) with principal axis factoring. We began the factor analysis using 24 questionnaire items that explored different aspects of students’ experience at work. The analysis included 411 cases. The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.8, indicating that the items were factorable. We checked the sampling adequacy of the individual variables. The initial examination of the scree plot suggested a two-factor solution. We chose this solution because it could be interpreted theoretically and because it had a clearly defined and simple structure. We eliminated items that loaded at below 0.38 and items that were strongly cross-loaded. This reduced the items from 24 to 11.

The factor analysis identified two underlying constructs (Table 3). Construct 1 exemplified the more positive aspects of a developmental labour management regime. Construct 2 pertained to negative experiences associated with a low-cost approach to labour management.

As a cross-check, we ran a separate factor analysis of the dataset, which included all those of 18 years and older (n=536). Again, we identified a two-factor structure with almost exactly the same question loading as for the analysis on students aged 18 to 25 years. This second factor analysis indicated that the two underlying constructs were robust.

Table 3. Factor Loadings

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor 1 Developmental</th>
<th>Factor 2 Low-cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like working in fast-food/retail.</td>
<td>0.707</td>
<td>-0.276</td>
</tr>
<tr>
<td>I have learnt valuable career skills from working in fast food/retail.</td>
<td>0.648</td>
<td>-0.073</td>
</tr>
<tr>
<td>I am given a lot of responsibility in my job.</td>
<td>0.457</td>
<td>0.022</td>
</tr>
<tr>
<td>I find fast food/retail work boring.</td>
<td>-0.644</td>
<td>0.305</td>
</tr>
<tr>
<td>I enjoy being nice and smiling when dealing with customers.</td>
<td>0.443</td>
<td>-0.106</td>
</tr>
<tr>
<td>I like working in teams.</td>
<td>0.386</td>
<td>-0.009</td>
</tr>
<tr>
<td>Managers ‘hustle’ us at work to make us go faster in our jobs.</td>
<td>-0.080</td>
<td>0.569</td>
</tr>
<tr>
<td>Fast food/retail managers and supervisors treat me fairly at work.</td>
<td>0.358</td>
<td>-0.540</td>
</tr>
<tr>
<td>When business is slow, managers send staff home, without pay, before their shifts are due to end.</td>
<td>-0.130</td>
<td>0.523</td>
</tr>
<tr>
<td>I am always allowed to take my scheduled breaks and rest periods.</td>
<td>0.088</td>
<td>-0.508</td>
</tr>
<tr>
<td>I work extra hours and do not get paid for this work.</td>
<td>0.036</td>
<td>0.401</td>
</tr>
</tbody>
</table>
The two factors accounted for some 44 per cent of the total variance and 32 per cent of the common variance. The mean, standard deviation and Cronbach’s alpha for each factor and factor inter-correlations are shown in Table 4 below. The scale reliability reported in the Cronbach’s alpha for the low cost approach factor is slightly low.

Table 4. Means, Standard Deviations, Cronbach’s Alpha and Inter-correlations for Main Factors.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Cronbach’s Alpha</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Developmental Approach</td>
<td>3.49</td>
<td>0.69</td>
<td>0.74</td>
<td>1</td>
<td>-0.316</td>
</tr>
<tr>
<td>2. Low-cost Approach</td>
<td>2.82</td>
<td>0.79</td>
<td>0.65</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To explore the relationship between propensity to join a union and characteristics of the work experience, we conducted multiple regressions. The principal method of analysis used was ordinary least squares (OLS) regression. We devised the following equation:

\[
\text{INTEREST IN JOINING A UNION} = b_0 + \text{LOW-COST REGIME} + \text{DEVELOPMENTAL REGIME} + \text{AGE} + \text{LENGTH OF SERVICE} + \text{SEX} + e
\]

The interest in joining a union was the dependent variable measured by the question ‘As a fast food/retail worker, I want to be a member of a union’. The independent variables included the two scales we constructed using factor analysis: low-cost regime and developmental regime. To control for other variables, we included in the equation age, sex and length of service. The variables \(b_0\) and \(e\) represent the constant and error components respectively. The results of the regression analysis are shown in Table 5.

Positive work experiences associated with a developmental management approach did not influence student interest in joining a union. However, the low-cost work regime was associated with increasing employees’ interest in joining a union. This is our major finding.

Table 5. Regression of Student Work Experiences and Interest in joining a Union

<table>
<thead>
<tr>
<th></th>
<th>Unstandardised Coefficients B</th>
<th>Standard Error</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.027</td>
<td>.703</td>
<td>.145</td>
</tr>
<tr>
<td>Low-cost Regime</td>
<td>.322</td>
<td>.069</td>
<td>.000</td>
</tr>
<tr>
<td>Developmental Regime</td>
<td>-.086</td>
<td>.080</td>
<td>.285</td>
</tr>
<tr>
<td>Sex (female =0, male=1)</td>
<td>-.254</td>
<td>.112</td>
<td>.024</td>
</tr>
<tr>
<td>Age</td>
<td>.065</td>
<td>.030</td>
<td>.029</td>
</tr>
<tr>
<td>Length of service (years)</td>
<td>.003</td>
<td>.002</td>
<td>.073</td>
</tr>
</tbody>
</table>

\(R^2 = 0.09; n = 399.\)

Our results indicate that female students indicated an interest in joining a union more so than men. While the propensity for unionisation was not related to length of service, it was related to age (these two variables were not correlated). These are our subsidiary findings.
Discussion

The relatively high levels of interest in union representation among young workers challenge traditional assumptions that young workers are more individualistic and anti-union (e.g. ACIRRT 1999). Our results are in line with Dekker et al (1998)’s hypothesis that interest in unionisation among student workers would be influenced by their working conditions, such as quality of supervision and job quality. These are two factors that previous research had shown influenced attitudes towards unions in adult workers (Barling et al 1992). Our findings suggest that the relationship of negative workplace conditions and attitudes toward unions may be generalisable to student workers after all.

There seems to be a gap between research findings, including ours, and the practical experiences of unions. Union organisers attempting to recruit student workers report that it is difficult to convince them that they should join a union and ‘[fight] for basic rights, such as award pay and fair notification of rosters’ (O’Malley, 2005). Among the variables considered in this model, dissatisfaction with the enforcement of employment rights, as well as management practices, are the workplace factors that most predicted pro-union sentiment. However, the model explains only 9 per cent of the variance and does not include variables measuring perceived union performance or workers’ ideological beliefs, key variables to explaining propensity for union membership (Charlwood, 2002; Haynes et al, 2005).

From this finding, it would seem that student workers are aware that one of the aims of unions is to advance the dignity of the worker. In this regard, the high turnover of student labour might suggest that students pursue ‘exit’ rather than ‘voice’ options. A desire for both exit and voice is usually seen as mutually exclusive, although as Haynes et al (2005: 112) imply, young people tend to select the option with the smaller apparent cost (exit). However, university students in practice might have relatively lengthy tenure often remaining in the same job since high school (Curtis and Lucas, 2001: 48; McInnis and Hartley, 2002). Perhaps a more likely explanation is job insecurity. The casualisation of the workforce in general has depressed union membership. Compared with the workforce in general, an even greater proportion of the student workforce is casual – 83 per cent of our sample – and many university students are under tremendous financial pressure (Long and Hayden, 2001). University students do care about how they are treated by their employers. Although the results are encouraging for unions, we would recommend further investigation of what young people know about unions and what they expect from unions. Bryson et al (2005) proposed that the cost (not the price) of union membership was higher for young workers because of the greater uncertainty they faced. The benefits of joining a union while working in a low-density workplace during a transitional life phase are uncertain for student workers. And the cost of union membership for some university student members may also involve a greater risk, since they generally have little job security.

Focus groups of young people identified a critical gap in knowledge about the function of unions. It is vital for unions to make their role in protecting award entitlements clear, as well as their capacity to improve conditions at the workplace level. The challenge for unions is not only to persuade young people of the benefits of unionism but also ‘to assist them to see that unions can have an important role in their working lives rather than other people’s’ (Biddle et al, 2000: 40). Unions should also be open to learning from young people, especially about the way that they are seeking to manage their own career trajectories (Dwyer and Wyn, 2001). In the case of student workers, this means finding a way to balance two competing union-related interests of young people: obtaining long-term career-related advice from professional unions, with enforcement of more immediate employment rights (and not much more) from retail and fast food unions. Unions need to find a way to promote these two messages together, and reach more potential members in the process. In other words, unions could look to creative
solutions to overcome the problem of attribution identified by Bryson et al (2005) in their model of union membership as an experience good.

For these young workers, a favourable attitude toward union membership is positively related to age, but not to length of service. At first sight this may seem to counter established theory, but the explanation probably lies in young peoples’ economic socialisation. Knowledge about unions comes from a range of sources: family and friends’ experiences, what they learn in educational institutions and from the media, and young peoples’ own experiences at work. Because the majority of young people work in non-union workplaces, length of service does not affect propensity for unionisation. However, as young people age they learn more about unions from other sources. This represents a challenge to socialisation theory, as what is normally considered tertiary socialisation (socialisation into work roles) may be occurring simultaneously with secondary socialisation in school (Juredini and Poole, 200: 144-146) and before young people have a full understanding of fundamental economic and industrial relations concepts (Furnham and Stacey, 1991). But it also means that young student workers are closing the ‘information gap’ about work and unions that Bryson et al (2005) argue is one of the reasons for the larger representation gap among young workers.

Conclusions

Students are increasingly engaging in part-time employment, not least because, in comparison with an earlier cohort, they have to pay higher fees at universities. Although most students do not envisage long-term careers in retailing or hospitality, they appear to value such work experience. They value the income and the independence it brings. They value the social interaction. Casual work in retailing and hospitality also offers flexible hours of work. But the current generation of young people are also aware that work experience, even in low-skill jobs, is critical to improving post-study employment prospects. Most unions find it particularly hard to recruit student workers. They are predominantly working part-time hours, on a casual basis and it appears that they do not have much voice in terms of union representation. Attitudes towards unions are not generational, but are more likely to reflect their socialisation and circumstances. For example, lots of student workers are employed by small and medium sized firms, many of which would be anti-union.

One implication of our findings for unions is that if they are to reverse the decline, it is crucial for unions to focus recruiting efforts on new entrants to the workforce such as student workers. In one sense our findings are encouraging for unions, for we found a higher than expected degree of pro-union attitudes among young people. However, one caveat is that there may be a gap between intentions and actual behaviour. Reasons for not following through on intentions to join a union may include the high cost for students, relative to their income earning capacity and actual or perceived management opposition to unions.

One implication for employers is that managers’ low cost work regimes may have an unintended consequence of encouraging such workers’ interest in joining a union. This might induce managers to think more carefully about how their behaviour is perceived by employees, especially by young ones.

Our paper has sought to examine student workers and preferences for union membership, from the perspective of union membership as an experience good. In our discussion, we identified that the student worker phenomenon may offer opportunities for unions to overcome two causes of the higher representation gap among younger workers: information asymmetry and attribution as a non-member. However, the student worker may experience
even more uncertainties and risks in regard to union membership than other young workers. This aspect of the representation gap will be more difficult for unions to overcome.

It is possible that our methods and sample selection might have precipitated these particular findings. Hence we would propose testing our results by using different methods and samples. Our study was conducted in ‘low-road’ contexts, which usually have tight profit margins and cost-cutting mindsets. Perhaps students would have different expectations of jobs in ‘high-road’ contexts. In the latter, they could have higher expectations of ‘developmental’ managerial practices. Therefore, if such workers are disappointed with such factors, such disappointment could precipitate their wanting to join a union. Thus it is conceivable that the findings would be different in ‘high-road’ contexts. Accordingly we would propose that it would be worth testing our findings also in ‘high-road’ work contexts as well as in other ‘low-road’ contexts.

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The Dual Agenda and Collaborative Interactive Action Research Methodology: Reflections on Gender, Methodology and Organisational Change

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This paper explores the process of research and qualitative methodology using an explicit gender lens. In particular, the paper offers reflections on our experience with the ‘Dual Agenda’ concept of gender equity and organisational effectiveness and its associated methodology, as we have applied it in two Australian organisations. We report on the organisational entry and diagnosis stages; reactions from organisational members; and our experiences as an all female research team interrogating gender, organisational effectiveness and the ‘ideal worker’. In the new industrial relations environment we suggest that it will become even more critical that the link between gender equity and organisational effectiveness is made. Yet, if our research is a guide, this is not easy to achieve.

Introduction

This paper explores the process of research and qualitative methodology using an explicit gender lens. In particular, the paper offers reflections on our experience with the ‘Dual Agenda’ concept and the associated Collaborative Interactive Action Research (CIAR) methodology of Rapoport, Bailyn, Fletcher and Pruitt (2002). This concept argues that gender equitable organisational change can only come about by interrogating the core concepts of work organisation and the ideal worker and re-examining the ideologies underlying the gendered spheres of work and home.

We are currently applying the concept and methodology in two large organisations, UtilityCo and ManuCo. To our knowledge, this is the first time this has been done in Australia. The project has been underway for almost one year and here we report on the first two research stages of the project: organisational entry and organisational diagnosis; the reactions from the organisational members (managers and employees) to the concept and approach; and finally, our own experiences as an all female research team interrogating gender and the notion of the ‘ideal worker’ in male-dominated organisations.

Our attraction to the concept stemmed not so much from the organisational change perspective, but from our inter-related concerns about women and work in Australia, the rising debate about work-family tensions (Pocock 2003; Campbell and Charlesworth 2004; Buchanan and Thornthwaite 2001) and the lack of gender awareness in much industrial relations research (Baird, 2003; Pocock 2001; Pocock 1997). To us, Rapoport et al’s explicit recognition of gender in the research was very appealing, as was the observation that a departure from established work-family research had to be made, ‘by reframing the issues in terms of gender, directing attention to the role played by strongly held, usually tacit assumptions about how work should be done, assumptions that are linked to the traditional separation of work and family spheres and to stereotyped views of the role of men and women

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2 We do know, however, of one other application of the process currently underway in the NT public sector.
in each.’ (xiii) Adopting this approach leads directly to interrogating the construction of the ‘ideal worker’ (Kanter 1977; Williams 2000), assumed to be a full-time male employee, unencumbered by family or domestic responsibilities and around whom organisations based their work practices and organisation of working time.

**The Dual Agenda and the CIAR methodology**

Rapoport *et al* recognised that while many companies in the US had introduced family-friendly policies during the 1990s, ‘few people were using them, and since nothing else had changed, those who were - mainly women – risked career repercussions’ (p xii). To them ‘[I]t seemed there was a need to make more systematic changes in work cultures and structure.’ (p xii). At the same time, a similar pattern was emerging in Australian companies, with researchers recognising that traditional, gendered work processes, organisational norms and structures often undermined and rendered ineffective the implementation of work-family and diversity policies (de Cieri *et al* 2002; Gray and Tudball 2003). To address this problem, Rapoport *et al* advocated an action research approach which sought to purposefully bring researchers and organisations together in identifying barriers to effective use of policies and assist in implementing experimental changes to improve the utilisation of family-friendly policies. The researchers’ role in the process is to identify the organisational barriers, suggest intervention points for change and to track and assess the outcomes.

Initially, the novelty and uncertainty of the research approach made it difficult to find participant organisations, but eventually Xerox took the initiative and an action research project was launched in 1991 (Rapoport *et al* 2002, xiii). The aim was to ‘use work-family issues as a catalyst for organisational change at the level of work practices’ (xii). The results of that project led to the finding that ‘it is possible to restructure work in ways that actually enhance organizational effectiveness while making the workplace more equitable and improving the quality of working people’s lives’ (and xii). Thus the notion of the ‘dual agenda’ - of organisational effectiveness plus gender equity - emerged. Since then, the dual agenda concept and methodology has been used in a number of cases in the US and the UK, although with varying degrees of success (Lewis 2001; Lewis and Cooper, 2005). Lewis’s and Cooper’s case studies demonstrate some of the difficulties associated with maintaining organisational commitment to research of this kind.

In Australia (as elsewhere) issues about the availability, access and utilisation of family friendly policies are about gender as much as industrial relations and the ‘dual agenda’ approach therefore offered us an opportunity to link the two areas. Furthermore, Rapoport *et al* also recognised the emergent state of their conceptual framework and methodology, and so this project provided an opportunity to test both the concept and the methodological approach.

The CIAR methodology is a qualitative approach aimed at getting beyond and below taken-for-granted assumptions about the ‘ideal worker’ and the organisation of work. It is based on a cohesive set of underlying principles which set it apart from other, conventional case study approaches. In being so explicit about the role of the researcher and underlying assumptions in the research process, the CIAR approach is also more akin to feminist methodological styles and consequently, is different to the conventional approach to industrial relations research, which has tended to be gender blind (e.g. Danieli and Greene 2003; Hansen 2002; Wajcman 2000). The CIAR principles are:

- ‘mutual inquiry’, intending to approach relevant issues with a goal but not pre-determined solutions;
• ‘fluid expertise’, outlining the roles of active learners and teachers of both researchers and organisation members;
• ‘honouring resistance’, reminding all participants of the recurrent, yet normal resistance to change; and
• ‘keeping the dual agenda on the table’, emphasising the need to maintain the connection between organisational effectiveness and employee personal life/well-being (Bailyn 2003).

There are four separate stages during the research process:

1. Identify the work practices and work-life policies that have implications for organisational effectiveness and gender equity.
2. Provide a work culture diagnosis for the organisation. This makes the costs and consequences of the work practices visible.
3. Identify leverage points, so-called ‘interventions’, for ‘small wins’ change that would both benefit the people who are doing the work and the work itself.
4. Help the organisation to implement the changes, that is, the ‘interventions’, and evaluate the outcomes.

While the stages appear to occur in a uni-directional fashion, the reality of the research process is far less linear with some retracing of steps and merging of the first two stages. Having said that, we are now at the third stage of identifying, or at least suggesting, the ‘leverage points’ in both organisations and can report on stages 1 and 2. Before detailing these research phases, however, we describe the two research partner organisations.

**Gaining Entry**

CIAR is action research specifically directed towards change in the organisation for the improvement of gender equity and organisational efficiency. With this aim in mind, the organisations had to be ready to accept such a research philosophy and style. Entry to the organisations was negotiated through 2004. As others have noted, this can be a difficult phase and may be expected to be more contentious when dealing with the gender issue, but assisting us was the fact that in both cases, we had established connections through personal contacts and previous research. Importantly, both organisations also had accepting research cultures and some pride in their work-life policies. Further, in the case of UtilityCo, earlier research on work life had been conducted which portrayed the organisation in a favourable way (Wright and Sheridan, 1998). At ManuCo, the announcement of 14 weeks paid maternity leave and the introduction of a work-life strategy were favourable backdrops. However, in both cases organisational and management interest really stemmed from the issues of work-life tension and work-family balance, rather than gender. Gender, it must be said, was not their primary concern.

Arrangements for the research were finalised in late 2004 and the project commenced in 2005. The research process, however, is challenging and not without complications. One complication is that the two organisations in which the research is undertaken are located in different states, one in NSW and the other mainly in Victoria and South Australia, adding an extra dimension to research coordination and logistics. To provide the academic support for the project we therefore organised an academic research team that was also located in the same cities as the head offices of the organisations. Thus, one chief investigator and one research assistant are located in Sydney, the other chief investigator and research assistant are
in Melbourne. Both chief investigators have full-time university positions and the research assistants work part-time on this project. As our interpretation of the CIAR method was to have a researcher working in the organisation for two days a week over the project’s life, we also had to find researcher assistants willing to become embedded in the organisations to this degree. Furthermore, the methodology requires internal collaborators. We are fortunate to be joined by two willing liaison people from within the organisations, both located in the HR divisions of their companies. In one organisation, however, there has been turnover of people in this internal management role as well as other HR roles, and this has required additional and repeated validation of the methodology and objectives by the chief investigator.

The Organisations

*UtilityCo* is a NSW state owned corporation and has a workforce of just under 3,500. For *UtilityCo*, the concerns which initially attracted them to the project were how to maintain the health and well-being of their workforce, while at the same time attracting and retaining a younger and more gender balanced workforce. The composition of *UtilityCo*’s workforce is predominantly male, with only 23.4 per cent female representation. The workforce is culturally diverse, with 21.4 per cent of employees from Non-English speaking backgrounds, representing 64 different languages. Over one-third of employees are managers and professionals and 16 per cent are labourers. The average employee age is 44 with 72 per cent of the workforce over the age of 35 and an average length of service of 15.67 years.

*ManuCo*, located mainly in various sites in Melbourne and in Adelaide, is the major employer in the Australian auto assembly industry. For *ManuCo*, the immediate employment and work-life concerns are how to recruit more women, how to re-orient the company culture to be more ‘work-life’ and ‘family-friendly’ and how to successfully introduce and diffuse throughout the whole workforce a new program of work-life policies. At the commencement of the research *ManuCo* had a workforce of some 9500. The workforce is predominately male (90 percent), blue-collar (75 percent in hourly, plant-based positions, 25 percent in salaried, managerial or professional); culturally diverse (more than 60 nationalities) and aging, with 51 percent aged over 35 years. While these features are broadly characteristic of the industry as a whole, *ManuCo* has comparatively fewer females than the other auto assemblers.

Both organisations are relatively highly unionised. At *UtilityCo* 60-65 percent of employees across the organisation are union members. At *ManuCo*, most of the blue-collar workforce is unionised, while relatively few of the white collar, managerial employees are union members. Structurally, both organisations still have a separate industrial relations function (albeit located under the umbrella of HR), and in both organisations there is a hardening of management’s approach to the unions. At *UtilityCo* this seems to be driven by new senior management, some from the private sector, as well as a political climate questioning third party involvement. At *ManuCo*, the influence of head office is increasing with a newly appointed American CEO and pressure to streamline operations.

Applying the CIAR Methodology

As the CIAR methodology is a collaborative relationship between the academic researchers and the organisation, a liaison person in the organisation is needed. From the beginning we had very willing ‘contact’ people in both organisations who became in effect ‘insider’ researchers. They, together with the four academic researchers formed a research team. At the first meeting of this team on 2 March 2005, the name DART (Dual Agenda Research Team) was coined for this group. It was perhaps no coincidence that the team members are all
females; Rapoport et al (2003) found themselves in the same position and also commented on the gender construction and inter-relations of their dual agenda research team.

The research assistants entered the organisations in early 2005. With key support from our liaison people, they were readily accepted into the HR divisions and quite soon became embedded in the organisations. They have access to desks, computers, telephones and each organisation’s intranet. This gives them an insider’s perspective and allows a certain degree of ethnographic research and participant observation to be undertaken. So accepted have they become, that one of the challenges is how to maintain their independence and research status and to avoid being drawn into organisational politics – of which there are many. Focusing on ‘salient business needs’, such as workforce demographics and sustainability, provides an important ‘hook’ for the projects. At ManuCo for example, the main such goal was to increase the representation of women both for long term workforce sustainability and to improve market share by better harnessing female customer demand for cars.

Rapoport et al say that ‘[A]t the beginning of a CIAR project, some excitement and energy is likely. Moving from the concept to its implications for workplaces is, however, not straightforward. Linking gender equity and organisational effectiveness is counterintuitive to most models of organisational success’ (2002, 76). The energy and excitement were also definite characteristics of the very early stages of our project. One of the researchers reported at the first DART meeting that there is a noticeable degree of ‘excitement on being on site at ManuCo and being ‘embedded’ in the organisation’ (Minutes of DART meeting 2.3.05). At the same meeting the UtilityCo researcher reported that ‘there is a very high level of enthusiasm for the research and this comes from various workers of UtilityCo, especially women’ (Minutes of DART meeting 2.3.05). While the enthusiasm has not waned, maintaining the project has become more time consuming and intensive as the stages of collecting data and providing feedback gathered speed, and indeed as the organisational context for the project has changed. At ManuCo for example, job losses of some 1400 positions following the decision to remove the third line production line in Adelaide has made keeping a broader organisational focus on the project more difficult.

The position of the ‘insider’ researchers is another issue worth examining. Both are located under the broad HR umbrella and while the general manager of HR in both cases supports the project, they are not actively engaged with it on a day-to-day basis – nor would we really expect that. More specifically, both projects are located with the diversity/equity group rather than industrial relations group. This may reflect the more masculine orientation of traditional industrial relations in these organisations and the more female orientation of equity and diversity policies. Another aspect is that being located within HR can make it difficult to get beyond to the business centres of the organisations – where organisational change really does have traction. Upward recognition is a further issue. We have entered both organisations at a mid-point (albeit reasonably senior) in the hierarchy, but are still working up to recognition from the most senior levels of management and the Boards. Having said that, the projects appear to have good acceptance in both organisations, and earlier feelings of needing to justify our presence have abated. The next stage is to actually implement the intervention points – and this is proving to be where some of the predicted resistance emanates.

The stages set out in the CIAR approach suggest a linear and sequential approach to the research. For example: ‘The research part of CIAR refers to the process of surfacing underlying assumptions, identifying their role in the way the system works, and showing the links to work practices that may have unintended negative consequences for equity and effectiveness’ (Rapoport et al 2002, 74). To date we have found the process to not be nearly as linear but, instead looping round – taking some time to surface underlying assumptions, to work out the system and then to return to the underlying assumptions. Though guided by the
directions set out by the CIAR methodology, our researchers have learnt on the job as well, and have also had to pursue a rather organic path to find their own way in and through the organisations. In the first stage, the aim is to identify any cultural or organisational structures, policies, practices and assumptions that might impede or undermine gender equitable work-life integration and organisational effectiveness. Following Bailyn and Fletcher (2003) key questions that shaped our investigations were: Who is the ideal worker in this work/area? How is performance/commitment measured, rewarded? How and for what purposes is work organised? How do these norms affect men, women, those with caring responsibilities?

A multi-method approach to gathering data for the organisational diagnosis has been used in both organisations and table 1 summarises the techniques used to date. For the most part, the inside researchers undertake the ongoing data gathering, with visits, interviews and input from the two chief investigators at various points and for various issues. For example, the focus groups at UtilityCo and ManuCo have been conducted by both the inside researchers and the external academics, and plant visits and some interviews have also been done this way.

**Table 1. Summary of data gathering techniques used in the conduct of the research**

<table>
<thead>
<tr>
<th><strong>UtilityCo</strong></th>
<th><strong>ManuCo</strong></th>
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<tbody>
<tr>
<td>• Ethnographic style research, including observation of, and interactions and discussions with, HR personnel</td>
<td>• Ethnographic style research, including observation of, and interactions and discussions with, a range of personnel including white collar and plant employees</td>
</tr>
<tr>
<td>• Examination of organisational charts, statistical employee data, awards, policies and employee opinion survey results</td>
<td>• Examination of organisational data, including employee and HR data, awards, internal presentations, policies, records of other internal projects, employee assistance program data, EOWA submissions/reports and employee opinion survey results.</td>
</tr>
<tr>
<td>• 39 formal interviews with UtilityCo staff</td>
<td>• 33 formal interviews with ManuCo employees</td>
</tr>
<tr>
<td>• 2 roundtable focus groups (about maternity leave)</td>
<td>• 6 focus groups</td>
</tr>
<tr>
<td>• 4 Formal presentations to UtilityCo staff</td>
<td>• Attendance/presentations at 5 Women’s Committee meetings</td>
</tr>
<tr>
<td>• 4 Feedback sessions to UtilityCo’s HR staff</td>
<td>• 14 feedback sessions to ManuCo employees</td>
</tr>
<tr>
<td>• Discussions regarding collaboration between Spokeswomen’s Program and ‘Dual Agenda’ project</td>
<td>• Presentations to HWC</td>
</tr>
<tr>
<td>• Formal and informal presentations to Spokeswomen’s Program</td>
<td>• 4 Field Visits</td>
</tr>
<tr>
<td>• 3 Field Visits</td>
<td>on-going liaison with ‘insider’ researchers</td>
</tr>
<tr>
<td>• On-going liaison with ‘insider’ researchers</td>
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</table>

After almost 10 months in the organisations we are approximately at the half way point in terms of the CIAR stages. An organisational diagnosis was developed and feedback sessions undertaken across both organisations which has led both to a further refinement of both diagnosis and possible interventions and an increase in organisation awareness about the project. We are now preparing for the interventions. This is where the research moves from the traditional case study approach to a more action based and change approach. Although it should also be noted that in many ways the presence and involvement of both the insider researchers and outside academics has catalysed a number of issues and raised the prominence of gender in the organisations – thus being interventions in themselves. Perhaps it is the hardest time: first, to get agreement on where the interventions should be and second, to get acceptance for carrying out the interventions. The latter issue appears to be more of a problem
in UtilityCo than ManuCo. However, the downsizing at ManuCo and the loss of the HR Executive who supported the project within the organisation and who also was a prime driver of the Women’s Committee (WC) may limit the reach of the agreed interventions.

While the purpose of this paper is to focus on the methodology of the project rather the findings, it is worth noting the issues identified as we near the end of the first two stages and discuss our diagnosis with the organisational members. At UtilityCo we first identified a long list of issues that affected gender equity and organisational effectiveness and then distilled this to three suggested intervention issues. The first was to change the very ‘blokey culture’ of certain parts of the organisation; the second was to attract, retain and promote female employees; and the third was to improve access to and quality of existing part-time work arrangements. At ManuCo the issues that came to the surface were the patchy knowledge of the work/life strategy/policies across the organisation, especially around part-time work; the long hours demands and culture, particularly for salaried employees; and different organisational understandings of the gender ‘problem’.

Reactions from Organisational Members

Of course, in organisations the size of UtilityCo and ManuCo there is a wide and diverse spread of managers and employees and the researchers have admittedly not been able to talk to every person or even every group. The groups with a direct interest in the dual agenda project can be divided into those employees with gender or work-life concerns; and those managers who have some connections to these employees or the project. Other potentially interested parties are the unions, senior management and other lobby groups within the organisations.

In both organisations, we have been given eager reception by most employees. Facilitated by management we have been able to hold focus groups of employees, not always an easy thing to manage because, of example in the case of ManuCo they have to be taken off line, and at UtilityCo have to come in from distant plants. This spatial spread has also meant that not all employees who would have liked to have been able to be involved. However, through a mixture of phone calls, email communications and interviews, we believe we have been quite effective in reaching many in both organisations.

One interesting example of the positive response to the project was the very quick identification with a group of women who had concerns about maternity leave and return to work options at UtilityCo. Very early in the project a focus group was organised – even before the diagnosis was complete – and some action was taken. More work needs to be done to complete this part for the project as an intervention, but it is a clear example of where the stages overlap and researchers are in danger of running ahead of themselves.

As noted above, to some degree the project has become ‘owned’ by the diversity and equity groups in both organisations. This has meant we have had to work hard at times to go beyond those boundaries, even though the subject matter clearly intersects with other areas of management and the organisation. Interestingly, but perhaps not surprisingly given the gender silence in organisations, the women’s committees in both cases have worked hardest at forging links with the dual agenda research team. In the case of UtilityCo, this has also been one way for their women’s committee to be reinvigorated. Given the contracting market for ManuCo’s products, however, the change in senior personnel and the stress many are under to deal with ‘core business’, appears to have led to a waning attendance at WC meetings. The identification of the project with the WC may make it more challenging to spread the interventions across the organisation. Proving the value of the research to the organisation is
one real obstacle. For example, being able to gauge the financial costs to the organisation of the gender and work-life/family tensions is necessary both in terms of the dual agenda concept and methodology, and in terms of getting organisational, (i.e. managerial), acceptance of proposals to change. That is, business case arguments to change gender inequity are needed, and yet this financial data, such as costs of turnover, costs of discrimination claims, costs of lost time due to dissatisfaction, can be very hard to obtain – often because the organisations do not specifically collect this data. More input from the organisation members is probably required but this too is also a drain on their time and energies. On the other hand, a business case argument for advancing gender equity also presents some very real problems. For example, the contracting environment at ManuCo when there are redundancies rather than any expansion of employment makes a business argument for increasing the representation of women seem much less relevant.

Justifying the methodology used is another issue. In particular, we noted that the qualitative methods quickly met with scepticism if the feedback the managers were receiving was not to their liking. Questions and comments such as: ‘How many people did you say you interviewed?’ and ‘It’s only a small sample’, or “why have you interviewed so many women, when they are not representative of the organisation” were ways of undermining the credibility of the findings from the diagnosis phase – despite the fact that the findings were generally seen as accurate and accorded with previous studies and climate surveys.

**Reflections on Gender in Organisations and Research**

The dual agenda concept explicitly brings gender to the fore and as we reflect on our experience of the CIAR methodology to date, we can now identify some core themes, issues and challenges for us to consider as feminist researchers. The first is the gender of the research team. The DART research team is all female and most of our interactions have been with females in the organisations. At UtilityCo the female employees were most excited about the project, especially those with pregnancy and maternity experiences and also those with harassment and discrimination grievances. At ManuCo, one comment from a male focus group participant was about the alleged biased nature of the research because it focussed on women. For us as researchers, there have also been discussions about our own reactions to working hours, overwork and sharing the load; furthermore, authorship and ownership of the project have been explicitly aired so that we practice what we seek to preach.

The second is the challenge of keeping gender on the table and not burying or avoiding reference to gender in our interactions for fear of backlash or reprisal from the organisation. This was especially so in the early phases of the research we were pleased to have got into the organisations and were somewhat wary of being too explicit about the gender issue! However, once the gender issues began to surface as key problems in the organisation then we felt more secure about being more explicit. However, particularly in the face of some pockets of resistance it is not easy to maintain that strength and we often have to remind ourselves that that is the principle of the dual agenda research: to keep both gender and organisational effectiveness on the table.

The third issue is role of the research assistants who have been embedded in the organisations and carrying a dual role as ‘insider/outsider researchers – and as female researchers. As mentioned earlier, this insider/outsider role can lead to some delicate relationship issues. The longer the researcher works inside the organisation, the more they become accepted and part of the organisation, and yet they need to constantly remind themselves and others that they are researchers first - as well as collaborators with the organisational link partners. The partial
withdrawal of the research assistant at *ManuCo* for the analysis/organisational diagnosis phase has proved important in her re-establishing some independence from the organisation.

The fourth is the inside researcher’s role as an ‘organisational therapist’ also became slightly problematic – and revealing at the same time. This was especially the case at *UtilityCo* where many of the employees interviewed in the early stages were grieving about their work-life and work-family tensions and were so keen to tell their stories to an independent researcher. The burden then falls on the researcher to seek more immediate remedies and solutions than the project’s resources really allow. We wonder if the all female nature of our research team and perceptions of women as more caring increased this particular effect. In both cases, some concern has been expressed in feedback sessions about whether any interventions will in fact come out of the project and the researchers have been feeling some pressure to ‘keep faith’ and deliver on the interventions within a context where this is really beyond their control.

Finally, the next issue follows from the ‘organisational therapist’ role and is about the confidentiality of issues raised. Tapping into the notions of the ideal worker and gender in organisations produced an unexpected outpouring of responses, some of which we were asked to keep confidential by the respondents, but about which we also felt an obligation to report on in general terms and also in feedback sessions. The ‘insider’ researchers facilitated many of the initial interviews. This has led to lists of interviewees being circulated to managers and also some tensions where the researchers have made and followed up on their own contacts within the organisations. Managing the fine line of confidentiality and obligation to the organisation has, at times, been a challenge, but we have persisted and feel confident that all parties’ interests are being respected.

**Conclusions**

Our experience to date leads us to believe that the CIAR methodology does have a value beyond the methodologies that we have used in other qualitative, organisationally based research. But we also consider some modifications of the CIAR method could be made. In particular, our progress through the stages has not been as linear or predictable as recounted by Rapoport *et al* (2003). Further, the emotional and temporal intensity of the approach, as we have practiced it at least, needs emphasising and understanding.

In the context of the two organisations in which we have applied the dual agenda concept and the CIAR methodology, we see that our research has been an external force used to revitalise gender as an issue in both organisations. However, this explicit focus on gender has not been without its challenges in a male-dominated organisation and has led to some concerns being expressed in feedback sessions about the privileging of women rather than men. In the process, it has also brought the issue of our own female gender and our interactions with each other and the organisations more sharply into focus.

We have also found that despite our efforts, it has been difficult to spread information and understanding of the project across both organisations. To a degree we have been siloed into the more ‘gender friendly’ diversity and equity areas. The process also suggests that gender is a difficult concept to operationalise in organisational research, even organisational research on work/life integration (see Charlesworth *et al* 2005, 9-13). Both organisations have had to be persuaded that organisational effectiveness is related to gender – the very reason Rapoport *et al* (2003) argued the need for their integration. We have a sense that the organisations do not believe it, but are willing to go along with the rhetoric up to a point. They definitely seek more concrete evidence as the project processes and suggestions for intervention are raised, and at this point the qualitative methodology is also brought into question.
Despite one organisation being in the public sector and the other in the private sector, despite the fact that they are in very different industry sectors and in different Australian states, the research experience and path has been surprisingly similar in both organisations. It is true that we set about to conduct parallel studies of the dual agenda, but we did not set out, necessarily, to have the same experience in doing so. However, the research has highlighted common methodological issues. In both organisations, the research has come to be associated with the equity and diversity areas, highlighting gender and recognition issues within organisations. In both cases the ‘official’ women’s groups of the UtilityCo and ManuCo leveraged off the dual agenda concept and in both cases the issue of qualitative methodology versus quantitative reality has arisen. Finally, on the broader topic of the interaction of industrial relations policy and gender awareness, the increasing deregulation of industrial relations and the lack of legislative or policy progress on work-family, let alone gender equity, makes it critical that gender equitable change is pursued at the site of the workplace or the organisation. If our research is a guide, then it is also imperative that it can be shown that gender equity and organisational effectiveness are linked, yet as we have shown, this is not necessarily easy to achieve.

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References


Beyond the Unemployment Rate: The need for better labour market indicators

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The trend unemployment rate shows the Australian labour market sliding into recession during 1989, 1990 and 1991, with the recovery commencing in 1992. The trend unemployment rate shows that by 2005, not only had every State fully recovered from the recession, some States had the lowest unemployment on record. However, the trend unemployment rate is a product of its time and only captures two forms of labour under utilisation, cyclical unemployment and frictional unemployment. Hence, it under estimates the actual level of labour under utilisation in Australia as it does not capture fully the labour under utilisation caused by hidden unemployment and visible under employment. This paper re-evaluates the performance of the Australian labour market over the period 1989 to 2005 using two new labour market indicators. This analysis provides a very different story of the recovery from the recession.

Introduction

An analysis of the pattern labour under utilisation in Australia over the course of the last business cycle, using the headline measures of labour under utilisation such as the seasonally adjusted unemployment rate or the trend unemployment rate, shows that the Australian labour market has fully recovered from the recession of the early-1990s. Moreover, this view of the Australian labour market provides the basis of labour market policy in Australia. However, this conventional view of the health of the Australian labour is being increasingly challenged by labour market analysts (see for example Bell, 2000 and Mitchell, 2002a). The basis of this critique is that the current low level of labour under utilisation in Australia is a statistical artifact. The official measure of labour under utilisation in Australia, the trend unemployment rate, provides information about the labour under utilisation that is generated by cyclical unemployment. However, the recovery from the recession has been characterised by profound economic restructuring and labour market restructuring (Watson and Callus, 1999). Economic restructuring has contributed to a substantial growth in structural unemployment, which in turn has been transformed into hidden unemployment as workers who are marginally attached to the labour force revise downwards their expectations about gaining appropriated work and so drop out of the labour force. The Australian Bureau of Statistics fails to collect a full information set about structural unemployment as discouraged workers are excluded from participating in the Labour Force Survey. Second, part-time work is now the driver of jobs growth in Australia, leading to substantial growth in labour under utilisation associated with visible under employment. However, the labour under utilisation that is generated by visible under employment is also not captured by the trend unemployment rate. Hence, the actual level of labour under utilisation in Australia is much higher than the official unemployment rate suggests. The question is, by how much?

The aim of this paper is to use a new measure of labour under utilisation to analyse the labour markets of the six Australian states since 1989. The second section briefly outlines the labour market indicator that is used in this paper. The third section analyses the labour markets of the six Australian States using the labour market indicator that is discussed in section two. The final section concludes that not only is the actual level of labour under utilisation about
double the level estimated by the trend unemployment rate, for a number of States there has been no improvement in the level of labour under utilisation since the early-1990s.

Three Alternative Labour Market Indicators

Despite the strong economic and employment growth that Australia has experienced for over a decade, there is a growing sense that this new long boom is passing by an increasing number of people (see for example Bell 2000, Bell 2002 and Borland, Gregory and Sheehan, 2001, ACOSS, 2003). This sense of the boom passing by ordinary people is also a feature of the Canadian (Jackson, 2000, Burke and Shields, 1999) and the British economies (Beatty and Fothergill, 1997). The level of labour under utilisation that is shown to exist by the official unemployment figures in Australia is a statistical artifact. The labour market indicators that are developed from the International Labour Organisation, Labour Force Convention 160 substantially under estimate the level of labour under utilisation in Australia because they are designed to capture information about cyclical unemployment (Mata Greenwood, 1999). Hence, it is not surprising that a number of Australian labour market analysts have attempted to develop alternative labour market indicators that provide better estimates of labour under utilisation (see for example, Watson and Callus, 1999, Mitchell and Carlson, 2000, Mitchell, 2001, Wooden 1996, ACOSS, 2003). These labour market indicators involve adding estimates of hidden unemployment or visible under employment to the unemployment rate.

The Australian Bureau of Statistics is also aware of the limitations of the trend unemployment rate as a measure of labour under utilisation in Australia. Hence, it has developed three new labour market indicators to supplement the trend unemployment rate (Australian Bureau of Statistics, 2002). However, all of these measures are person rates of unemployment. Furthermore, the Australian Bureau of Statistics (2002) suggests that labour under utilisation should be measured using a time, preferably an hours, rate of unemployment. However, the Australian Bureau of Statistics has yet to develop such a measure, but other Australian labour market analysts have. See for example, Mitchell and Carlson 2000, Wooden 1996 and Barrett 2004. The analysis undertaken in this paper compares the trend unemployment rate for each State with the comprehensive unemployment rate (Barrett, 2004). The comprehensive unemployment rate is an hours rate of unemployment that converts the trend unemployment rate to an hours rate of unemployment, to which is then added estimates of both hidden unemployment and visible under employment.

The recovery from the recession of the early-1990s created substantial amounts of cyclical unemployment, that was transformed into structural unemployment as a result of the restructuring of the Australian economy that occurred during the latter part of the 1990s (Watson and Callus, 1999). This structural unemployment was eventually translated into hidden unemployment as structurally unemployed people withdrew from the labour force. The Australian Bureau of Statistics collects some information about the extent of hidden unemployment in Australia. However, there is growing evidence that the Australian Bureau of Statistics substantially under estimates the level of hidden unemployment because the Labour Force Survey excludes many, if not most, discouraged workers (see for example ACOSS, 2003). Consequently, the real unemployment rate has been developed to provide better estimates of the level of hidden unemployment in Australia. The real unemployment rate is a person rate of unemployment that is essentially a measure of the number of people who might reasonably be expected to work in a fully employed economy (Beatty and Fothergill, 1997: 138). It is therefore a useful guide to the number of people who are “experiencing hardship through job deprivation” (ACOSS, 2003: 8).
The real unemployment rate is based on two labour force participation gaps that have grown substantially during the 1990s. These labour force participation gaps are an indication of the extent of hidden unemployment in Australia. Since 1989 there has been a substantial decline in the male labour force participation rate, which in many States has not been offset by the associated increase in the female labour force participation rate. Barrett (2004) argued that the fall in the male labour force participation rate from its peak during the boom of the late-1980s and the resultant gap between this maximum and the present figure provides the basis of estimating male hidden unemployment. Second, the gap between the current State and national female labour force participation rates can be used as the basis for estimating female hidden unemployment for each State. This labour market indicator is based on the neo-Keynesian argument that unemployment represents exclusion of workers from the labour market by employers. This view stands in stark contrast to the neo-classical argument that unemployment is the result of unconstrained choice by workers (McKay, 1998).

A second intriguing feature of the Australian labour market is that part-time employment has become the driver of employment growth in Australia. The creation of sum large amounts of part-time employment is not a bad thing if the supply of part-time work matches the aspirations of workers demand for part-time work. However, if those in part time work have aspirations for full-time jobs then this mismatch will lead to the creation of visible under employment. The hours unemployment rate adds an estimate of visible under employment to the trend unemployment rate.

These two labour market indicators provide only partial solutions to estimating the real level of labour under utilisation in Australia as each only adjusts the trend unemployment rate for one type of labour under utilisation. However, the real unemployment rate and the hours unemployment rate can be combined to provide the comprehensive unemployment rate. The comprehensive unemployment rate is also an hours rate of unemployment that adds estimates of hidden unemployment and visible under employment to the trend unemployment rate to yield more accurate estimates of the extent of labour under utilisation in Australia (Barrett, 2004).

An alternative view of the Australian labour market

The conventional view of the Australian labour market, based on the trend unemployment rate, since the end of the 1980s is that it has fully recovered from the recession of the early-1990s (Barrett, 2004). The Australian labour market contracted between 1991 and 1993 with the peak trend unemployment rate of 11.5 per cent attained in 1993. Then there were two years of quick recovery followed by a decade of steady improvement. By 2005 the trend unemployment rate had fallen to about five per cent, which is an historically low level of unemployment. For most States, the recovery from the trough of 1993 was interrupted to some extent by the Asian Economic Crisis or the 2000 Olympics. The effects of these two macroeconomic shocks are apparent in some, but not all, of the following figures.

The trend unemployment rate is the official measure of labour under utilisation in Australia. However, it is essentially only a measure of the labour under utilisation that occurs in Australia as a result of changes to the level of cyclical unemployment (Mata Greenwood, 1999). Hence, it does not really tell the whole story of the last Australian business cycle. However, it is becoming increasingly widely recognised that the economic restructuring of the 1990s, and the associated labour market restructuring, has led to the creation of substantial amounts of labour under utilisation associated with hidden unemployment and visible under employment, which are not captured fully by the trend unemployment rate. Hence, a number of Australian labour market analysts have developed alternative labour market indicators that
add estimates of hidden unemployment or visible underemployment to either the trend unemployment rate or the seasonally adjusted unemployment rate (see for example Mitchell and Carlson, 2000, Wooden, 1996, Barrett, 2004). The following is a re-interpretation of the last 17 years using the comprehensive unemployment rate (Barrett, 2004). Both the comprehensive unemployment rate and the trend unemployment rate for each State are plotted on the following six figures. The comprehensive unemployment rate is a much broader measure of labour underutilisation than the trend unemployment rate. Consequently, the comprehensive unemployment rate always sits well above the trend unemployment rate in these figures. These figure show that even by 2005 the recovery from the recession had not been completed.

The contraction of the New South Wales labour market in the early-1990s is clearly visible in Figure 1. The recovery occurs in two distinct phases, a strong improvement during 1994 and 1995, followed by a steady decline during the remainder of the 1990s, which is interrupted by the Asian Economic Crisis and the 2000 Olympic Games. The gender gap closes during the contractionary phase and is all but absent during the remainder of the 1990s. It then re-emerges in the early-2000s as a result of the strong growth in female part-time employment and the consequent growth in female visible underemployment. Overall, Figure 1 suggests that there has been little improvement in New South Wales since 1995 as the comprehensive unemployment rate in 2005 is nearly 50 per cent greater than the 1990 figure. Moreover, recent trends are worsening rather than improving.

Figure 1. Comprehensive and Trend Unemployment Rate, New South Wales, 1989 to 2005, per cent.

![Figure 1](image-url)

Source: ABS unpublished trend data, figures for February of each year.

Figure 2 shows the contraction of the Victorian labour market during the early-1990s followed by two years of strong recovery. However, there was little improvement in the comprehensive unemployment rate in the latter half of the 1990s. A gender gap did open up during the late-1990s, but this disappeared by the early-2000s. The present comprehensive unemployment rate is about double the 1990 figure. Figure 2 suggests that there has only been a partial recovery in the Victorian labour market since 1993. Moreover, the recovery that did occur was confined to the two years following the trough of the recession.
Figure 2. Comprehensive and Trend Unemployment Rate, Victoria, 1989 to 2005, per cent.

Source: ABS unpublished trend data, figures for February of each year.

Figure 3 shows changes in the comprehensive unemployment rate for South Australia. Again the contraction is clearly visible, but it is the experience after 1993 that sets South Australia apart from the other States. There was no improvement in the South Australian labour market during the 1990s. There is also no evidence of any rebound in the comprehensive unemployment rate between 1993 and 1995. Nor is there any evidence of a steady decline throughout the remainder of the 1990s. The South Australian labour market only began to improve during 2002, driven by the male labour market. As a consequence, a gender gap emerged in 2003 reflecting that female part-time employment is the driver of job growth in South Australia. The comprehensive unemployment rate in 2005 is about 50 per cent higher than the 1990 figure. Hence, there has only been a partial recovery of the South Australian labour market from the recession, much of which has occurred only in the last few years.

Figure 4 shows what is by now becoming a familiar story. The Western Australian labour market contracted between 1989 and 1992, followed by two years of strong growth. However, this growth only partially offset the earlier contraction. Hence, that initial phase of the recovery was only partial. Moreover, there is no improvement in the comprehensive unemployment rate during the remainder of the 1990s. It is not until the early-2000s that Western Australia again begins to recover, led by improvements in the female labour market. Again there is the marked absence of a gender gap, nevertheless there are some gender dynamics. Through the late-1990s the female comprehensive unemployment rate is a little lower than the male rate. But then in 2001 the female comprehensive unemployment rate begins to increase as the male rate begins to fall. The gender gap is now substantial. In 2005 the comprehensive unemployment rate was nearly 50 per cent higher than the 1989 figure. Even Western Australia has yet to fully recover from the recession.
Figure 3. Comprehensive and Trend Unemployment Rate, South Australia, 1989 to 2005, per cent.

Source: ABS unpublished trend data, figures for February of each year.

Figure 4. Comprehensive and Trend Unemployment Rate, Western Australia, 1989 to 2005, per cent.

Source: ABS unpublished trend data, figures for February of each year.

Figure 5 shows the Queensland labour market contracting between 1990 and 1993, but unlike the other mainland States, there is no evidence of a subsequent dead cat effect between 1993 and 1995. Indeed, there is no evidence of a decrease in the comprehensive unemployment rate throughout the 1990s. It is not until 2001 that the Queensland labour market begins to improve. The gender gap that was evident prior to the onset of recession all but disappeared
during the contraction of the labour market and does not re-emerge until 2002. However, like the other States that are discussed above, the female comprehensive unemployment rate began to increase in the early-2000s, soon after which the male rate began to fall. The female comprehensive unemployment rate is now substantially higher than the male rate due to the strong growth in female part-time employment and the consequent increase in visible under employment. The comprehensive unemployment rate has fallen sharply since 2001, in line with falls in the trend unemployment rate. However, by early-2005 the comprehensive unemployment rate had almost fallen to the 1990 figure. On the basis of this evidence, Queensland is the only State that has recovered fully from the recession.

Figure 5. Comprehensive and Trend Unemployment Rate, Queensland, 1989 to 2005, per cent.

Tasmania (Figure 6) is unlike any of the mainland States. The Tasmanian labour market contracted during 1990 and 1991, but there was no subsequent rebound. Indeed, labour under utilisation in Tasmania actually increased further throughout the remainder of the 1990s to peak in 2003. After which there is a rapid fall in the comprehensive unemployment rate. Nevertheless, the 2005 figure is only marginally better that the 1993 peak and is over 50 per cent higher than the 1990 figure. The gender dynamics of the Tasmanian labour market are also interesting. The pre-existing gender gap is reduced, but not eliminated, during the contraction. There is a deal of switching between males and females, but then a sizeable gender gap emerges between 1998 and 2002 associated with the increase in male hidden unemployment. However, unlike the mainland States, it is the male labour market that has performed better during the 2000s.
Conclusion

This paper uses a recently developed labour market indicator to re-analyse the performance of the Australian labour market over the period 1989 to 2005. The comprehensive unemployment rate is a much broader measure of labour under utilisation than the trend unemployment rate as it includes estimates of both hidden unemployment and visible under employment. It is therefore not surprising that the comprehensive unemployment rates shows that the level of labour under utilisation in Australian is about double the official level obtained from the trend unemployment rate. What is surprising is the geographical unevenness of the recovery from the recession of the early-1990s. This is in stark contrast to the picture of the recovery provided by the trend unemployment rate. The trend unemployment rate shows that all States had fully recovered fro the recession we had to have, whereas the comprehensive unemployment rate shows that only Western Australia has fully recovered, Tasmania has yet to commence its recovery, while the recovery of the other States is only partial.

Developing better estimates of labour under utilisation is not an end in itself. It is the means to an end. Employment and unemployment policies need to be informed by timely and accurate labour force data. Poor labour market data can only lead to poor labour market policy, ‘garbage in, garbage out’. In a very real sense this is what is happening in Australia today. The trend unemployment rate shows that unemployment is no longer a problem in Australia. Consequently, it has dropped off the ‘radar screens’ of the Commonwealth Government. However, this paper clearly shows, as do many of the articles cited in the paper that the actual level of labour under utilisation in Australia is about double the level shown by the official measure of labour under utilisation. Moreover, the recovery from the recession is partial and geographically uneven. Therefore, unemployment remains a problem in Australia and deserves to be a focus of Commonwealth Government policy.
This paper also shows that it is not useful to talk of the Australian labour market as if it is an homogenous whole. This paper clearly shows that Australia is comprised of six distinct labour markets, eight if the Australian Capital Territory and the Northern Territory are also considered. Each of these labour markets have their own distinct problems, strengths and dynamics. Moreover, each State and Territory is comprised of any number of smaller labour markets defined either on the basis of geography or skills. Hence, labour market policy should not be developed at an aggregate, macro, national level, rather at and more finely grained, micro, local level. The question therefore needs to be asked, how can a single industrial relation system be relevant to such a highly segmented labour market? Also, how can it be claimed that past reforms, for example the Work Place Relations Act 1999, have reduced unemployment.

Furthermore, this paper is one of any number of recent attempts (see for example Mitchell and Carlson, 2000, Wooden, 1996, Barrett, 2004) to provide more accurate estimates of labour under utilisation in Australia by developing an hours rate of unemployment which adds estimates of hidden unemployment and visible under employment to the trend unemployment rate. All of these attempts are based on data collected by the Labour Force Survey. Consequently assumptions have to be made about the data, which introduces errors to the estimates. However, despite their shortcomings, they fill a need that has been identified by the Australian Bureau of Statistics for an hours measure of unemployment for Australia. An analysis of the Labour Force Survey instrument reveals that it only requires minor changes to the questions and they way that they are asked to provide the Australian Bureau of Statistics with the data that it needs to construct such a measure.

Finally, this paper follows an established tradition in Australian labour market analysis. To analyse the labour market in terms of the number of people who are unemployed. This approach places unemployed people in the spotlight and makes them the focus of labour market policy. It also provides neo-liberal labour market analysts with the space that they need to blame the unemployment problem on unemployed people themselves. From this neo-liberal perspective unemployment is the result of unconstrained choice by the unemployed, who in turn need to be coerced back into jobs, no matter how poorly paid or how poor the working conditions. However, all measures of labour under utilisation that can be expressed as a percentage, such as the trend unemployment rate or the comprehensive unemployment rate, can easily be converted into their complement by subtracting the unemployment rate from 100 per cent. This simple piece of arithmetic would turn our perspective of the Australian labour market on its head. Australian labour market analysts would no longer be looking at an unemployment rate, but rather an employment rate. This in turn would shift the spotlight of labour market analysis away from the behaviour of unemployed workers to the behaviour of under employing employers. For example, Australian labour market analysts would not be asking why 25 pr cent of available labour resources are unemployed in Tasmania (Figure 6), rather they would be forced to ask why Tasmanian employers are only employing 75 per cent of available labour resources. Moreover, Tasmanian employers would be forced to explain why they are only employing 75 per cent of available labour resources.

References


Union Representatives: The Cornerstone of Organising

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Based on a survey of Australian Nursing Federation members, this paper investigates the characteristics of job representatives. It shows that union commitment, employer trust, union training courses, collegial support and full-time employment are statistically significant in predicting stewardship. It was found that job representatives show a greater commitment to the recruitment of new members. In addition, a considerable number of union members would be willing to become job representatives should they be given more time or reduced working hours; more training or knowledge of responsibilities; or more money or rewards. This paper argues that job representatives are a central component of the organising strategy, and that a successful organising strategy is needed for the continued growth and revitalisation of unions.

Introduction

The Australian Nursing Federation (ANF) is one of the largest unions in Australia, with approximately 140,000 members organised into autonomous state based branches. Over the past 15 years the membership of the ANF has been growing rapidly, contrary to trade union membership trends in Australia and internationally (Wooden, 2000; Bartram & Stanton, 2004). This paper focuses on the Victorian Branch of the ANF which is one of the branches that has more than doubled its membership since 1990 (from under 15,000 in 1990 to 40,707 in 2004). In 2003 union officers offered a number of explanations for this trend. First, they suggested that contextual factors had had an impact on unionism, in particular unpopular or contentious health and industrial relations policies of both state and federal governments. Second, they argued that the ANF has a strong professional identity that focuses on group cohesiveness and provides valuable services to members. Third they believed that their professional relationships with employers were important to members. Finally, they identified their proactive organising strategies as being a key element of union growth (Bartram & Stanton 2004).

The organising model has been identified as a promising framework for the future of trade unions. The model involves the transformation of unions into dynamic organisations, where members become active producers of unionism, rather than passive consumers (Carter & Cooper, 2002). A cornerstone of the organising model is a focus on self-reliant recruitment at the workplace level, where shop stewards utilise one-to-one recruitment in order to convince others to join the union (Heery, Simms, Simpson, Delbridge & Salmon, 2000).

In this paper we draw on the findings of a large scale ANF membership survey carried out in 2004 and focus on one element of the ANF’s organising strategy namely the role of the job representative. The job representative is the ANF’s equivalent of a lay union representative or shop steward. The shop steward is thought to be a key factor in the success of the organising strategy (Fiorito, Jarley & Delaney, 1995). Accordingly, this paper seeks to investigate the individual characteristics of job representatives (shop stewards). The purpose is to gain an understanding of the factors that explain why certain individuals are shop stewards, and others remain rank-and-file union members. Griffin and Moors (2004) argue that an understanding of these characteristics is essential if unions hope to increase their membership figures, and develop strategies to encourage rank-and-file members to be more involved in union affairs.
In this paper we first explore the literature on the determinants of union stewardship and identify our hypotheses, second we outline our methodology, third we present our results and finally we discuss the findings and draw some conclusions.

The determinants of stewardship

The literature suggests a number of key issues as determinants of union stewardship. First, the relationship between stewardship and union commitment has been well documented in the literature. The most widely accepted definition of union commitment comes from the work of Gordon, Philpot, Burt, Thomson and Spiller (1980). Gordon et al. (1980) derived a union commitment measure consisting of four dimensions: union loyalty, responsibility to the union, willingness to work for the union, and belief in unionism (Bamberger, Kluger & Suchard, 1999). According to Gordon et al.’s definition, commitment to the union is associated with serving in elected officer positions. Newton and Shore (1992) also argued that workers who have high levels of union commitment are likely to serve as union stewards. In empirical studies, many authors have concluded that union commitment is a significant predictor of participation within the union (Fullagar & Barling, 1989; Thacker, Fields & Barclay, 1990; Kuruvilla & Fiorito, 1994).

Second, literature suggests that the extent of trust an employee has of their employer is also associated with the likelihood of becoming a shop steward. Structural changes in the labour relationship, namely the deregulation of the labour market, downsizing, and the development of progressive human resource management (HRM) practices, have meant that management have more scope to ‘control’ their employees, without the intervention of unions (Mitchell & Fetter, 2003). Therefore, to the extent that employees perceive this ‘control’, they may be less trusting of their employer, and more likely to seek the protection of a trade union (Deery & Walsh, 1999; Mitchell & Fetter, 2003; Bartram & Cregan, 2003).

Third, theorists agree that preferences for unionism are affected by the attitudes and beliefs that individuals possess about unions in general. Deery and De Cieri (1991) and Griffin and Svensen (1996) concur that the general value system of the individual clearly influences intention and behaviour with regard to unionism. Kelloway and Newton (1996) claim that union beliefs are predictors of union relevant criteria such as pro-union voting in certification elections, participation in union activities, and commitment to a specific labour union. The literature has identified a number of factors that may influence an individual’s belief system about unions. These include the public image of unions (Deery & De Cieri, 1991); an individual’s direct experience with trade unions (Deery & De Cieri, 1991); perceived union instrumentality (Farber & Saks, 1980); and union affectivity (Kelloway & Newton, 1996; Barling, Kelloway & Bremermann, 1991). Empirical studies (Deshpande and Fiorito, 1989; Deery and De Cieri, 1991; Kuruvilla & Fiorito, 1994) have found that union beliefs have an important role in the decision to become a union member, and to actively participate in union activities.

Fourth, union ideology has been identified in the literature as a predictor of stewardship. Indeed, Fosh and Cohen (1990) maintain that a commitment to collectivism intrinsically embodies the concept of union leadership. Empirical studies (Fosh & Cohen, 1990; Nicholson, Ursell & Blyton, 1981) found that union leaders had a higher level of ideological commitment to collectivism than rank-and-file union members.

Fifth, Social Identity Theory (Tajfel & Turner, 1986) has identified a relationship between an individual’s level of collegial support and their decision to become a shop steward. Tajfel and Turner (1986) suggest that individuals who identify strongly with their social group are more
likely to engage in collective action, whilst those who identify only weakly with their group are likely to adopt individual action in trying to improve their status. Kelly and Kelly (1994) found that the most significant predictor of participation in more ‘difficult’ forms of union activity (those commonly associated with shop stewards) was the individual’s level of identification with the union. Hence, willingness to become a shop steward is thought to be an expression of the individual’s identification with, and support from, their group of colleagues within the union.

Sixth, an individual’s political views are also thought to be a predictor of stewardship. Deery and De Cieri (1991) and Guest and Dewe (1988) affirm that individuals whose political sympathies lie with labour parties are more likely to hold stronger beliefs towards unionism, and to show a greater propensity to become shop stewards. Empirical literature found that stewards differed remarkably from rank-and-file members in their political socialisation, and that left-wing (or Labor) philosophies predominated among the steward group (Nicholson et al., 1981).

Seventh, the relationship between union training courses and stewardship has been somewhat neglected in the literature. However, the theory regarding adult learning may be applied to union training programs. ‘Emancipatory learning’ requires individuals to transform their basic frames of reference (Mezirow, 1996). Union training programs can be utilised to change negative frames of reference (hegemonic assumptions) about a specific union, or trade unions in general. By promoting union values and espousing the benefits of union participation, shop stewards’ status may be positively influenced:

Eighth, existing research regarding the relationship between union members’ qualifications and stewardship has been subject to mixed findings. Ingham (1993) and Strauss (1977) purport that those with better educational qualifications are more articulate, and are therefore better able to influence the actions of unions. Conversely, Ng (1992), Bain and Elias (1985), and Fiorito and Greer (1982) affirm that educated workers have greater individual bargaining power, and are less likely to depend upon unions to secure higher wages and benefits from the employer. Nonetheless, one would theorise that members who have attained greater professional and educational qualifications would be more influential within the union than those with lesser qualifications because of their elevated skill level and competency:

Ninth, the literature has traditionally assumed that full-time employees are more likely to represent the union than part-time or casual employees. Full-time workers are expected to possess more attachment to the labour force, due to their higher ‘stake’ in the job. Full-time employees may perceive the long-run benefits associated with unionism, and are therefore more likely to become shop stewards (Ng, 1992; Kuruvilla & Fiorito, 1994; Deery & De Cieri, 1991; Booth, 1985). In support of the theory, empirical studies have discovered a positive relationship between full-time employment and unionism (Kuruvilla & Fiorito, 1994; Ng, 1992; Ingham, 1993; Bain & Elias, 1985; Antos, Chandler & Mellow, 1980):

Finally, in considering the relationship between age and stewardship, a number of researchers expect that older workers are more likely to become trade union members than younger workers. Because older workers have relatively high job attachment and low job mobility, they are likely to attach more importance to union benefits such as superannuation, redundancy rules, grievance procedures and health benefits than younger workers are likely to (Hirsch, 1980; Deery & De Cieri, 1991). In addition, as one’s age increases, their tenure and experience within the union also increases. This experience, in turn, is likely to make older members candidates for stewardship (Benson, 1991).
Method

Data utilised in this paper was obtained from a study examining trade union membership growth in the Australian Nursing Federation (ANF) Victoria Branch. The study involved a large-scale questionnaire which aimed to explore a range of issues concerning members’ attitudes towards the ANF and trade unionism in general, attitudes towards their profession, and trust and confidence in their employer. Specific scales were used including Fullagar and Barling’s (1989) scale to assess participants’ level of commitment; Deshpande and Fiorito’s (1989) ‘General Union Beliefs’ scale was used to measure subjects’ attitudes and beliefs about unions; Cregan’s (2005) scale was used to discern the subjects’ level of collectivist ideology regarding the reasons for their decision to join the ANF and the measure of collegial support was adapted from Hinkle, Taylor and Fox-Cardamone’s (1989) ‘Group Cohesiveness’ scale. Questions were also asked on employer trust, voting patterns, attendance at union training courses, qualifications, employment status, gender and age. The survey was developed in partnership with ANF officials. In July 2004, the questionnaire was distributed to a random sample of 4,000 members of the Australian Nursing Federation (Victoria Branch). The survey was distributed by the ANF from their membership database. All completed questionnaires were returned through registered post to the researchers at La Trobe University, with a total of 1020 questionnaires (response rate of 26 percent) returned. Of the 1020 respondents, 76 respondents were shop stewards.

Results

First we identified the determinants of stewardship by using cross-tabulations of the job representatives’ and rank and file union members’ responses. Of the 1006 union members that responded to the question “are you a job representative” only 76 responded ‘yes’ and 930 responded ‘no’ - 7.6 percent of the surveyed population.

<table>
<thead>
<tr>
<th>Are you a job representative?</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>76</td>
<td>7.6</td>
</tr>
<tr>
<td>No</td>
<td>930</td>
<td>92.4</td>
</tr>
<tr>
<td>Total</td>
<td>1006</td>
<td>100.0</td>
</tr>
</tbody>
</table>

In order to further investigate the reasons that affect their decision, those individuals who responded ‘yes’ to being a job representative were asked for their reasons for this decision.

<table>
<thead>
<tr>
<th>Why did you become a job representative?</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td>Voted in by ward ANF members</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td>Workplace incident</td>
<td>3</td>
<td>4.8</td>
</tr>
<tr>
<td>Staff advocate and motivate</td>
<td>12</td>
<td>19.0</td>
</tr>
<tr>
<td>Increase knowledge of industrial relations/ training</td>
<td>12</td>
<td>19.0</td>
</tr>
<tr>
<td>Because no-one else would</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>Passionate</td>
<td>3</td>
<td>4.8</td>
</tr>
<tr>
<td>Because I was asked to</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100.0</td>
</tr>
</tbody>
</table>
As shown in Table 2 on the previous page, 19 percent reported that they became representatives in order to motivate others, and to advocate on the behalf of their fellow workers. Hence, there seems to be a group of representatives who have joined for collectivist, ideological reasons. This result is consistent with Fosh and Cohen (1990), who found that local leaders’ high level of ideological commitment to collectivism gave them the motivation to act in a representative manner, by pursuing their members’ expressed interests.

A further 19 percent indicated that they became job representatives in order to increase their knowledge of industrial relations, and to advance their training. This finding further highlights the importance of union training programs. They may be used as a vehicle to positively influence union members’ beliefs about stewardship, and also to provide an incentive for rank and file union members to become shop stewards.

Considering shop stewards may be the key to boosting union density figures via the organising model, and given their important role in member recruitment; it may be pertinent to examine the mechanisms by which unions can entice rank and file union members to become shop stewards. Hence, those individuals who responded ‘no’ to being a job representative in Table 1 were asked what it would take for them to become a job representative.

Table 3. What Union Members Require in Order to Become Job Representatives

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I wouldn’t be one</td>
<td>95</td>
<td>20.8</td>
</tr>
<tr>
<td>No need/ not needed</td>
<td>19</td>
<td>4.2</td>
</tr>
<tr>
<td>More training/ legal advice/ knowledge of responsibilities</td>
<td>28</td>
<td>6.1</td>
</tr>
<tr>
<td>Encouragement from the ANF</td>
<td>21</td>
<td>4.6</td>
</tr>
<tr>
<td>More time/ reduced working hours/ I work part-time</td>
<td>108</td>
<td>23.6</td>
</tr>
<tr>
<td>Rewards/ more money</td>
<td>24</td>
<td>5.3</td>
</tr>
<tr>
<td>Not applicable</td>
<td>37</td>
<td>8.1</td>
</tr>
<tr>
<td>More experience</td>
<td>6</td>
<td>1.3</td>
</tr>
<tr>
<td>More personal commitment</td>
<td>15</td>
<td>3.3</td>
</tr>
<tr>
<td>Not interested</td>
<td>75</td>
<td>16.4</td>
</tr>
<tr>
<td>Opportunity/ to be asked</td>
<td>17</td>
<td>3.7</td>
</tr>
<tr>
<td>Support</td>
<td>5</td>
<td>1.1</td>
</tr>
<tr>
<td>More senior positions</td>
<td>2</td>
<td>0.4</td>
</tr>
<tr>
<td>Encouraging workplace</td>
<td>5</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>457</td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

When examining Table 3, the majority of respondents (23.6 percent), indicated that they would require more time or reduced working hours in order to become job representatives. This information is valuable in terms of policy implications for unions, as it is evident that individuals perceive the union representative role to be broad and time consuming. Unions may alleviate this concern by streamlining and focusing this role on a few key functions (such as recruitment), and allowing full-time officers to handle the more difficult representation cases and workplace co-ordination.

A further 6.1 percent of the rank-and-file stated that it would take more training, legal advice or knowledge of responsibilities in order to become job representatives. Once again, the significance of union training programs becomes apparent. Individuals are unlikely to adopt the representative role unless they have sufficient information and knowledge of the tasks and responsibilities of that role.
Over 5 percent of the rank-and-file responded that they would require rewards or more money in order to make the decision to become a job representative. Unions may therefore consider both extrinsic and intrinsic rewards in order to encourage more union members to become stewards. Another 3.7 percent would consider becoming a job representative if given the opportunity.

The job representative group was asked if they would ever persuade someone to join the ANF. Seventy-six job representatives responded to this question, 72 individuals stating ‘yes’ they would persuade others. Only four representatives stated that they would not persuade anyone to join the ANF.

Table 4. Persuading Others to Join the ANF

<table>
<thead>
<tr>
<th>Would you ever persuade anyone to join the ANF?</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>72</td>
<td>94.7</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>5.3</td>
</tr>
<tr>
<td>Total</td>
<td>76</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Those individuals who responded ‘yes’ they would persuade others to join the ANF; were asked why they would do so.

Table 5. Reasons Why Job Representatives Would Persuade Others to Join the ANF

<table>
<thead>
<tr>
<th>Why would you persuade others to join the ANF?</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peace of mind/ security/ protection</td>
<td>20</td>
<td>27.8</td>
</tr>
<tr>
<td>Unity/ strength/ alliance/ support/ solidarity</td>
<td>15</td>
<td>20.8</td>
</tr>
<tr>
<td>Legal advice</td>
<td>3</td>
<td>4.2</td>
</tr>
<tr>
<td>Benefits/ services</td>
<td>15</td>
<td>20.8</td>
</tr>
<tr>
<td>Indemnity insurance</td>
<td>11</td>
<td>15.3</td>
</tr>
<tr>
<td>Collective voice</td>
<td>4</td>
<td>5.5</td>
</tr>
<tr>
<td>Professionalism</td>
<td>1</td>
<td>1.4</td>
</tr>
<tr>
<td>Improved work conditions</td>
<td>3</td>
<td>4.2</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
<td>100.0</td>
</tr>
</tbody>
</table>

According to Table 5, the majority of respondents (27.8 percent), cited peace of mind, security and/or protection as the most important reason as to why they would persuade others to join the ANF. One way they may do so is by ensuring that they respond swiftly and appropriately to important member issues and concerns.

Finally, we compare job representatives’ and rank-and-file members’ willingness to persuade others to join the ANF.

Table 6. Job Representatives’ and Rank-and-File Members’ Willingness to Persuade Others to Join the ANF

<table>
<thead>
<tr>
<th>Would you ever persuade anyone to join the ANF?</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Representatives</td>
<td>Frequency</td>
<td>68</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>91.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Rank-and-File Members</td>
<td>Frequency</td>
<td>707</td>
<td>208</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>77.3</td>
<td>22.7</td>
</tr>
</tbody>
</table>
The chi-square ($\chi^2$) test found a significant difference (at a 99% confidence level) between job representatives’ and rank-and-file members’ willingness to persuade others ($\chi^2 = 8.64$, df = 1, $p = .003$). According to Table 6, 91.9 percent of job representatives would persuade someone to join the ANF, compared to only 77.3 percent of rank-and-file members. Unions can thus confidently invest in shop stewards, as they have been found to be most reliable in the recruitment of new members.

The next stage was to use logistic regression as a predictive analysis to explore the relationships amongst the variables (Wright, 1997, Tabachnick & Fidell, 2001). This method of analysis was therefore selected because the dependent variable (stewardship status) is dichotomous, and the independent variables are a mix of continuous, discrete and dichotomous variables. Hence, logistic regression allows one to determine the characteristics that predict one outcome (shop steward) as opposed to another outcome (not a shop steward).

Table 7. Results of Logistic Regression Analysis for Determinants of the Marginal Probability of Stewardship

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Probability</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union commitment</td>
<td>.028</td>
<td>.902</td>
<td>.000**</td>
</tr>
<tr>
<td>Employer trust</td>
<td>.401</td>
<td>.316</td>
<td>.004**</td>
</tr>
<tr>
<td>Union beliefs</td>
<td>.042</td>
<td>1.013</td>
<td>.754</td>
</tr>
<tr>
<td>Ideology</td>
<td>.027</td>
<td>1.019</td>
<td>.471</td>
</tr>
<tr>
<td>Collegial support</td>
<td>.038</td>
<td>.928</td>
<td>.047*</td>
</tr>
<tr>
<td>Voting patterns – federal</td>
<td>.468</td>
<td>.658</td>
<td>.372</td>
</tr>
<tr>
<td>Voting patterns – state</td>
<td>.507</td>
<td>2.012</td>
<td>.167</td>
</tr>
<tr>
<td>Union training course</td>
<td>.323</td>
<td>4.731</td>
<td>.000**</td>
</tr>
<tr>
<td>Qualifications</td>
<td>.602</td>
<td>1.146</td>
<td>.821</td>
</tr>
<tr>
<td>Full-time employment</td>
<td>.319</td>
<td>.517</td>
<td>.039*</td>
</tr>
<tr>
<td>Age</td>
<td>.016</td>
<td>1.005</td>
<td>.759</td>
</tr>
<tr>
<td>Gender</td>
<td>.538</td>
<td>.497</td>
<td>.230</td>
</tr>
<tr>
<td>Constant</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Chi-square</td>
<td></td>
<td>94.019</td>
<td></td>
</tr>
<tr>
<td>Nagelkerke R²</td>
<td></td>
<td>.274</td>
<td></td>
</tr>
</tbody>
</table>

N = 779
P = 0.00
* P < 0.05
** P < 0.01

A total of 779 cases were analysed and the full model was significantly reliable ($x^2 = 94.02$, df = 12, $p < 0.01$), indicating that the independent variables, as a set, reliably distinguished between those union members who are job representatives, and those who are not representatives. This model accounted for between 11.4% and 27.4% of the variance in stewardship status (Cox & Snell / Nagelkerke R2). Table 7 shows regression coefficients and the probability values for each of the independent variables. Of the twelve determinants of stewardship investigated in the logistic regression, five coefficients were significant, three at a 99% confidence level, and two at a 95% confidence level. The following variables were significant; union commitment, employer trust, collegial support, union training course, and full-time employment.

Union commitment was found to be significantly ($p<0.01$) and positively associated with the likelihood of becoming a job representative. Based on this result, workers who have high levels of union commitment are more likely to serve as union stewards.
A negative and significant (p<0.01) relationship was found between employer trust and stewardship. This indicates that if employees don’t trust their employers to protect their wages and conditions of employment, they are more likely to become job representatives.

A positive and significant (p<0.05) relationship was found between an individual’s amount of collegial support and stewardship (Hinkle, Taylor and Fox-Cardamone 1989). Based on this result, individuals who have higher levels of collegial support are more likely to be job representatives.

A significant (p<0.01) correlation was found between union training courses and stewardship. This indicates that those individuals who attend union training courses are more likely to be job representatives. However, this finding might be coloured by the fact that many members who attend training courses might already be job representatives.

Finally, a positive and significant (p<0.05) relationship was found between full-time employment and an individual’s likelihood of becoming a job representative indicating that full-time employees are more likely to represent the union than part-time or casual workers.

Discussion and Conclusions

This survey provides some interesting findings. First, only a small number of the respondents were current job representatives. However, they clearly show a greater commitment to the union and to the recruitment of new members. A significant number of respondents in this survey indicated that they became job representatives in order to advocate on behalf of their colleagues; to increase their training; or because they had received support from others to adopt such a role. As it is clear that job representatives are more willing to recruit new members, and that the shop steward lies at the core of the organising model there are considerable advantages for the union in exploring these issues further. The features most often used to persuade individuals to join the union are peace of mind, security and protection; unity, strength, alliance, support and solidarity; and benefits or services.

Second, almost 50 percent of the rank and file members indicated that in some circumstances they might consider becoming a job representative. This varied from just being asked to being given a range of support, rewards and training. This was particularly true for part time employees. This finding has significant policy implications for the union.

Third, only some of the identified determinants appeared to be significant. However, a number of those that were significant can be clearly linked to the union’s organising strategy. Commitment to the ANF was found to be an important characteristic of stewardship, suggesting that unions wishing to increase their number of shop stewards must instill high levels of union commitment in their rank-and-file members. According to Fullagar, Clark, Gallagher and Gordon (1994), superior levels of union commitment are probable when unions conduct individual and informal socialisation (orientation) sessions for new union members. Unions can achieve such individual, informal socialisation by providing new members with personal information regarding the union, or by distributing personal invitations to union meetings. Kuruvilla, Gallagher and Wetzel (1993) specify that union commitment is more likely when members have continuous contact with the union. Hence, unions must ensure that they interact with their members on an ongoing basis, either through newsletters, union meetings, or orientation programs. All of these activities are clearly identified components of the ANF’s organising strategy (Bartram & Stanton, 2004).

The results also indicated that collegial support is a substantial factor influencing the decision to become a job representative. Based on Social Identity Theory, Tajfel and Turner (1986)
suggest that unions may increase their number of shop stewards by enhancing the sense of group identification amongst members. In order to achieve a sense of group solidarity, unions must allow their members to be part of a collective voice, and provide them with a sense of belonging. This can be achieved in a number of different ways. First, opportunities for educational training programs are valuable, as they work to enhance members’ sense of belonging. Second, any successes in lobbying the government on issues important to members should be promoted, as they are likely to increase members’ sense of collective achievement. Third, by shifting decisions downward from a centralised system to a more decentralised approach and allowing members to participate in decision-making, unions are likely to improve intragroup cooperation and interdependence among members. Again all of the above points are key parts of the ANF’s organising strategy (Bartram & Stanton, 2004).

The union training course was also found to be a significant characteristic of stewardship individuals who attend union training courses are more likely to be job representatives. Unions can attempt to increase their number of stewards by utilising their training programs in different ways. First, training programs should serve as a vehicle to change negative frames of reference (hegemonic assumptions) about a specific union, or trade unions in general. Second, union training courses should be utilised to persuade rank-and-file union members to become shop stewards. Indeed, individuals are unlikely to adopt the steward role unless they have sufficient information and knowledge of the steward’s tasks and responsibilities.

Two determinants emerged that were outside of the union’s control, the first was employer trust. Logistic regression analysis found a negative correlation between the two variables, indicating that if employees don’t trust their employers to protect their wages and conditions of employment, they are more likely to become shop stewards. The second was full time employment, indicating that an emphasis on support for part-time workers might yield promising results.

Interestingly some of the usual determinants of stewardship did not emerge as significant in this study. Union beliefs and ideology in general were not significant, and neither were voting patterns or age.

Finally, we argue that the visibility and effectiveness of a union at the workplace level is paramount to a successful organising strategy. Active membership at the workplace level can generate internal strength and solidarity: characteristics that are crucial for the continued growth and survival of unions.

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References


Bartram, Elovaris and Stanton


Bartram, Elovaris and Stanton


Women Workers Organising in Free Trade Zones: Steering alliances and movement politics

Janaka Biyanwila
University of Western Australia

Women workers’ organizations in the Free Trade Zones (FTZs) or ‘export-processing zones’, in Sri Lanka illustrate new possibilities for unions as well as women’s collective agency. A new union, the FTZWU, was launched in 1999, as an outcome of a partnership between a union and a women’s NGO (Non-governmental Organisation). By extending beyond the workplace and building alliances with a range of actors, the FTZWU represents an instance of social movement unionism. This paper focuses on the significance of alliances to the FTZWU’s strategic orientation and draws out how this movement politics articulates a new kind of worker solidarity for women workers’ collective action.

Introduction

The launch of ‘free trade zones’ (FTZs) in 1978 represents the entry of women in Sri Lanka into ‘world market factories’ as cheap, ‘nimble fingered’ docile workers with a ‘natural’ exit out of factory work (Elson and Pearson, 1981). While women entering wage-work in the FTZs get represented as ‘empowerment’, what is absent in these narratives is how women re-define their identities as collective actors by confronting capital, patriarchy and the state (Chhachhi and Pitten, 2001). This paper looks at a women workers’ organisation in the FTZs, the Free Trade Zone Workers Union (FTZWU) illustrating new strategies of organising workers. By emphasising the movement dimension of worker organisations, the FTZWU’s strategies link workplace issues with broader issues of social and political change through engaging in contentious politics. This prioritisation of movement politics reflects not only the specificity of the FTZs and the inadequacy of dominant union strategies but also new possibilities for FTZ women workers.

The FTZs highlight the interplay between capital and gender within world marker factories (Elson and Pearson, 1981). The FTZs are firmly based on an anti-union strategy that redraws new boundaries to regulate labour and to reconstitute class compromises. This translates into removing, neglecting and ignoring democratic representative institutions mechanisms for setting wages and conditions and for guaranteeing collective worker rights. The shift towards an authoritarian state and labour market institutions restrained unions in their capacities to engage in representative politics or the political party process, as well as in movement politics or the realm of civil society.

With unions essentially made illegal, the state promoted interests of capital to maintain a strike-free zone with compliant productive workers. Capital also preferred women as workers not only because they were seen as easily trainable, disciplined and disposable, but also because of their ‘docile disposition’. While women entering the labour market escaped the patriarchy of the household, they nevertheless entered the factories and labour markets as ‘bearers of gender’, experiencing new forms of gender subordination (Elson and Pearson, 1981:98). With mechanisms for representative politics restricted and women workers subordinated through ‘gender ascriptive relations’ (ibid.), the emergence of the FTZWU suggests some new ways of organising.
Launched in 1999, the FTZWU was an outcome of a partnership between a union, the ITGWU (Industrial and Transport General Workers Union) and a Non-governmental Organisation (NGO), the Women's Centre (WC). In encouraging the self-organisation of women workers and building alliances with other activist networks, the FTZWU’s strategic orientation can be described as social movement unionism. The FTZWU highlights the potential for women workers’ mobilization in FTZs where a site of exploitation is redefined as a site of contestation (Munck, 2002:120).

The FTZWU’s movement politics overlaps with union revitalization debates around social movement unionism (Seidman, 1994; Moody, 1997; Lambert, 2002; Munck, 2002; Waterman, 2004). Social Movement Unionism (SMU) is a theoretical and strategic orientation emphasising the movement dimension of unions as actors in civil society. Aimed at revitalising unions, the SMU perspectives focus on how unions are encouraging the active participation of members through elements of participatory democracy while asserting their autonomy from the state and political parties in order to build alliances with other social movements, community groups, activist networks and popular democratic demands. According to Moody (1997), this strategic orientation is a way to experiment with a ‘self-emancipation from below’ (ibid.:290).

This paper focuses on the significance of alliances to the FTZWU strategies. The overlapping networks of national, regional and global alliances that the FTZWU nurtures reflect the complex, uneven effects global trade shaping FTZ workers. While the rise of Ethical Trade Initiatives and the development of company ‘codes of conduct’ provides a space for building campaigns and connections around global networks (Hale and Shaw, 2001), the local context remain a significant site of struggle. This paper describes the diversity of alliances that the FTZWU steers, while reinforcing its capacities to engage in movement politics. Although the FTZWU has steered these alliances to elaborate workers’ collective identities and action, the FTZWU remains in the margins of the labour movement in Sri Lanka. This highlights not only the dominance of political party unions, but also the male biased cultural practices that make women’s struggles invisible.

The paper is divided into three main sections. The first section provides a broad overview of the FTZs mostly describing working and living conditions. The second section describes the emergence of the FTZWU in terms of its mobilisation or activism. The third section focuses on the alliances and how these alliances are steered to reinforce the FTZWU’s strategic orientation. Finally, the paper will draw from FTZWU’s strategies to look more closely at SMU theorising. Given that the FTZWU was formed in 1999, most of its history is narrated here in terms of ‘the partnership’ between the union and the women’s NGO.

**Working in the FTZs**

Women workers account for a significant share of workers in the Sri Lankan FTZs (Caspersz, 1998; BOI, 2003). In 2001, they formed 88% of total employed (310,530 workers) in the garment sector (BOI, 2003). Most are young, unmarried, secondary level educated, (Sinhala) women workers from rural areas (Rosa, 1994:79; FES, 1997; Abeysekera, 1997). Most workers enter FTZ jobs with a short-term perspective of five to eight years enduring poor living conditions and monotonous work in order to receive their special bonuses at the end of five years (Abeysekera, 1997).

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1 This paper draws from my PhD fieldwork in 2000. The information on the FTZWU was gathered from interviews with Anton and Padmini.
Although there are nine FTZs in Sri Lanka in 2005 (BOI, 2005), the two with the most employment and investment are established near Colombo, the main financial and commercial centre with access to the sea and air ports. In 2003, the Katunayake FTZ employed nearly 52,000 workers and Biyagama FTZ, 22,000 workers (BOI, 2005). In 1992 the ‘FTZ status’ extended to any workplace approved by the state (BOI), making the whole island a FTZ with different labour regulation regimes.

The factory regimes in the FTZs characterise new despotic factory forms, in which coercion prevails over consent. Emphasising Taylorist methods of production, work tasks are highly fragmented with repetitive work routines (Munck, 2002:42) These factory regimes include selective recruitment, authoritarian production relations, regimented patterns of work and surveillance of workers (VoW, 1993; Abeysekera, 1997; FES, 1997). The conditions of work often include compulsory overtime, termination for ‘unsatisfactory’ performance, resignation if deciding to marry, and restrictions against joining any group within the factory (Fine et al, 1995:26). Even the slightest delay in production targets and slippages in quality are penalised by warning letters, deductions from wages, suspension from work or being fired (FES, 1997:25). Faced with intense global competition to reduce delivery times, smaller more unstable orders, work gets intensified by increasing production targets, extending the workday, multiple shift systems, and reducing holidays. For example, the deregulation of night shift work was initiated in 1984 and further extended in mid-2000. Similarly, the previous restriction on overtime work for women, which was 100 hours per year (or around nine hours per month) was increased to 60 hours per month (CW, 2002a:64).

The workers are exploited not only within factory regimes or the realm of production but also in their living conditions or the realm of reproduction of labour. Within production, workers endure long hours, repetitive, stereotypical, stationary activity and sub-standard safety conditions with the penalties for taking sick leave (Siano, 1997; De Alwis and Perera, 2000). In terms of living conditions, the high costs of living, inadequate essential services combine with issues of sexual harassment and violence (Samarasinghe, 2000; Siano, 1997). Dominant cultural expressions of patriarchy that depict proletarian women workers as disreputable prostitutes and sexual objects are reinforced by a broader context of violence in a militarised society (Abeysekera, 1997; Hewamanne, 2003). Nevertheless, women workers also contest this stigmatised identity with contradictory effects of resistance and accommodation (Hewamanne, 2003).

The authoritarian factory regimes that deny worker rights exist in a broader state form restricting democracy and dissent. The authoritarian state strategies have enacted the 1979 Prevention of Terrorism Act, the Essential Services Act, and Emergency Regulations to restrict collective action (Stokke, 1997). While factories in the Zone are advised to establish enterprise level bargaining structures, most ignore them. These enterprise level worker-management committees were introduced initially (1977-1994) as Joint Consultative Councils (JCC). The JCCs were renamed as Employee Councils in 1994, under a new government (Peoples Alliance) and in December 1999 the government extended trade union rights. Although trade unions are formally legal in the FTZs, in practice, suspected activist workers are harassed, intimidated, victimised and sacked (Fine, 1995; FES, 1997:12). Most factories are heavily secured by company security guards and often ex-police and military personnel are appointed as ‘Human Resource Managers’ (Peacenet, 1999). Thus, FTZ women workers are exploited and subordinated through multiple form of work and cultural practices that restrict their capacities for collective action.
Emergence of FTZWU

Led by workers and activists, the partnership between a union (ITGWU) and a women’s NGO (Women’s Centre) began in 1982. The International Transport and General Workers Union (ITGWU), established in 1980, was lead by Anton Marcus, who began work as a motor mechanic then as a welder. He later became a union activist and joined radical union politics. The Women's Centre (WC), initiated in 1980, was led by two young women activists linked with Marxist feminist politics and the Student Christian Movement. With the eventual departure of both of these women leaders, Padmini Weerasinghe has led the WC since the late 1980s. As a young FTZ factory worker in the 1982, Padmini crossed the picket line during the famous 1982 Polytex strike, but five years later became a committed activist. Both Anton and Padmini represent a new generation of leaders symbolic of ‘organic’ leaders that emerge through their experiences of exploitation and committed to activism.

The key event that brought the ITGWU and the WC partnership together was the historic 1982 Polytex strike (Jayakody and Goonetilake, 1988). At the time Polytex was one of the largest garment factories in the FTZ employing 1,400 mostly women workers (Fernando, 1988). The strike was lead by young FTZ factory workers, who resisted a formidable repressive state that deployed the police and other para-state actors, or thugs, to assault and intimidate strike leaders. With a community based campaign, the women workers engaged in a difficult and lengthy struggle and were supported by a range of activists and organisations. This historic women workers’ collective action revealed the weakness of a fragmented and exhausted male-dominated labour movement, trying to recover from the failed general strike of July 1980 (Fernando, 1988). The Polytex strike was pivotal in spawning a range of worker organisations (NGOs) in the FTZs, which included women’s groups, legal advice centres, health centres, and other community organisations (Rosa, 1994:92).

The Partnership’s Activism: 1977-2000

The activism of the partnership during the 1982 – 1987 period was severely constrained by the repression of activists in the Zone. In 1985 Padmini and six others were arrested by armed security guards for selling the WC newspaper, Sthree, about a mile outside the Zone. In these early stages, the main focus was on raising young women workers’ awareness of worker rights.

The partnership’s activism and the FTZ workers’ agitations in general were severely restricted during the ‘terror period’ of the 1988-1989 JVP (Janatha Vimukthi Peramuna – Peoples Liberation Front) insurrection and the counter-insurrection of the state. This was a period of intense violence with brutal incidents of torture, killings and disappearances (Abeysekera, 1997; Ferdinando, 2003; 2003a). Since Anton was known as a trade union leader in the area, he was under threat by a range of actors the JVP, the police, the military and para-military forces, which included death squads. The state and employers, complicit in the violence, often labelled worker activist as JVP members, which meant they often ‘disappeared’. The political violence in the FTZ area is intertwined with local politics and politicians that maintain ‘mini-republics’ (Uyangoda, 1993).

The repressive context of the late 1980s reinforced the partnership’s alliances with a loose network of worker NGOs in the Zone, involving the Dabindu Collective; Kalape Api (We of the Zones); and the Legal Advice Centre. In this climate of terror, the campaigns around worker rights expanded into issues of human rights. Since the early nineties, the strategic orientation has extended into highlighting women’s rights as human rights and a broader strategy of contesting structures of patriarchy and violence against women.
The election of the People’s Alliance (PA) government in 1994, after seventeen years of union repression under the United National Party (UNP), was instrumental for the formation of the FTZWU. Supported by the labour movement, the PA agreed to enforce labour rights in the Zone by re-launched Employee Councils. This enabled the partnership to initiate a network of Employee Councils called the Joint Association of Workers and Workers’ Councils of Free Trade Zones, commonly known as the Joint Association. While campaigning to enforce Worker Councils in workplaces, the Joint Association was renamed the Free Workers Forum. This was a forum for open dialogue and debate among independent unions other worker organisations and civil society activists. With the gradual building of solidarity among workers spread across different FTZs, the Joint Association was established the FTZWU in December 1999.

Members and organisational resources

In January 2000, the FTZWU consisted of around 6000 workers with women workers forming close to 90% of the members. Out of the nine office holders, five were women. The workers were spread across branches in fifteen factories, eight in Katunayake, and seven in Biyagama. Most of the members were women workers between the ages of 18-25, and around 95% are residents of boarding houses. The basic monthly wage of most members was between Rs. 3000-4000, with less than 10% of the members earning wages above Rs. 5000 (US$ 67) per month. Reflective of the low wages, the meagre resources for the FTZWU also meant a continuous search for other sources of funding.

The membership fees of the ITGWU comprised around 50%-60% of the union’s total budget in 2000. In contrast, the WC was wholly funded by international NGOs but even those funds have reduced, particularly since the mid 1990s. During the early stages (1982-87), the WC was funded by Christian donor organisations such as Bread for the World. Since 1992, the funders were New Zealand-based Christian organisations, such as the Christian World Service. More recently, the Asia Pacific Workers Solidarity Links (APWSL) has assisted the partnership with pursuing foreign funding sources. While the partnership continues to function on a shoe-string budget, their main strength is in their alliances.

Alliances: Different strategies and spaces

The partnership’s alliances include a diverse and broad network of local, regional and international organisations. These organisations include unions, NGOs, and activist networks that operate in different strategic terrains and spatial scales. Among these, the international NGOs or INGOs, and transnational activist networks (TANs) are significant. The INGOs operate independent of governments composed of multi-national membership advancing mutual goals through routine transactions with states, private actors and international institutions (Tarrow, 2001). The TANs Transnational Activists Networks (TANs) are composed of international actors that campaign around specific issues internationally and are ‘bound together by shared values, a common discourse and a dense exchange of information and services’ (Keck and Sikkink, 1998:2).

The partnership’s local network includes other trade unions, women’s organisations and activists involved in human rights, peace, and democracy issues. The national network of

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2 In 2003, the senior executive grade at the BOI, drew salaries ranging from 55,000 to 95,000 rupees per month, see Colombo Page http://www.colombopage.com/#Tuesday84825Ranil accessed October 2003.
worker organisations consists of mostly movement oriented independent trade unions and NGOs that are all gathered under the Free Workers Forum (or the Forum).3 Meanwhile, the WC maintains links with a national network of women’s organisations, which includes the Women’s NGO forum, Mothers and Daughters of Lanka, and Women and Media. The partnership actively participates in these networks on issue-based collective action as well as political-cultural activities such as May Day and worker exchange programs.

At a regional level, the partnership is closely linked with activist labour networks (TANs) which include the Transnational Information Exchange (TIE Asia), and the Asia Pacific Workers Solidarity Links (APWSL). The partnership is also in a network of trade unions and NGOs, called the South Asia Labour Forum, involving Nepal, Bangladesh, Pakistan, Sri Lanka, and India. Created in May 1996 in Kathmandu, this Forum initiated a South Asian Labour Rights Charter based on UN and International Labour Organisation (ILO) Conventions.4 The functioning of this network remain limited, thus of a lesser priority for the partnership. Anton is also the local coordinator for the Asian Cultural Forum of Development (ACFOD), a network of activists and organisations promoting social change by drawing on national and regional cultural and religious resources for resistance.5

Global campaigns and solidarity action

The partnership’s main campaigns mobilise global labour networks (TANs) and unions. Some of these networks campaigning around ethical trade initiatives (codes-based strategies) are directly associated with the workers’ struggles in the global garment industry. These include the Transnational Information Exchange (TIE-Asia), Women Working Worldwide (WWW), Clean Clothes Campaign and the Fair Labour Association (FLA). Among these, TIE-Asia was instrumental for the partnership’s activism in the late 1990s.

While focused on more activist labour networks, the partnership also maintains strategic alliances with organisation focused on non-contentious representative politics. These include more established Global Union Federations, such as International Textile, Garment and Leather Workers Federation (ITGLWF) as well as other international labour organisations such as the German Friedrich Ebert Stiftung (FES) and the U.S. American Centre for International Labour Solidarity (ACILS). These strategic alliances are steered primarily to build their capacities to engage in contentious movement politics.

The Jaqalanka campaign in 2003 illustrated how communication and information exchange through activist networks and a codes-based strategy can contribute to local worker struggles (Hale and Shaw, 2001). This struggle at the Jalqalanka factory of around 400 workers was primarily about management refusal to recognise the FTZWU branch at the workplace. The management tactics to coerce, bully and intimidate members of the FTZWU was supported by the BOI and the state (Labour Department, Minister for Employment and Labour) (Marcus

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3 The core members of the network include the Inter Company Employees Union (JVP), United Federation of Labour (NSSP), Commercial and Industrial Workers' Union (NSSP), Progress Centre (Biyagama), Joint BOI Industry and Services Employees' Union (JVP). The activist organisations (NGOs) in the union’s network include MIRJE, Free Media Movement (FMM), Women and Media, INFORM, Centre for Society and Religion (CSR), Civil Rights Movement (CRM), and the Centre for Development Alternatives (Kandy). The NSSP (Nava Sama Samaja Party) is a small Trotskyite workers’ party.


and Brehaut, 2003). The FTZWU mobilised its networks, particularly the FLA, given that two
of its participants, Nike and Vanity Fair, were sourcing from Jaqalanka Ltd.6 The dispute
lasted nearly six months with great costs to workers and the FTZWU, and was tentatively
resolved with the management agreeing to most of the union demands.

In terms of a global labour movement that sustain contentious interaction (Tarrow, 2001) the
partnership is an active participant in the Southern Initiative on Globalisation and Trade
Union Rights (SIGTUR). The SIGTUR launched in 1992 is a network/organisation of
southern unions that brings together democratic unions from Southern Africa, Asia,
Australasia, and Latin America (Lambert and Webster, 2001). The SIGTUR as an emerging
new labour internationalism illustrates an instance of global social movement unionism
(Ibid.). The SIGTUR’s campaign/movement orientation emphasise horizontal and reciprocal
relations to global solidarity action. For example, during the 2001 SIGTUR conference in
South Korea, the partnership was assisted by the Korean trade union KCTU. The KCTU
helped to lobby the OECD 'national contact point' regarding labour rights violations by
Korean multinationals operating in Sri Lanka. The FTZWU reciprocated this assistance at the
next May Day. The partnership activated its local union networks to link with the SIGTUR’s
global solidarity campaign to demand the release of arrested trade union leaders in Korea and
Malaysia. As a result, the 2002 ‘Joint Trade Union 2002 May Day Resolution’ raised
awareness of attacks on union leaders in the region and demanded the release of the jailed
unionists (CW, 2002).

Renewing solidarity

The emphasis on global alliances also relates to renewing solidarity locally among workers
within and outside the garment industry, as well as non-organised workers. The front-page
article of the WC newspaper, Sthree Kamkaru Handa, in May-June 1997 was titled
‘Appreciating Migrant Workers' Contribution’. The WC also participated in a network of
progressive civil society groups, which launched a program of Migrant Women’s Tribunals,
somewhat similar to a ‘truth commission’, to expose and document the discrimination as well
as violence faced by migrant women workers.7 In 2000 the partnership initiated discussions
with activists in the Ratmalana industrial area, near Colombo, to organise workers who
produce labels for FTZ factories.

The cultural activities of the May Day and the International Women’s Day are two instances
of FTZ women workers developing and communicating their collective identity and agency.8
The partnership pioneered the first FTZ May Day rally in 1995, bringing together dispersed
women workers and women’s organisations. As mostly a women workers’ event, the FTZ

6 See the Centre for Policy Alternatives statement on the agreement between union and the management at
Jaqalanka http://www.cleanclothes.org/codes/03-10-16-fla.htm accessed October 2005; ‘Victory for FTZWU

7 The program evolved from an International Women’s Day Tribunal in March 1997 titled ‘Listened to HER
CASE’ where several women migrant workers testified before a gathering of women. See

8 The main network of women’s organisations engaged in the FTZ May Day initiative include: Women’s Forum,
DaBindu, Gami Kantha Peramuna (Peasant women’s Front), Progressive Women’s Front, JaEla Women’s
Centre, Malabe Women’s Education Centre, Mothers and Daughters of Lanka, Women and Media, and
Women’s Voice. See TIE-Asia web site for some photos http://www.tieasia.org/Photos.htm accessed October
2005. The WC’s street drama troupe is also a creative mode of communicating worker's interests and politics,
and is occasionally assisted by progressive artists and drama teachers.
May Day rally challenges the male-dominated May Day culture and the public space of streets, while reinforcing women’s identities as workers and active agents.

For the celebration of the 1998 International Women's Day, under the banner of ‘Women in Action, Struggle and Resistance’, the Women's Centre networked with two activist NGOs: the Community Development Centre of Badulla and the Law and Society Trust of Colombo. In breaking with the Colombo urban-bias of the labour activism, around 200 workers mostly women from the Zones travelled in four buses to a small city (Badulla) in the central hill country where over 3,000 workers from tea plantations and factories participated in a rally through the streets, culminating in a public meeting that included cultural events. The momentum for the rally was initiated in 1992 when the partnership formed the Centre for the Welfare of Garment Workers (CWGW) focusing on leadership, awareness raising, legal advice, research and exchange programs. By 2000, the partnership carried out four worker exchange programs meeting with other women workers in agriculture, tea plantations, and other types of work to share their life experiences within and outside the workplace. In renewing solidarity with other workers, the partnership illustrates a willingness to experiment with a range of strategies to strengthen women workers’ collective action.

**Movement Politics**

In steering a diverse network of alliance involving multiple issues that connect different spaces, the partnership is grounded in distinct local collective projects. This strategic orientation, expressing elements of social movement unionism, is grounded in reinforcing movement politics. Movement politics highlights union identities as civil society actors committed to issues of social justice (Lambert, 2002). In extending their workplace struggles to the community and social issues, the partnership exposes and challenges patriarchal cultural practices of the state, capital as well as dominant unions.

**Figure 1. Strategies of Movement Politics**

![Diagram of Strategies of Movement Politics]

In illustrating an instance of SMU in practice, the FTZWU (partnership) highlights new possibilities of women workers mobilising with alliances a key element of their strength. The movement politics of the FTZWU is based on cultural innovation in rekindling women workers’ solidarity and collective agency. In building their capacities for collective action, the activist leadership of the FTZWU is instrumental in encouraging new ways of thinking and imagination (Figure 1).
The FTZWU reveals how women are re-defining their identities as collective actors by building alliances with a range of civil society actors. This involves recognising differences as well as compatibilities in organisation, leadership and strategies. In articulating a new form of solidarity, the FTZWU draws attention to how women’s empowerment is simultaneously personal and political as well as local and global. Activities such as worker ‘exchange programs’ not only foster personal and political linkages, but also suggest workers’ self-organisation at different local levels. The FTZWU depicts the necessity of new kinds of organisations for women worker’s collective action. In steering global alliances for local struggles, the FTZWU’s social movement unionism suggests new possibilities for a new labour internationalism led by women workers in ‘world market factories’.

Conclusion

The FTZWU illustrates a specific instance of social movement unionism (SMU) in practice. At the heart of the FTZWU is a partnership between a union and an activist women’s NGO, led by a new generation of leaders committed to movement politics. While the SMU orientation involves a combination of factors, both internal and external, this paper focused on how the FTZWU steers many alliances, in different geographic scales for activism at many levels. While alliances that reinforce movement politics are significant, the FTZWU’s local interventions and cultural innovation suggests new possibilities for women worker’s collective agency articulating a new global labour solidarity.

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Since its earliest days, the Trades Hall Council (THC) has been gendered space. This paper explores the patterns of presence (and absence) of women in the Trades Hall by comparing three periods in its history: following the Tailoresses’ strike through the 1910s, the post war years of the 1950s and 1960s, and the years after 1975. In each period, a reshaping of the gendered space of the THC occurred. While increased women’s participation in the THC in the first period was instrumental in reshaping the THC into a ‘women’s place’, the precarious nature of that change was underlined by the THC’s return to male dominated space in the postwar years with the decline in women’s presence and voice. This ‘resilient masculinity’ prevailed until the late 1970s and 1980s, when THC space was again reshaped by another generation of women unionists.

Introduction

By the time of the 1882/83 Tailoresses strike, the Melbourne Trades Hall had become part of the built environment in Victoria. Beginning by this time to assume its later domination of the landscape at the end of Lygon Street in Carlton, the Trades Hall was space dreamt, designed, built and inhabited largely by men. In the wake of the strike by the tailoresses, it was agreed at a meeting of the Trades Hall Committee, that the space be extended to provide space for women. A further Crown grant was gained and a building for the women, the Female Operatives Hall, was constructed. Dedicated women’s space was now part of the extended Trades Hall site. In a 1975 article in Vashti, however, in what was called ‘A Vashti Scoop!’ ‘Where is Our Female Operatives Hall?’ reported on the disappearance of the Hall and the apparent lack of knowledge about its fate (Gleeson, 1975). While the article was unable to shed light on the mystery, the Hall had indeed been demolished over a decade earlier and in its place stood the ‘new’ building in which the weekly Council meetings were now held: meetings which, for a number of years, had seen but a handful of women delegates.

This paper examines the intersections of gender and space in the Trades Hall, by exploring how patterns of presence and absence of women shaped and reshaped that masculine space from 1883 to 1990. These patterns will be mapped across three time periods: from the tailoresses strike to the 1920s, the post-war years and the years following 1975. Comparing each of these periods shows the fluidity and impermanence of change in the gendered space of the Trades Hall Council (THC), and how it had to be made and remade as inclusive space by different generations of women activists. The emergent pattern of increasing presence and voice in the first period was not sustained with the THC returning to a predominantly male space for much of the post-war years. This ‘resilient masculinity’ persisted until in the late 1970s when women re-entered the space in significant numbers and reasserted their place in the THC.

Debates about gender, space and peak union bodies

The recent increase in Australian research on peak union bodies has begun to redress the previous lack of both theoretical and empirical studies of these inter-union bodies so long a part of the union landscape (Ellem, Markey and Shields 2004; Brigden 2003). While both the Australian and overseas literature includes a number of national peak union body histories,
few stories of state, provincial or regional peak bodies are found: in the Australian case, full-length published histories can be counted on one hand (Hagan 1981; Markey 1994, Oliver 2003). Some of this research on peak union bodies has been shaped by debates about countering both the gender-blind and space-blind nature of much industrial relations literature. This analysis of the THC will draw on the growing dialogue between geographers and industrial relations researchers which has identified how an appreciation of the central geographical concepts of scale, space and place can broaden our understanding of trade unionism, together with the useful insights into the intersections of gender, space and place that are found in the analysis of the gendered dimension of space by feminist geographers and others (Herod 1998; Ellem and Shields 1999; Herod, Peck and Wills 2003; Massey 1991; Spain 1992).

Peak union bodies are shaped by gendered patterns of power and space, reflecting patterns found in their trade union affiliates and decisions made about the nature and form of inter-union activity. From the outset, the historical masculinity of nineteenth century trade unionism shaped the nature of peak bodies. The relatively early expansion of activism from the workplace to inter-union campaigns saw union organisation relatively quickly led to the formation of peak union bodies from the 1850s onwards. With men as leaders of the early colonial unions, the peak bodies they formed reflected the gender patterns of their own experience. Coupled with this was the desire to create space of labour, most clearly in the Melbourne case in the late 1850s, leading to the creation of peak body spaces and places by men. The consequent domination of early peak bodies by the experiences and priorities of male unionists meant union activism and strategy was shaped by gendered patterns of participation and representation (Brigden, 2005a). Indeed, the Trades Hall, from its earliest form in 1859, could be described as a ‘Men’s House’, drawing on Silvia Rogers’ depiction of the British House of Commons (Rogers, 1981). When women began to organise and agitate and, in a similar fashion, extend their activism beyond the workplace, they confronted labour’s space as gendered terrain.

Women unionists thus had to confront the often contested shift from accepted ‘feminine’ private space into ‘masculine’ public space. Male acceptance of such a shift was often partial and ambivalent, especially where it was thought women’s behaviour challenged notions of masculinity in the public domain (Damousi 1991). Acceptance of women into the public domain by men was often mediated by the creation of segregated spaces. Spaces were made for the women by men, in an attempt to maintain male-dominated spaces. While Spain (1992: 3) argues that such ‘gendered spaces’ and the gendered spatial segregation they create can disadvantage women as men retain control over ‘knowledge to reproduce power and privilege’, it is also the case that women can and have strategically used spatial segregation themselves, as we will see, to create gendered spaces in order to increase voice and agency (Cobble 1991). In looking at the intersections of gender and space in the THC, such spatial segregation has had both positive and negative consequences for women, as will be seen in the experiences of women in the three periods examined.

**Women in the ‘Men’s House’: after the Tailoresses strike**

The 1882/83 Tailoresses strike is regarded as a critical moment for women workers’ militancy and activism. Uniting across factories in support of their demands through their newly formed union as the Victorian Tailoresses Union, the actions of the women strikers had a number of consequences for the THC. One was the heightened industrial role of the THC in supporting affiliates in disputes; another was the emergence of the first generation of women unionists and union leaders, and a third was a significant reshaping of labour’s space (Brigden 2005b).
By the early 1880s, the Trades Hall building was an imposing edifice. The Council Chamber was a male-dominated space both physically, through the presence of male delegates and THC leaders, and symbolically, with the portraits on the walls and the four life-size busts mounted on pedestals all of men (Brigden 2005a: 133). When a deputation from the Tailoresses’ Union attended a Council meeting ‘to tender their thanks for the valuable assistance’ provided during the strike, they encountered this redolently male space. Adopting the strategy of creating space for women, the THC undertook to build a dedicated space for the women unionists (Trades Hall Committee Council minutes, 23 February 1883, 30 March 1883). In the subsequent representations to the government to gain additional land, it was indicated that while the women were allowed to use rooms at the Trades Hall, it was thought that a separate place would be more appropriate (Gleeson 1975). The Crown grant provided land contiguous to the existing Trades Hall site and the Female Operatives Hall opened later in 1883. Providing dedicated space for women unionists, this transformation of THC space arguably gave them a place of their own. Nevertheless, what was also reinforced was the gendered nature of the main space, the THC building, which created the effect of inclusion on the one hand but also physical separation on the other. This sense of separation is confirmed by a description of unionists in the 1930s walking ‘from the Female Hall through the paddock into the ‘Trades Hall building’ (Pearce 1997: 106). Not only was it a place created for the women by the men, there were also consequences for women’s engagement with public space through this creation of a private space for women. It was envisaged as a way of removing women from public space: as seen in the comment by the male leadership that the Female Hall enabled the Trades Hall Committee ‘to provide for the amusement of the females who can attend at night for lectures and thereby be kept off the streets’ (Kellaway 1988: 7).

The creation of this separate space did not, however, mean that women were excluded from the main space. Indeed upon affiliation with the THC, the women involved in clothing trade unionism also contributed to the reshaping of internal THC space, namely at the weekly Council meetings. While it is not yet clear when the union affiliated with the THC and sent its first women delegates, Lucy Moodie was described (on her death) as the first woman THC delegate, while Sarah Muir and Miss Scott were credentialled in 1893. Further remaking of THC space occurred with the incursion of women into the decision-making bodies of the THC in the early 1900s with Moodie and Helen Robertson elected to the organising committee and executive respectively in December 1900. The election of Robertson ushered in a lengthy period for her on the executive as she successfully contested the next seven elections, while numerous other women ran in committee elections (Brigden 2005b).

The spread of unionism in different occupations within the clothing trades (garment workers, whiteworkers, shirt and collar workers, dressmakers), and in a broader range of industries saw more women becoming active in their workplaces, their unions and the THC. The increase in organising of women workers from 1908 led to a dramatic change in the look of THC space. Attendance at Council meetings usually numbered in the low one hundreds (though contentious issues and half-yearly elections would see that number rise). From 8 delegates representing 6 unions in 1908 to eleven women from 8 unions in 1909, and then increasing to eighteen women from eleven unions the next year, the reconfiguring of THC space was even more significantly altered when sixteen affiliates included thirty-four women on their delegations in 1911 (though presence at any particular meeting varied depending on who was credentialled and also attended).

Moreover, many of these women came from newly organised women-only unions, like those organising women bookbinders, laundry workers, female hotel and catering employees, and office cleaners. In these cases, women carved out union space for themselves and, through such spatial segregation, gained increased presence and voice. Indeed the women-only unions,
together with the women representing the female sections of male unions significantly shifted the gender balance on the floor of Council as all-women delegations or women dominated delegations were credentialled. Here we see women adopting both elements of separate organising in existing unions and autonomous organising through the organising of the women’s unions outside of them. This use of separate and autonomous organising in the 1910s was a critical strategy extending women’s presence and strengthening their voice, the success of which was reinforced by the decline in representation in the absence of such strategies in later periods (Brigden 2005b). Not only were women organising at the workplace and into their own unions and reshaping the union landscape in this way, they then extended their activism into the broader union movement as did the men. By and large, the women-only unions all affiliated with the THC and thus contributed to the diversification of THC space: on the floor of Council, in meeting rooms and union offices (Brigden 2005b).

Women continued to contest elections with varied success. Mrs A. Jones (1912-13), Sara Lewis (1913), Muriel Heagney (1921/22) and Nelle Rickie (1924) all served time on the executive. The THC’s organising committee had a constant presence of women from 1910 through to 1920. Participation in the Council meetings and committees was matched by involvement in the Eight Hours Anniversary Committee. Similar in size to the Council meetings of the THC (but constitutionally separate from it) and also meeting in the Trades Hall, this committee broadened the options for women’s activism as its membership only partly overlapped with the THC women delegates, with different women were often credentialled by their union to the two committees. The committee was responsible for organising the annual eight hours march and celebration, and shaped how trade unions used this incursion into public space. For example, in the marches from 1917 to 1922, there was a heightened profile of women unionists with women marching at the front of the procession (Eight Hours Anniversary Committee minutes 20 January 1917, 6 February 1918, 1 March 1922; Eight Hours Anniversary Committee Executive minutes 31 January 1919, 17 February 1921). The Trades Hall space, in formal meetings, informal interactions and gatherings, thus began to reflect the changing gender profile of the Victorian union movement.

However, just as the THC space was transformed by this influx of women prior to and immediately following World War I, it proved to be a temporary recasting of the gendered patterns of representation. The growing support for industrial unionism, as advocated by the proponents of the One Big Union, saw the primarily occupationally-based women’s unions mostly merge with their male craft union counterparts by the early 1920s. The consequence for women in the THC was a significantly diminished presence. Although they became members of larger unions, as the delegation formula remained the same being capped at four delegates for large affiliates, few women retained their positions as delegates with their fate frequently shaped by internal politics of the merged unions (Brigden 2005: 8-9). The winding up and collapsing of the Anniversary Committee in 1925 into a THC sub-committee closed that avenue for broad women’s participation. Structural change thus affected the gender profile of the THC with the impact of union amalgamations also confronting a later generation.

The THC’s resilient masculinity: the post-war years of the 1950s and 1960s

The profile of THC women in the inter-war and World War II years remains under-researched. However, observations by Pearce (1997: 44) about the 1930s confirm the presence of a number of women unionists like Muriel Heagney (Clerks), Jean Daley (Liquor Trades) and Florence Anderson, state secretary of the Miscellaneous Workers Union: ‘[e]ach of them … domiciled at the Trades Hall’. Gleeson (1975) indicates in the ‘known facts’ about
the Female Hall that in 1933 three unions with women members rented rooms ‘and also that a part of the hall was a clubroom which was used by the female staff of Unions who have offices in the Trades Hall’. By the late forties and early fifties, however, the number of women delegates had declined and could usually be counted on little more than the fingers of one hand (they did not run for election to either committees or the executive).

In the postwar years, while affiliates with a large number of women members were likely to have more women activists, women were found on the delegations of craft and industrial unions, large and small unions, left-wing and right-wing unions. The Confectioners Union often had two women on their four member delegation in this time, following the amalgamation of the Female Confectioners Union, the last remaining women’s union in the mid 1940s. After 1958 this too became a male-only delegation, as had both the Clothing Trades and Tobacco Workers in the early 1950s (Brigden 2003: 121). Changes in union leadership also affected delegation composition. Clearly factional politics always played a role in who would become a delegate but, in the climate of the Cold War, this was heightened. Miss Francis, for instance, came off the Ironworkers delegation after the Ironworkers’ Industrial Group took over the leadership at the end of 1951. Other women activists, identified with rival factions or groups stood little chance, as recalled by a number of Communist female union activists in right-wing controlled unions (Brigden 2003: 123). Again attendance was variable, with meeting attendance often less than the aggregate figures.

The THC was also a workplace for a number of women, with the THC cleaning staff primarily women, as well as those women working in secretarial and administrative roles for unions residing in the building. The Clerks Union had a shop steward at the THC with Doug Burgess, the THC Research Officer, and Kathleen Reidy, a typist in the Printers office, holding this position during the 1950s. In addition to this industrial representation, the women employees organised themselves into the Trades Hall Girls’ Club, a social committee that met monthly (Brigden, 2003: 124). These women had a different spatial relationship as they inhabited the working spaces of the Trades Hall. An exception was Miss Lloyd who spanned the different spaces. Vice president of the Victorian branch of the Clerks’ Union and on its THC delegation from 1955 to 1972, Leonora (Lee) Lloyd worked in the Cold Storage Union office. Working women’s place in the THC was not, however, guaranteed, as the differential treatment of men and women workers found in many workplaces was reflected in THC policy and practice. The operation of a discretionary marriage bar whereby women employees in the Trades Hall office had to ask the executive for permission to keep working after marriage emphasised their relative lack of power. The THC also tried to maintain a male-dominated workforce, in 1964 specifically seeking a male clerk to work in the Research Bureau (Brigden, 2003: 149).

In 1958 the Council approved demolition of the Female Hall, to make way for the construction of the (gender-free) ‘new’ building (THC Council minutes, 23 January 1958). It took another 20 years, until 1978, for a plaque to be placed on the wall of the new building acknowledging the original site of the Female Hall (Kellaway 1988: 7). Gone was dedicated women’s space at a time when women’s presence was about to become increasingly marginal as the THC space again became more overtly men’s space. With average numbers on Council in the late 1950s to the mid 1960s remaining fairly stable (around seven), women delegates had fairly limited impact with only a small core group of ‘active’ women delegates making their presence felt. One was Kath Williams (Liquor Trades), a Communist and the secretary of the THC Equal Pay Committee. The other two represented right-wing unions: Lee Lloyd (Clerks) and Miss J. Way (Affiliated Teachers). Miss Way unsuccessfully contested a number of committee elections in 1959-60; while Lee Lloyd more ambitiously but equally unsuccessfully ran for numerous positions including the disputes committee, executive and as
vice president between 1957 and 1960. A mix of gender, factional and ideological factors explain these results with a number of right-wing men also defeated in this period: the consistent defeats of Lloyd, vice president of the Industrial Group-led Clerks Union, reflecting the lack of success in THC elections by other Groupers both from her own union and others. (Brigden 2003: 145). Lloyd has been remembered as one of the Industrial Groups’ ‘strongest speakers’ (Cotter 2001: 75), while Williams engaged in general debate with an emphasis on equal pay (Brigden 2003: 146-47). Moreover, Williams’ role as Honorary Secretary/organiser of the Equal Pay Committee ensured one woman’s voice was heard amongst the otherwise male THC committee member voices. Hers, however, remained the only woman’s voice on the Equal Pay Committee (D’Aprano 2001). The only other committee to infrequently hear women’s voices was the disputes committee when women shop stewards accompanied male officials, though this presence should not be overstated as only seven women attended during six disputes between 1957 and 1965. (Brigden 2003: 147-48). Women thus occupied the margins in a mostly masculine landscape in this period with strategies determined and pursued by a male-dominated leadership and Council. This affected how equal pay was pursued, for instance, as Williams bemoaned in 1963 when she urged ‘delegates to take this matter up [as] the means of obtaining equal pay for men and women was just as important as gaining increased margins for tradesmen’ (THC Council minutes 17.3.60, 21.2.63). Even when she was assured that the equal pay float was to be towards the front of a May Day march in the late 1950s, to take advantage of the new media outlet of television:

The march started off and the male marshalls directed all the men to head the procession, while the equal pay float was way behind. There was no TV publicity for the cause of equal pay (D’Aprano 2001: 105).

This activism of women like Williams and Lloyd maintained an active female THC presence, even if limited, in contrast to what was to follow. From 1968 to 1973, even these small numbers diminished until the women were hardly seen and barely heard, remaking the THC into overwhelmingly masculine space and, arguably, again into a ‘Men’s House’. By 1969, the number of women delegates had halved (from the usual six or seven between 1961 and 1967). After mid July 1970, Miss Lloyd was the only woman delegate. Following her retirement in May 1972, there were no women delegates on Council until the following month when Anne Clough was included on the Brick, Tile and Pottery Union delegation. Clough then became the sole woman delegate on Council for nearly twelve months (Brigden 2003: 238). While the retirements of Lloyd and Williams, the absence of the 26 mainly left-wing unions suspended during the ‘split’ in the THC from 1967-73 and other unions reverting to all-male delegations all help explain why particular women disappeared, these factors do not satisfactorily explain the (near) absence of women. Women’s presence had always crossed factional lines with delegates bridging the left and the right divide coming from a variety of unions from the late 1940s through to the late 60s. Ironically, this decline of women on Council coincided with the successful equal pay cases in the late 1960s and early 1970s.

The decline remade the THC into a predominantly male space, muting women’s voices on the floor of Council. The disappearance of women appeared to cause no great concern and prompted no remedial action. It was only a request to send a woman to the ACTU’s women’s conference that led the executive to realise that there was indeed only one woman to send. Nearly all-male Council meetings were clearly not remarkable. Indeed, apart from Lee Lloyd seconding an amendment in 1971, it was not until February 1973 that a woman delegate’s voice was heard. Anne Clough addressed Council (probably the first woman delegate to do so since Kath Williams had retired in 1967) with her report on the 1972 ACTU Women’s Conference. The minutes do not record the reaction of Council delegates to the part of the
report where Clough spoke of conference delegates’ claims that some union officials did not encourage active participation of women members. Certainly it did not lead to affiliates including women on their delegations. As a consequence, the effect of the years 1968-73 for women on Council was that the profile maintained by the activists of the 1950s was rendered virtually invisible by the early 1970s. Not until the activism of the women’s movement was channelled into the THC, together with a wave of new affiliates, in the mid 1970s, would there be a transformation of the now overwhelmingly male-dominated space.

The contemporary reshaping of THC space: 1975 onwards

When seven women were credentialled in 1974, women’s delegate numbers returned to those typically found in the earlier post-war years. Numbers then continued to increase with 17 women on delegations the following year, which was International Women’s Year (IWY). Four years later in 1979, over thirty women were credentialled by their unions as women returned to delegations, for example, of the Tobacco Workers and Theatrical Employees unions. Also reappearing were all-women delegations, often from new affiliates such as secondary and technical teachers, nurses, airline hostesses and mothercraft nurses. These new affiliates were among those white collar and professional unions constructing an identity as trade unions, a shift including affiliation with peak union bodies like the THC. In these unions, women were increasingly moving into leadership roles as the political and industrial impact of the broader women’s movement began to be felt. The growth of unionised women outpaced that of men in Victoria (Brigden 2005b: 10).

Reflecting an earlier ambivalence of men to women’s shift into their space was the resistance to the proposal for a women’s committee in 1975. When a call came for a woman THC delegate to attend a conference on ‘Women in Politics’ and four women nominated, it was suggested from the floor of Council, and later endorsed by the executive, that all four attend as THC representatives. Upon their return from what in fact had been the ‘controversial’ IWY ‘Women and Politics’ conference (Lake 1999: 259), they gave a conference report to Council. The report, while raising issues such as women’s role in unions, equal pay and child care, also suggested that the women who had attended this conference should form the basis of a trade union women’s committee. Men’s domination of women in the union movement, it was reported, was leading to women feeling ‘neglected’ and even in this debate, while two women spoke during the discussion of the report, eight men numerically dominated the debate. The delegation subsequently submitted a report with two recommendations (for a women’s conference and a women’s sub-committee) to the executive (Brigden 2003: 257-58). The leadership’s reaction highlighted how women’s collective incursion into the THC space could pose a challenge to the male leadership, as the THC Secretary Ken Stone declared ‘he could see no value in setting up a sub-committee and thereby further fragmenting the Trade Union Movement in general’: evidently a gendered space in the form of a committee was regarded as more of a threat than a way to contain the women (THC Council minutes, 15 October 1975). No action was taken and three years would pass before a committee was finally formed (THC Council minutes, 11 May 1978).

Women delegates again began to extend their participation as they contested elections, something not seen since 1960. Clough’s election to the Labour Day Committee in 1975 was the first success, while it took two attempts for Gail Cotton (Food Preservers) to be elected to the executive. Although Cotton served only one term, other women followed in running for the executive, with Trish Caswell (Technical Teachers) the next successful woman in 1981. Women had mixed fortunes in 1984. Caswell’s election as industrial officer saw her become the first woman full-time elected officer, but even though Judith Bornstein (Association of
Draughting, Supervisory and Technical Employees) had been vice president, she was defeated by a man in the 1984 election for president. In June 1989 the THC finally elected its first woman president, Jan Armstrong (Hospital Employees, No.1 branch) (Brigden 2005b).

Despite these often significant incursions by individual women, in 1990 overall women’s representation still lagged behind their participation in unions. Women only comprised 28% of Council delegates and 14% of the executive, although women comprised 36% of Victorian unionists. The threat of amalgamations also re-appeared, though there was greater awareness of the implications and the need for strategies to protect women’s representation (Nightingale 1991). Internal structural change through the adoption of an affirmative action plan in October 1990 became instrumental in recasting the gender dynamic in the THC. Rather than focusing just on changing affiliate representation by encouraging unions to include women on delegation, the use of affirmative strategies sought to reshape the THC itself by providing for the rotation of the presidency between men and women, addition of affirmative action positions to the executive and gender-balanced committee membership (Nightingale 1991).

As a consequence, the rotating presidency of the THC has been held by four more women (Barbara Lewis, Karen Batt, Jane Calvert and Michele O’Neil) since Armstrong in 1989/90. The affirmative action provisions in the current THC rules provide for at least a third of the six presidential positions (president, two senior vice presidents and three junior presidents) to be held by women and affiliate delegations must reflect proportional representation of their women membership. Through such measures, the gendered space of the THC was again transformed.

**Conclusion**

The mapping of women’s presence as well as absence over these three periods has illustrated the gender dynamics at play in the THC. The first period included the earliest incursion of women into the peak union body in the wake of the Tailoresses’ strike and through the 1910s, while the second looked at the decline of women as a significant force and muting of their voices in the 1950s and 1960s. The third period saw a re-assertion by women of their place in the THC from the mid 1970s onwards. Over the course of these three periods, the gendered space of the THC remained fluid, being successively recast whether from women trying to extend their role and voice or through the resistance of the men. This pressure and resistance was seen initially as women entered the previously male-dominated space in the late nineteenth century. Given their own space in the Female Hall ostensibly in recognition of their industrial activities, spatial segregation was also used by the male unionists as a way of containing the women in separate space. When women themselves used spatial segregation by forming women-only unions in the 1910s, these became a way of engaging with the THC in a way not before seen. Affiliation with the THC brought the women’s unions into the Trades Hall and their delegations primarily of women transformed the space: for this period at least, the THC could be said to be a ‘women’s place’.

Developments in the 1950s and 1960s highlighted the very tenuous nature of this reshaping of the THC space. Advances made by women in one period in no way guaranteed a growing or even an ongoing presence. It fell to a few women activists in the mid 1950s through the 1960s to maintain a profile and prevent the THC completely reverting to male space, but without a critical mass in these years, women overall had limited impact on the THC. When their efforts were not renewed by an overlapping new generation of activists, the resulting gap saw the THC regain its masculine cast. Just as the women’s movement was gaining force, the THC leadership demonstrated the extent to which male domination was entrenched. Only through unions again sending women on delegation and new unions with active women members did
the gender profile again shift in International Women’s Year and the years following. The increasing participation of women in committees and then in leadership positions made some inroads into recasting the THC space, but significant change really only began in the 1990s with the adoption and then implementation of the THC’s affirmative action plan.

This mapping of women in the THC remains incomplete in a number of ways. The emphasis in this paper has been on the patterns of presence and absence of women with the agency of particular women often only hinted at rather than explored in detail. The interwar and WWII years continue as a period in which little is known about these patterns, though the move of women into the war workforce would suggest a likely increase in women’s representation as occurred in WWI. With equal pay being pursued by women in the 1910s and post-war period, particular attention has yet to be given to how the THC responded over the years, though a brief mention was made in this paper about the role of Kath Williams. Mentioned also was the impact of factional politics on women’s activism in the THC: this also requires greater consideration, particularly so when the interwar and war years are analysed with the formation of the Communist Party in 1920. The contemporary voices of women have yet to be added to the analysis of more recent developments in the THC.

Combining an understanding of the presence and the voice of women and their resultant agency, the issues they fought and the debates they created will shed further light on the shifts seen in the gendered nature of the THC space. Analysing the intersection of temporal and spatial shifts has shown how dynamic and significant the changes in the gendered space of the THC could be: from emphatically being a Men’s House, it was transformed into, at least partly, a women’s place, only to undergo a reassertion of male domination before another generation of women began to again reshape the THC space as a women’s place.

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Labour Market Experiences of Teenage Australian Workers in the 21st Century

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Using data from the Australian Bureau of Statistics (ABS) this paper compares the labour market faced by today’s teenagers with that of the previous generation. The contention of the paper is that the youth labour market has deteriorated over the last three decades and is now much less favourable than that which faced the parents of today’s teenagers. Findings revealed that teenagers now face a highly competitive and limited labour market where most jobs are part-time, low paid and casual. Full-time jobs are hard to find, and those who cannot find them compete with school and university students who want part-time work. Moreover, many teenagers are forced to look for several part-time jobs to make ends meet. Competition from married women in some segment intensifies the competition further. Possible explanations for these findings along with implications for youths are explored in the paper.

Introduction

The evolving structure of the Australian labour market has impacted largely on those at each end of the age distribution. Older workers are leaving the labour market at increasingly younger ages (Peetz, 2005), while young workers face a limited demand for their labour, and are forced to either be unemployed or to accept unsatisfactory jobs (Campbell, 2000). These two groups of workers have much in common, particularly since many of the older workers at the end of their career are likely to be the parents of those teenagers struggling to gain a foothold in the labour market. Although the parents of today’s teenagers are likely to have left the labour market by the time they are 60, teenagers face considerable difficulties in finding good jobs and therefore there is no sense in which teenagers can inherit the jobs left vacant by their parents’ or grandparents’ generations.

These young workers, born in the second half of the 1980’s, make up the 15-19 year old age bracket. They comprise generation ‘Y’, the ‘echo boomers’, ‘nexters’ and/or ‘millennials’ (Zemke, Raines and Filipeczak, 2000). ‘Nexters’ are said to bring a unique set of skills and attitudes to the workforce and they tend to have a different (although not homogenous) experience of work than older workers (Loughlin and Barling, 2001). Many claim that they will also have a profound influence on our future labour force and associated labour institutions.

For example some commentators argue that having seen their parents suffer the dramatic workplace changes of the 90’s, the new generation of employees is insisting on better working conditions and safe, high quality work (Zemke et al., 2000). Today’s teenagers are also said to be the most well educated generation to enter the workforce and as such they are comfortable with technology and a global, 24-hour society and they embrace diversity in the workplace. Given these arguments it seems reasonable to expect current adolescent workers to have a more positive experience of youth employment than those before them.

This expectation certainly seems to fit with the positive views of parents towards teenage employment. Evidence suggests that parents and teachers are generally in favour of adolescent work as they believe that, among other things, it fosters development of personal and social responsibility and eases the transition from adolescence to adulthood (Cooper and Rothstein, 1995).
These beliefs seem out of step, however, with evidence on the actual experiences of adolescents in the workforce. These workers tend to be located in ‘poor quality’ service sector employment that is said to be insecure, low paying, mostly part time, largely routine and alienating (Wooden and VanDenHeavel, 1999). Most of the international data also indicates that adolescents face adverse working conditions that involve stress and danger resulting in a higher incidence of injury compared with adults (Salminen, 1996). Indeed young workers are at the highest risk of lost time injuries compared to all other workers (Depre, 2000).

It is difficult to explain the disparity between the positive views of parents and other commentators towards adolescent employment and the realities of today’s youth labour market. One plausible explanation is that parents and policy makers are using their own experience of adolescent employment as an anchor to judge the quality and safety of children’s employment, as they are unaware of differences between their own work experiences and those of today’s teenagers.

Brooks and Davis (1996), who found that parents were unaware of differences in the hazards and risks teenagers are exposed to, provide support for this notion in regards to parents. As for other commentators, several state governments have initiated reviews of child labour (Commission for Children and Young People and Child Guardian, 2004; Victorian Government, 2001), which suggests some acknowledgement that the teenage labour market has changed and legislation may not adequately protect these workers. These reviews, however, are hampered by a lack of research and statistics on child and adolescent labour, which make it difficult to gain an accurate picture of their employment (Job Watch, 2002; Mayhew, 2005).

It is for these reasons that we think it is worthwhile to consider in detail the employment situation that today’s teenagers are forced to face and to make comparisons between their employment profile and that of the previous generation. The contention of the paper is that the youth labour market has deteriorated over the last three decades and is now much less favourable than that which faced the parents of today’s teenagers. We examine this argument using data from the Australian Bureau of Statistics.

The next section provides an introduction to the cohort under examination and outline of our approach to the data. Following this direct comparisons are made between the labour market profiles of two age groups along with possible explanations for some of the findings. The final section draws together implications of the findings for today’s youth labour market.

**Sample and Data**

The situation of today’s teenagers, and the changes that have been wrought in the labour market, can be seen by comparing the labour market experiences of teenagers with those of their parents’ generation. In order to do this it is first necessary to identify a typical cohort of parents. This is not easy because the parents of the cohort, which is aged 15-19 at present, cover a wide range of ages. The mothers of 15 year olds could be as young as 31, at one extreme, while mothers of 19 year olds could be as old as 69, at the other extreme. If we use the mid range of these ages, namely 50, we have women who were born in 1954, and thus aged 15-19 between 1969 and 1973. The data from the 1971 Census are therefore a useful snapshot of these women in the middle of this age group. The fathers may be slightly older in some cases but again the 1971 Census should be a fair representation of them as teenagers too. Most data for 15-19 year olds trend across the census years and the data for 1971 would be a reasonable approximation of the average for most measures. That year coincided with a population census thus we have excellent data for most measures.
In this paper, data for 15-19 year olds from 1971 are compared with the data for the same age group in 2003. Data for 2003 are from the *Labour Force Survey* (Australian Bureau of Statistics, 2003) while data for 1971 are from the five-yearly population census (Australian Bureau of Statistics, 1972). In some cases where data for 1971 are not available, we have used data from the *Labour Force Survey* (Australian Bureau of Statistics) or other comparable data. Given that we are attempting to characterise a very broad cohort, the use of data from 1961, 1974 and 1976 as well as 1971, does little damage to the overall picture.

**The Changing Teenage Labour Market**

Looking at Table 1, the teenagers who were 15-19 years old at the beginning of the Millennium were a smaller proportion of the population compared with their parents. In 1971, 15-19 year olds were 8.6 percent of the total population, but by 2001 they comprised only 7 percent. They were also more likely to be students and less inclined to be married. The proportion of students among 15-19 year olds was approximately 30 to 35 percent in the late 1960s and early 1970s. By 2003 the proportion had doubled to 67 percent. Around the debut of the 1970s, students were more likely to be male whereas now they are more likely to be female.

**Table 1. Labour market experience: persons 15-19: 1971 and 2003 (%)**

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<td>Share of population</td>
<td>8.9</td>
<td>8.4</td>
<td>8.6</td>
<td>7.2(a)</td>
<td>6.7(a)</td>
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<td>8.7</td>
<td>16.7</td>
<td>11.2</td>
<td>7.5</td>
<td>9.3</td>
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<td>53.9</td>
<td>60.4</td>
<td>63.2</td>
<td>61.7</td>
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<td>Students %</td>
<td>34.2(b)</td>
<td>31.4(b)</td>
<td>32.9(b)</td>
<td>63.6</td>
<td>70.9</td>
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<td>Married</td>
<td>1.4</td>
<td>8.7</td>
<td>5.0</td>
<td>0.1</td>
<td>0.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

*Source: Australian Bureau of Statistics: 1971 Census; The Labour Force, February 2003 (6203.0); Marriages and Divorces, November, 2003 (3310.0).*  
(a) 2001  
(b) Average of 1961 and 1976

The increasing proportion of female students is linked to other social changes such as much later ages of marriage and first childbirth. The proportion of 15-19 year olds who were married was 5 percent in 1971 (the rate for females was much higher than for males), but was only 0.3 percent in 2003. The reduced marriage rate for teenagers reflected changed views about marriage, but it also reflected other factors, such as increased housing costs, worsened social security systems, increasing consumption levels and changes in the labour market.

Teenagers have become a smaller proportion of the male labour force, but almost halved their share of the female labour force. The drop in the share of the male labour force—a little over one percentage point—is due to the reduced share of teenagers in the population offset by the increase in teenage male participation rates. The reduced teenage share of the female labour force is due to both these same factors but the largest amount of the drop—more than eight percentage points is due to the increased participation of older women.
In 1971 teenage males were more inclined to be in the labour force than females, but to have a lower rate of unemployment. Much of the difference can be attributed to females being more likely to be married, possibly with a young child. By 2003 the situation had reversed; females had higher participation rates and the lower rate of unemployment. This despite females being more inclined to be students. One major change has been the decline of traditional male jobs in the manufacturing sector and the growth of services sector jobs, which are constructed more often as female jobs. Unfortunately official data do not tell us anything further about these teenagers; perhaps male students were less inclined to be in the labour force or, given the higher male unemployment rates, more inclined to be discouraged workers. A further possibility is that teenage females, who may be employed where pay rates are lower, have to work more to obtain the same basic income.

The period since 1971 has seen a substantial change in the industrial structure. Industries such as manufacturing and agriculture that employed young workers, have declined and this has also affected the demand for education. Jobs in the expanding sectors, such as finance and business services required more schooling. Consequently, boys have stayed at school longer, and school retention rates for girls, which had previously been lower, caught up with and exceeded the boys’ rates. The increased output of teenagers with a complete high school education, and a substantially increased output of university graduates, produced a very different labour market for young workers. Jobs that had previously been available to teenagers with perhaps only 10 years of schooling, such as apprenticeships and basic clerical positions, began to be reserved for people with 12 years of schooling or a university degree.

While there is more pressure for teenagers to continue to university, this is a financially less attractive option than it had been in the past. Among their parents who attended university, the younger ones received free tuition (between 1973 and 1989). While the older ones may have had to pay fees, they had a good chance of obtaining a government funded scholarship. Now students face increasing tuition costs, and unless their parents are on very low incomes, are reliant on their parents for financial support until they are 25. Given how difficult it is for all except the wealthiest parents to support their teenage children, especially if they are unable to live at home, students face a substantial financial burden, which can only be borne by working a considerable number of hours a week while they study.

The labour market for teenagers thus comprises four distinct segments: teenagers who want full-time jobs that might be the beginning of their career, tertiary students who want full-time work while they study, school and university students who are seeking part-time work on a full year basis to provide living expenses and pocket money, and other school and university students who want full-time work in the vacation periods.

This is in contrast to their parents’ generation that did not normally have part-time work while at school or university but may have worked in full-time jobs, particularly seasonal jobs, in the vacation periods. The parents of teenagers had faced a much more accommodating labour market. The unemployment rate in 1971 was only 1.7 percent whereas the rate today is more than four times as high (Table 1).

A fundamental change to the labour market since the 1960s has been the growth of part-time employment. Data on part-time employment is in Table 2. Part-time employment had always been a possibility, but it developed in the 1960s as a response to labour shortages and the need to conscript women who had child-care responsibilities. It developed particularly in the new service industries where temporal patterns of demand made part-time employment a cost-effective option for employers. This has played a key role in increasing the labour force participation of married women, whose participation rates increased from 33 percent in 1971 to 59 percent in 2003 (Table 3).
Table 2. Part-time labour market experience: persons 15-19: 1971 (1974) and 2003 (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time participation rate</td>
<td>49.0</td>
<td>5.0</td>
<td>9.0</td>
<td>26.9</td>
<td>33.5</td>
<td>55.4</td>
</tr>
<tr>
<td>Part-time participation rate</td>
<td></td>
<td></td>
<td></td>
<td>14.0</td>
<td>45.0</td>
<td>27.8</td>
</tr>
<tr>
<td>Proportion part-time</td>
<td>1971</td>
<td></td>
<td></td>
<td>9.6</td>
<td>22.4</td>
<td>10.8</td>
</tr>
</tbody>
</table>


Table 3. Labour force participation: Females: 1971 and 2003 (%)

<table>
<thead>
<tr>
<th>Age</th>
<th>1971 Married</th>
<th>1971 All females</th>
<th>2003 Married</th>
<th>2003 All females</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-54</td>
<td>36.1</td>
<td>40.0</td>
<td>74.7</td>
<td>74.3</td>
</tr>
<tr>
<td>55-59</td>
<td>23.2</td>
<td>28.3</td>
<td>50.8</td>
<td>51.7</td>
</tr>
<tr>
<td>60-64</td>
<td>12.0</td>
<td>16.0</td>
<td>27.9</td>
<td>26.6</td>
</tr>
<tr>
<td>65+</td>
<td>3.6</td>
<td>4.2</td>
<td>4.4</td>
<td>3.2</td>
</tr>
<tr>
<td>15 and over</td>
<td>32.8</td>
<td>37.1</td>
<td>58.7</td>
<td>56.8</td>
</tr>
</tbody>
</table>


The increases in part-time employment are more marked among older married women – those who are likely to be teenagers’ mothers. As Table 3 shows, the participation rates for women aged 45-54 almost doubled over that period; from 40 percent to 74 percent. The majority of married women in that age-group work full-time (57 percent), however, whereas women in the age-groups 35-44 and 55-59 are more inclined to work part-time (53 percent and 55 percent respectively) (Australian Bureau of Statistics, 2003). These women compete with teenagers for part-time jobs in many segments of the labour market.

Table 4. Unemployment 15-19: 1971 (1974) and 2003 (%)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>3.8</td>
<td>4.1</td>
<td>3.9</td>
<td>19.0</td>
<td>16.2</td>
<td>17.6</td>
</tr>
<tr>
<td>Unemployment rate all ages</td>
<td>1.5</td>
<td>2.1</td>
<td>1.7</td>
<td>6.7</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Full-time unemployment rate all ages</td>
<td>1974</td>
<td>1974</td>
<td>1974</td>
<td>6.7</td>
<td>6.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Part-time unemployment rate all ages</td>
<td>1974</td>
<td>1974</td>
<td>1974</td>
<td>8.3</td>
<td>5.2</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Despite the higher proportion of students, labour force participation rates for teenagers are now higher: 61 percent in 2003 compared with 54 percent in 1971, and the rates for males and females have become almost equal. This increase in participation is entirely in the part-time labour force. The participation rate for 15-19 year olds in the part-time labour force has increased from 5 percent to 41 percent, while the full-time participation rate has fallen from 49 percent to 21 percent.

The higher rate of labour force participation by teenagers in a period of higher overall unemployment has meant higher rates of teenage unemployment. In 1971 the unemployment rate for 15-19 year olds was less than 4 percent compared with 17.6 percent in 2003 (Table 4).

When teenagers are employed, they work in a different range of occupations than their parents had. This is due to a number of factors: technical change which has displaced some occupations and created others, jobs that teenagers did being reconstructed as adult jobs, and part-time work being concentrated in certain sectors where the hours match the availability of teenage labour. Some jobs which had employed female teenagers in the 1960s such as telephone operator hardly exist, while new jobs such as call-centre worker tend to be given to older workers. On the other hand, the fast food industry where teenagers provide much of the demand tends to have its peak periods of activity in the hours when teenagers are available for work.

Tables 5 and 6 provide data on employment by industry. The codes used in 1971 and 2003 are different, reflecting the changing structure of industries, however the data can be read to give a comparative picture. In 1971, teenagers employment differed from that of the total labour force but there were no large differences; the greatest being an over representation of teenagers in wholesale and retail trade (which included restaurants), finance and business services and an under representation in agriculture. By 2003, more than half the teenage labour force was employed in retail trade or accommodation, cafes and restaurants, with small numbers in all industries except construction and manufacturing. The difference partly represents the transformation of the teenage labour force itself to a part-time one, but it also reflects a limited range of opportunities in other sectors.
Table 5. Distribution of labour force by industry: 1971 (%)

<table>
<thead>
<tr>
<th>Industry</th>
<th>15-19</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>4.7</td>
<td>7.4</td>
</tr>
<tr>
<td>Mining</td>
<td>0.9</td>
<td>1.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20.9</td>
<td>23.2</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>1.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Construction</td>
<td>6.4</td>
<td>7.9</td>
</tr>
<tr>
<td>Wholesale and retail Trade</td>
<td>26.2</td>
<td>18.9</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>3.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Communication Services</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Finance, business services etc</td>
<td>11.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Government Administration and Defence</td>
<td>5.9</td>
<td>5.4</td>
</tr>
<tr>
<td>Community services</td>
<td>7.8</td>
<td>10.8</td>
</tr>
<tr>
<td>Entertainment recreation</td>
<td>5.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Other and NS</td>
<td>3.8</td>
<td>4.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Table 6. Distribution of labour force by industry: 2003 (%)

<table>
<thead>
<tr>
<th>Industry</th>
<th>15-19</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>3.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Mining</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.5</td>
<td>12.0</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>0.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Construction</td>
<td>6.2</td>
<td>8.1</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>2.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>50.5</td>
<td>15.4</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>10.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>1.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Communication Services</td>
<td>0.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>1.7</td>
<td>3.9</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>4.8</td>
<td>11.3</td>
</tr>
<tr>
<td>Government Administration and Defence</td>
<td>1.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Education</td>
<td>1.4</td>
<td>6.8</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>3.3</td>
<td>9.8</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>3.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>3.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Looking at the occupational data in Tables 7 and 8, it is evident that the occupational distribution has changed along with the changes in industry and changing technologies. Despite different codes being used in 1971 and 2003, it is still clear that in 1971 a third of teenagers were craftsmen, production workers or labourers. By 2003 two out of five were elementary clerical, sales and service workers.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>15-19</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional/technical</td>
<td>5.7</td>
<td>10.2</td>
</tr>
<tr>
<td>Administrative, executive, managerial</td>
<td>0.2</td>
<td>6.7</td>
</tr>
<tr>
<td>Clerical</td>
<td>29.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Sales</td>
<td>11.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Farmers hunters etc</td>
<td>5.0</td>
<td>7.7</td>
</tr>
<tr>
<td>Miners</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>3.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Craftsmen, Production workers and labourers</td>
<td>32.5</td>
<td>32.1</td>
</tr>
<tr>
<td>Service, sport and rec</td>
<td>6.1</td>
<td>7.4</td>
</tr>
<tr>
<td>Armed forces</td>
<td>1.7</td>
<td>1.2</td>
</tr>
<tr>
<td>Inadequately described</td>
<td>4.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Occupation</th>
<th>15-19</th>
<th>All ages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and Administrators</td>
<td>0.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Professionals</td>
<td>1.8</td>
<td>18.5</td>
</tr>
<tr>
<td>Associate Professionals</td>
<td>2.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Tradespersons and Related Workers</td>
<td>13.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Advanced Clerical and Service Workers</td>
<td>0.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Intermediate Clerical, Sales and Service Workers</td>
<td>17.1</td>
<td>17.4</td>
</tr>
<tr>
<td>Intermediate Production and Transport Workers</td>
<td>6.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Elementary Clerical, Sales and Service Workers</td>
<td>40.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Labourers and Related Workers</td>
<td>17.2</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Discussion

The examination above highlighted the fundamentally different labour market for teenagers in the current period compared with their parents’ time as teenagers. A byproduct of that discussion was to show how the teenage labour market differs from that for older workers: teenagers are mainly students; despite this, they have participation rates that compare with the total of population; teenage females have participation rates that are higher than the rate for all females; the majority of teenage workers are in the part-time labour force; they mainly work in the retail and hospitality sector where they are production, transport, clerical sales or service workers; and they have higher rates of unemployment than other workers.

These four segments of teenage labour face a highly competitive labour market. The examination showed that students tend to be in competition with one another in a narrow range of occupations and industries. They are likely to compete with married women for many of the part-time jobs, and with other teenagers too. Teenagers who leave school before
year 12, or even after year 12 without going on to further study, and likely to fail in their bid to secure full-time work, and thus they will compete with students for part-time positions.

The result of this highly segmented, but competitive teenage labour market is that teenagers are disadvantaged in terms of labour market outcomes in two main ways. First, teenagers who face insecure employment, a high risk of unemployment, and limited access to social security benefits, are a ready source of low paid labour. Second as we have noted, most teenagers work part-time and one of the features of part-time employment in Australia is that it is frequently casual employment. That is to say the worker is employed, more or less with a new contract each day. Furthermore, they have no entitlement to sick leave, bereavement leave, maternity leave or holiday pay. They can be dismissed at will. They do receive a higher rate of award wages to compensate for these things (in the order of 23 percent), but in many of the occupations or industries where teenagers work, virtually all workers are casual and the relevant award wage with casual loading is the going rate and, is generally very low. Furthermore, with the growth of individual enterprise agreements, only a minority of casual employees receive a loading (Burgess and Campbell, 1998: 43). Some jurisdictions in Australia have moved to give some rights to casual employees but these remain unavailable to most teenagers. Should an employer wish to dismiss a teenager, they need not do anything, except stop calling them in for work.

Part time and casual workers are also rarely invited to meetings or provided with training, other than the basics that they need to do their job (Brosnan et al., 1996). As such there is little opportunity for the development of skills that have long term relevance (Spierings, 1998). It is no wonder that researchers consistently conclude that casual workers have more in common with the unemployed than with ongoing workers (Parliamentary Library, 2004). The casual nature of the employment also limits the likelihood that teenagers will be represented by unions or in workplace forums, which is likely to contribute further to the poor working conditions (Watts, 1998).

Thus, it is easy to see how teenage students can become locked in a vicious circle. As long as large numbers of teenagers are unemployed, they remain available for low paid, precarious work. Being low paid, the teenagers have to work longer hours to meet target income needs. These pressures to work interfere with students’ studies. This may lead to failure and they remain trapped in the student labour market for longer, adding to the reserve army of students and reducing conditions further by intensifying competition in the part-time labour market.

Such negative labour market outcomes further weaken the position of teenagers as employees should they obtain employment. As such their position in the labour market is less favourable than that experienced by their parents as teenagers and the types of work they perform is less likely to assist them with obtaining a worthwhile, secure, full time position. Furthermore, difficulties in obtaining employment, experience and training are likely to continue to disadvantage teenagers as they enter adulthood. These difficulties may also explain why teenage jobs are consistently characterised as scoring badly on measures of occupational health and safety, and are likely to be the site of harassment or bullying (Mayhew and Quinlan, 2002).

In summary this paper has highlighted the ways in which the labour market has changed over the last decades to the detriment of teenagers. Today’s teenagers face a limited and highly competitive labour market where most jobs are part-time, low paid and casual. Full-time jobs are hard to find, and those who cannot find them compete with school and university students who want part-time work. Moreover, many teenagers are forced to look for several part-time jobs to make ends meet. Competition from married women in some segments intensifies the competition further.
Brosnan and Loudoun

References

Australian Industrial Relations Commission, Sydney, Mis 917/98 S Print Q9610.
Buttigieg, Deery and Iversen

Union Joining and Leaving: An event history analysis

Donna M. Buttigieg, Stephen J. Deery and Roderick D. Iverson
Monash University AU; London University ENG, Simon Fraser University CA

This paper examines parallel models of union joining and leaving using individual level longitudinal panel data of 3594 employees over a five year period. In contrast to most previous research, it includes objective measures of joining and leaving collected from union and organizational records and takes into account time by using event history analysis. Union joining was negatively related to procedural justice and performance appraisals and positively related to partner socialization and extrinsic union instrumentality. Conversely, members were more likely to leave the union when they had lower procedural justice, where there was no union representative present and where they had individualistic orientations. The implications of these findings for theory and practice for trade unions are discussed.

The decision to join trade unions has been extensively investigated in the literature. Earlier studies undertook an economic, macro level time series or aggregated cross sectional approach (Bain & Price, 1983; Caruth & Disney, 1982). These studies were problematic, however, because they did not explain individual variations in union membership (Guest & Dewe, 1988).

More recently, the focus has been on social or psychological approaches to the individual decision to join trade unions (Rij & Daalder, 1997; Visser, 2002). These studies have focused on three main theoretical perspectives to explain the phenomenon: frustration-aggression theory; interactionist and rational choice (Guest & Dewe, 1988; Klandermans, 1986). These theories situate the decision to join the union in terms of responses to job dissatisfaction (frustration-aggression), social context/socialization experiences (interactionist) and individual cost-benefit analysis (rational choice). The evidence is mixed regarding the relative importance of these theories although most studies have found support for the rational choice perspective (Charlwood, 2002; Guest & Dewe, 1988; Klandermans, 1986; Visser, 2002).

In contrast to union joining there have been very few studies that have examined the issue of union quits or exits (Peetz, 1998; Rij & Daalder, 1997; Sverke et al, 1994; Sverke, Sjorberg & Kuruvilla, 1994; Visser, 2002). The research that has been conducted in this area has sought to explain union leaving behaviour in one of two ways: leaving as the antithesis of joining and leaving as a result of a lack of identification to the union. Most studies have modeled the determinants of union turnover as the reverse of the joining model. Members are seen to leave the union because they are satisfied with their job and their working environment and do not require the services of the union.

There are a number of limitations to the existing literature. Firstly, it is predominately cross sectional. As a consequence, the research provides very little information about the process of joining. Secondly, most studies use union membership as a proxy for joining. This is problematic as the reasons for joining may have changed or disappeared (i.e., job insecurity, job dissatisfaction) once the individual becomes a member (Guest & Dewe, 1988; Rij & Daalder 1997). Finally, the leaving literature tends to use subjective measures for leaving (i.e intention to leave) rather than objective data from union records and employs organization turnover as a proxy for union turnover.

The research in this paper tests parallel models of union joining and union leaving using individual level longitudinal panel data. Unlike most other studies, it incorporates objective
measures of joining and leaving using organizational and union records and builds time into
the analysis by estimating the joining and leaving equations using event history analysis. The
paper commences with a review of the theoretical and empirical literature and a formulation
of hypotheses. This is followed by the research methods and results. It concludes with a
discussion of the theoretical and practical implications of the research.

Union Joining: Theory and Hypotheses

There are three main theories that dominate the union joining literature from an individual
level: frustration-aggression; interactionist and rational choice. In addition, the business cycle
theory, which has principally been utilized in macro studies is also relevant. These will be
discussed in turn.

Frustration-Aggression Theory

This theory suggests that individuals unionize in order to address perceived frustration,
alienation or dissatisfaction at the workplace (Klandermans, 1986). There is evidence to
indicate that individuals vote pro union (in the case of the US) or individually decide to join
unions because of overall dissatisfaction with their jobs (DeCotiis & LeLouarn, 1981; Guest
& Dewe, 1988; Youngblood, et al, 1984). However, it would appear that it is not overall job
dissatisfaction that impacts on the decision to join but rather dissatisfaction about specific
aspects of the job, such as pay, supervision, working conditions, levels of participation,
control and autonomy (Snyder et al, 1986). Bakke (1945) argued that justice issues were
extremely important, such that individuals who feel that organizational processes and
decision-making are fair are less likely to unionize. We focus on both procedural justice,
deﬁned as the fairness of procedures designed to determine the outcomes an employee
receives (Moorman, 1991) and distributive justice, deﬁned as the degree to which an
organization treats employees fairly (Price and Mueller, 1981). Gani (1996) also found that
workers who were dissatisﬁed with their promotional prospects were more likely to join the
union. Snyder (1983) reported that employees who experienced arbitral treatment from
supervisors and who felt that their promotional prospects are low are more likely to unionize.
Arbitral treatment is more likely to be perceived by workers where their (subjective)
performance appraisals are negative. We therefore hypothesize that:

Hypothesis 1: Higher levels of job satisfaction will lead to lower union joining.
Hypothesis 2: Higher perceptions of procedural justice will lead to lower union joining.
Hypothesis 3: Higher perceptions of distributive justice will lead to lower union joining
Hypothesis 4: Higher perceptions of promotional opportunities will lead to lower union
joining
Hypothesis 5: Higher performance appraisals will lead to lower union joining.

Interactionist Theories

Klandermans (1986b) has argued that interactionist theories are another important explanatory
perspective for union joining. He submits that the joining decision can result from the social
context of members at work and in the union. An identiﬁcation with the union and its goals is
emphasized (Kelly, 1998). This may occur through socialization of individuals with family
members (i.e., partner and parents) and other union members at the workplace (Cooke, 1983;
Guest & Dewe, 1988; Visser, 2002). Individuals join unions because they feel that they
should (i.e., to support other members) and/or because they have ideological convictions that
support the notion of unionism (Kirton, 2005).
Earlier studies have supported this view of the ‘union man’ (Perline & Lorenz, 1970; Strauss, 1977) and union culture (Goldthorpe, Lockwood, Bechhofer & Platt, 1968). Later studies have also found support for variables such as socialization, leadership (ie union representatives), referent others (ie whether manager is a union member) and individualism. These are discussed in turn.

The family (i.e., parents and partner) unit is a significant referent group that can be an influential socialization agent. Spinrad (1960) argued that individuals with a family background in activism would tend to be more active in the union. A study by Ingham (1993) found that partner socialization rather than parent socialization was more important to the joining decision.

Aside from pressure from family members to join (or not) unions, a similar pressure may arise from members of the workgroup. This pressure is expected to increase where the manager is a union member. A study by Iverson and Buttigieg (1997) found that where the manager was a union member union loyalty increased in a sample of nurses.

Finally, in order for individuals to identify with the union, there is a need for a collectivist rather than an individualist perspective on work (Kelly & Kelly, 1994). Wagner III (1995) stated that ‘individualism-collectivism is an analytical dimension that captures the relative importance people accord to personal interests and to shared pursuits’ (p.153). In other words, individualism is where personal interests are of greater priority than the group. An individualist, therefore acts as though he/she defines their self as an entity consisting of a single person, whereas a collectivist is defined by an entity extending beyond the individual to the group (Wagner III, 1995).

The literature regarding the interactionist perspective provides support for the following hypotheses:

Hypothesis 6: Higher levels of partner socialization will lead to higher union joining.
Hypothesis 7: The presence of a union representative will lead to higher joining
Hypothesis 8: The presence of a manager that is a union member will lead to higher joining
Hypothesis 9: Higher individualistic orientation will lead to lower union joining.

Rational Choice Theory

A third influential theoretical tradition for explaining union membership is that of rational choice, which focuses on the costs and benefits of being a member. A key assumption is that the individual acts to maximise their interests. Klandermans (1984) argued that ‘participation in a social movement is seen not as the consequence of predisposing psychological traits or states, but as the result of rational decision processes whereby people weigh the costs and benefits of participation’.

In testing the rational choice approach, many of the studies have focused on perceptions of instrumentality and satisfaction with union services. In general such perceptions have been associated with union membership (Beutell & Biggs, 1984; Charlwood, 2002; DeCotiis & LeLouarn, 1981; Guest & Dewe, 1988; Peetz, 1998; Visser, 2002; Youngblood, et al, 1984).1

Hypothesis 10: Higher extrinsic instrumentality will lead to higher joining
Hypothesis 11: Higher intrinsic instrumentality will lead to higher joining

1 It is important to note, however, that the rational choice model encompasses all costs and benefits of membership. Hence, the variables included under the perspectives of frustration-aggression and the interactionist approach could all potentially be incorporated into a cost-benefit equation by members.
Business Cycle Theory

Business cycle theory is the dominant theory used to explain macro studies of the determinants of union membership (Rij & Daalder, 1997). A key factor in this model is unemployment. High unemployment is commonly argued to shift the balance of power to the employer and therefore reduce the tendency of unionization because of employee fear of retribution (Bain & Elsheikh, 1976; Griffin & Svenson, 1996; Rij & Daalder, 1997). However, other studies have found that unemployment can potentially increase union membership because the lower job security experienced by employees creates a greater need for unionization by providing members with an insurance policy (Griffin & Svenson, 1996). Studies that examine job insecurity directly find that those employees in insecure jobs are more likely to unionize (Bender & Sloane, 1999).

Hypothesis 12: Higher rates of unemployment will lead to higher union joining.

Exit Behavior or Member Turnover

Having considered theories pertaining to union joining we will now turn to union quits. It was argued earlier that there are two basic frameworks that are used to explain leaving behavior within trade unions: leaving as the antithesis of joining and leaving as a lack of identity or commitment to the union (Van der Veen & Klandermans, 1989). This paper tests the leaving as the antithesis of joining argument.

Frequently it is assumed that the reasons for resignation from a trade union are simply the reverse of the reasons for joining. Dominated by the rational choice literature, a member will resign where the benefits of membership outweigh the costs. Membership retention is ‘linked to a favorable outcome of the collective and selective cost/benefit calculation, while membership termination is related to an unfavorable result’ (Van der Veen & Klandermans, 1989: 185). Whilst the literature on union exits is relatively underdeveloped, a study by Van der Veen and Klandermans (1989) found that union members who chose to leave their organization reported an unfavorable balance of union benefits.

In an Australian study, Peetz (1998) explored exit behaviour using an attitudinal data set collected in 1990-91 of employees in metropolitan Sydney establishments. He found that the most common reason for leaving a union was the movement from a ‘union job’ to a non union shop or a workplace where there was some antagonism from managers with respect to membership. Members also left where they felt that the union was ineffective in providing services to members. That is, instrumental rather than ideological reasons were critical in determining exit behaviour. Exits were also higher among employees who were dissatisfied with the union with regards to pay issues. However, where members indicated that they were satisfied with the union on protection issues and union contact, union dissatisfaction did not have an impact on exits.

Hypothesis 13: Individuals will leave the union as the antithesis of joining.

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2 Three personal (i.e., demographic) variables were entered into the model as controls. These were sex, education and employment status. Research has shown that males, those who are less educated and those who work full-time are more likely to unionize and to remain union members (Barling et al., 1992; Gani, 1996; Haberfield, 1995; Rij & Daalder, 1997).
Method

Research Setting

The site for this research is an Australian-based international banking organization, with major operations in Europe, and Australasia. It is ranked in the top 50 banks worldwide, with approximately $400 billion in assets, and around ten million customers. In Australia the bank employs nearly 20,000 full-time equivalent staff across some 1600 branches and business outlets. The bank is heavily unionized with over two thirds of staff being union members.

Data Collection and Sample

In February 1995 a multiple-item survey measure was administered during working hours to a random sample of 5,978 employees from the various state bank branches and business outlets in Australia. Surveys were coded with identification numbers so as to match respondents to organizational records (i.e., performance appraisal) and to union records (i.e., date of joining or leaving). The survey instructions stressed that participation in the study was voluntary and confidential. A cover letter with the endorsement of the bank and the union was also included. The response rate was 61%, representing 3654 returns. Respondents who deleted their identification number (N=60) were removed from the sample. The sample consisted of 2,363 union members and 1,217 non-union members (the numbers do not sum perfectly due to missing data). The staff were predominately female (64 percent) and full-time (72%), with an average age of 31.40 years (s.d.=8.59), tenure of 9.01 years (s.d.=7.82), and education of 11.00 years (s.d.=2.89).

Measurement

Participants responded to items on a 5-point Likert-type scale (1= strongly disagree to 5= strongly agree). Established scales were used where possible. Reliability coefficients ranged from .68 to .88.

Union joining was measured as the duration to become a union member following the survey on February 1, 1995 to June 1, 2000. Four hundred and thirty seven employees joined the union during this time, representing a joining rate of 12 percent (as percentage of total employees) and 36 percent (as proportion of non-union members as at 1 February, 1995). Union leaving was measured as the duration of membership in the union following the survey on February 1, 1995 to June 1, 2000. During this period, a total of 684 members left the union, representing a turnover rate of 29 percent. Of these, 237 (35 percent) left the union but remained with the bank, while 447 (65 percent) left both the union and the bank. Consistent with our definition and to more accurately estimate union leaving, we only focus on those members who left the union but remained with the bank. The union status was determined through reconciling the union and the bank’s personnel records, which listed the employment status of each employee as of June 1, 2000 (see analytical procedure section for complete description).

The demographic variables were coded as follows: Female (1=female, 0=male), education (years), and full-time (1=full-time, 0= part-time or casual). Job satisfaction was measured using three questions from Brayfield and Rothe (1951). The measure of procedural justice was assessed using four-items from Moorman (1991). Distributive justice and promotional opportunities were measured by three items from Price and Mueller (1981; 1986).

We found no significant differences between those respondents who removed their identification number and the final sample on sex (i.e., female), education, and full-time status.
Supervisory performance appraisal ratings were obtained from the banks' records. The ratings were on a 5 point scale ranging from (1) unsatisfactory to (5) outstanding. Partner socialization focused on an individual's perceptions of their partner's (family) attitude to and participation in unions, and was assessed using a cumulative index of four dichotomously items (1=yes; 0=no) from Barling, Kelloway, and Bremermann (1991). Union representative and manager union member were measured as dichotomous variables (1=yes and 0=no). The measure of individualism was operationalized using three-item scales by Kelly and Kelly (1994). The scale of individualism comprise questions such as: “in the long run, the only person you can count on at work is yourself” (Kelly & Kelly, 1994).

Extrinsic and intrinsic instrumentality were three item measures adapted from Youngblood et al (1984). Extrinsic instrumentality was measured by items such as ‘The union protects employees from unfair dismissals’. Intrinsic instrumentality was measured using items such as ‘The union has helped to make my job more interesting’. Unemployment rate was measured using the average quarterly unemployment rates (March 1995 to December 1999) across the bank branches and business outlets (n=607). The rates were obtained from the Australian Department of Employment Education, Training and Youth Affairs and ranged from 1.27 percent to 17.18 percent with an average of 7.77 percent.

Confirmatory factor analyses were undertaken using Linear Structural Relations (LISREL VIII) (Jöreskog & Sörbom, 1996a) to assess the convergent (i.e., the degree of association between measures of a construct) and discriminant validity (i.e., the degree to which measures of constructs are distinct) of the multiple-item measures of job satisfaction, procedural justice, distributive justice, promotional opportunity, individualism, and extrinsic and intrinsic instrumentality.

Analytical Procedures

The statistical procedure of event history analysis (Allison, 1984) was employed in the study. The advantage of event history analysis is that it allows researchers to view union joining and leaving as ‘time-dependent variables’ that change state depending on the duration it takes individuals to join or remain with the union (Somers & Birnbaum, 1999). Event history analysis is appropriate when the data allows researchers to (1) simultaneously predict both whether an event such as joining or leaving occurred and the exact time at which this event did occur, and (2) when explanatory variables are time-dependent (Morita, Lee, & Mowday, 1993).

The measurement window in this research was between February 1, 1995 (when we surveyed employees) and June 1, 2000 (when the union and bank respectively supplied membership and employment status information on all employees in our sample). Employees in the sample were surveyed on February 1, 1995 and those who had either not joined or remained a union member were right censored as of June 1, 2000. As previously noted, the membership and employment status of each respondent was evaluated from the union and the bank’s records at that date. We split the model into two single event models: joining and leaving (Rij & Daalder, 1997).

PRELIS (Jöreskog & Sörbom, 1996b) was initially employed to transform the data. The hypothesized seven factor model was found to contribute significantly to the fit than both the null ($\Delta \chi^2 (43) = 35847.20, p<.001$), and one factor ($\Delta \chi^2 (21) = 31496.31, p<.001$), (see Bagozzi & Yi, 1988 for procedures). The convergent validity was affirmed as all parameter estimates (factor loadings) were significant ($p<.05$) and ranged from .55 to .94. The discriminant validity was also supported for all constructs in the model. All other measurement indices indicated an acceptable fit (goodness-of-fit index [GFI] = .96, a normed comparative fit index [CFI] = .96, and a root-mean-square error of approximation [RMSEA] = .04 (Hu & Bentler, 1999).
Results

In plotting the estimated survivor functions for union joining and leaving, we observed that very few employees joined the union during the first two years (the estimator is near 1 for non-members). However, we then see a steady increase in membership up to around five years, followed by another dramatic increase in the next few years. Conversely, in terms of union leaving, membership in the union was fairly stable until around five years, where there was a steep and prolonged drop in the following years.

The results of the proportional hazards model of union joining and leaving are reported in Table 1. Analyses were performed using time-dependent Cox regression in SPSS (Norušis, 1994). The interpretation of results is analogous to that of ordinary least squares multiple regression equations (Morita et al., 1993), where the coefficient estimates are comparable to unstandardized regression coefficients (Allison, 1984).

Although we failed to find any personal variables to predict union joining, there were significant effects for procedural justice ($B = -.30, p < .001$), performance appraisal ($B = -.13, p < .05$), partner socialization ($B = .08, p < .05$) and extrinsic instrumentality ($B = .27, p < .01$). The strength of effect becomes more apparent by exponentiating the coefficient (i.e., antilog) and computing the value $100(e^{B} - 1)$. When employees perceived there to be fairness in procedures, they were less likely to join the union (i.e., each additional unit change in procedural justice decreased the likelihood of joining the union by 26 percent). As hypothesized, performance appraisal had a significant negative effect ($B = -.13, p < .05$), whereby each additional unit change in an employee’s performance appraisal decreased the likelihood of joining the union by 12 percent. The interactionist variable of partner socialization ($B = .08, p < .05$) and the rational choice variable of extrinsic instrumentality ($B = .27, p < .01$) were positively related to union joining. Each additional unit change in partner socialization and extrinsic instrumentality respectively increased the likelihood of union joining by 8 and 31 percent. The variables in the model were able to explain 4 percent of explained variance in union joining.

Union leaving was determined by procedural justice ($B = -.30, p < .05$), union representative ($B = -.40, p < .05$) and individualism ($B = .20, p < .05$). The likelihood of leaving the union decreased by 26 percent for each additional change in procedural justice. In the absence of a union representative at the workplace, the probability of leaving was 49 percent larger than when a union representative was present. Finally, members who were more individualistic were more likely to leave the union (each additional unit change in individualism increased the likelihood to leave the union by 22 percent). The explained variance in the model was 3 percent.

Table 2. Cox Regression Models for Union Joining and Leaving

<table>
<thead>
<tr>
<th>Determinants</th>
<th>Joining</th>
<th>Leaving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>.08</td>
<td>.25</td>
</tr>
<tr>
<td>Education</td>
<td>-.02</td>
<td>-.00</td>
</tr>
<tr>
<td>Full-time</td>
<td>.17</td>
<td>.03</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>-.05</td>
<td>.21</td>
</tr>
<tr>
<td>Procedural justice</td>
<td>-.30***</td>
<td>-.30*</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>.06</td>
<td>-.01</td>
</tr>
<tr>
<td>Promotional opportunities</td>
<td>-.01</td>
<td>.08</td>
</tr>
</tbody>
</table>
Buttigieg, Deery and Iversen

Performance appraisal -0.13* -0.12
Partner socialization 0.08* -0.01
Union representative -0.02 -0.40*
Manager union member -0.01 -0.22
Individualism 0.02 0.20*
Extrinsic instrumentality 0.27*** 0.11
Intrinsic instrumentality 0.03 0.06
Unemployment rate 0.00 -0.05

N 1722 1000
-2 Log-likelihood 8489.56*** 1417.62***
$D^b$ 0.04 0.03

* Current research considers that ‘$D$ is similar to the $R^2$ value used regression models: $D = \chi^2 / (n - K + \chi^2)$, where $n = \text{sample size and } K = \text{number of variables’ (Sheridan, 1992, p. 1047).}

** $p<.01$,   *** $p<.001$

Discussion

This paper sought to examine the determinants of union joining and leaving using unique longitudinal data with objective measures of joining, exiting, unemployment and performance appraisal ratings. The analysis undertaken (event history analysis) allowed us to explore the process through which these decisions occur, unlike most previous work that compare outcomes (i.e., union members versus non union members) as proxies for the membership decision. We more accurately estimated union leaving by focusing on those members who left the union but remained with the bank, which when combined with our base rates for joining and leaving allowed us to rigorously test the parallel models.

The study has several implications for theory development. First, it suggests that all theoretical frameworks that have traditionally applied to the individual decision to join have some merit. The question that researchers need to investigate is how are these theories related, particularly in relation to a processual model of membership joining.

Interestingly the results for union joining are consistent with the social movement literature, which has recently been applied to trade unions (Kelly, 1998). The social movement literature suggests that the first stage of any form of collective action is the perception of injustice (conflict in beliefs or violation of rules by the employer) (Kelly, 1998; McAdam, 1988). Injustice frames are critical for collective action as they differentiate the union from management in terms of shared interests (Kelly, 1998). Through attribution of blame for injustices to the employer and the development of social identity with the union perceived injustice is translated into collective interests. In this process, the union needs to be perceived as an effective mechanism for addressing these injustices.

The variables identified as significant in this study measure some of the key variables highlighted in this theory. Procedural justice and performance appraisals reflect injustice frames, partner socialization is a measure of identity formation and extrinsic instrumentality is a measure of the perceived performance of the union in addressing grievances. In our analysis we were unable to examine the temporal ordering between these factors in individuals making a decision to join that makes this an avenue for future research.
With respect to union leaving or exits, the study shows that the theory of ‘leaving as the antithesis of joining’ is false. We found only union representative and individualism to be significant and in the hypothesized direction. In fact, low procedural justice determines both joining and leaving. This result suggests that where there is no local union leadership to organize and where workers do not perceive collectivism as a means to redress injustices that procedural injustice may be attributed as a fault of the union rather than the employing organization. This is consistent with a recent paper by Cregan (2005) that illustrates the importance of union efficacy.

In terms of practical implications for unions, the study suggests that unions are in a double bind in terms of their strategies to recruit and retain members. Whilst the creation of injustice frames are necessary to attract members to join the union, these need to be combined with structures (ie union representatives) to direct members to attribute these injustices to management and also to politicize members into perceiving collectives (ie unions) as the primary means for addressing these injustices (Kelly, 1999; Darlington, 2002). Without these structures, unions that highlight injustices to members create the situation of a ‘leaky bucket’. That is, they are able to recruit new members on the promise of change to conditions but they simultaneously lose existing members that are disillusioned with the capacity of the union to instigate that change.

Furthermore, the finding that individualism was a significant determinant of exits is important for policy implications. If the perceptions of authors such as Bassett and Cave (1993) and Brown (1990) are correct in their assessment of a general decline in collectivist orientations and a rise in individualism, unions will need to address individualistic, as well as collectivist issues in order to retain members.

**Conclusion**

The data comes from a single banking organization, which does limit the generalizability of the findings. This was mitigated somewhat by data being collected across 611 bank branches and outlets. Notwithstanding, this paper makes a contribution to the literature by using event history analysis to analyze unique longitudinal data with objective measures of joining, exiting, unemployment and performance appraisal. A key finding of this paper is that the determinants of joining and leaving differ, leading to the need for different strategies for recruitment and retention of union members.

**References**

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Work Family Conflict in the Workplace: Manifestations and Disputes

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Drawing on discrimination complaints lodged with the Victorian Equal Opportunity Commission, the paper explores workplace manifestations of work/family conflict. I argue that the employee and employer understandings of such conflict are profoundly influenced by workplace norms and by the broader industrial context. Further, any outcomes of the complaint handing process in anti-discrimination fora are typically restricted to the individual complainant, without precedent value in the relevant industry or even in the particular workplace where the complaint arose. While the industrial relations jurisdiction has offered an alternative forum for work/family disputes, radical changes to Australia’s industrial relations system will see many such disputes pushed into anti-discrimination fora. The reduced power of the Australian Industrial Relations Commission to arbitrate not only limits an alternative forum for work family complaints, but is also likely to influence understandings of work/family conflict both in the workplace and in the anti-discrimination jurisdiction.

Introduction

Much recent Australian research points to the very real experience of work/family conflict at the workplace as many employees struggle with deep-seated structural changes in families and workplaces (see Buchanan & Thornewaite 2001; Pocock 2003; Charlesworth et al 2002). The traditional structure of work and family – based on the male breadwinner/female homemaker – has changed. Yet while we have seen the growing participation of women in paid work, including those with dependent children, industrial regulation and workplaces have not kept pace. Both continue to be based on the presumption of an ‘ideal worker’ with few domestic responsibilities, full-time work, and little or no time off to care for family (Williams 2000, 3). The potential for work/family conflict is also reflected in employment or industry level data which show that most family-friendly benefits are only available to a minority of employees, primarily higher skills workers in large or public sector organisations (Gray & Tudball 2002; HREOC 2005, 18-24). The rise of family-hostile arrangements, including casualisation, work intensification and long hours, also serves to compound the pressures associated with caring experienced by many workers with family responsibilities (Campbell & Charlesworth 2004, 41).

For some employees the difficulties of juggling work and family sometimes boil over into workplace disputes. While many of these disputes stem from the lack of ‘fit’ between those with family responsibilities and the way in which work is organised, others relate directly to the implementation of award and agreement provisions, such as in relation to part-time work, return to work after parental leave and requirements to work overtime, and/or termination of employment. In such cases where grievances are not resolved at the workplace, formal complaints may be pursued externally in both anti-discrimination and industrial relations jurisdictions. While much of the Australian policy debate has focused on the role of ‘family-friendly’ benefits in alleviating the tensions between work and family (see Charlesworth et al., 2002), the anti-discrimination and industrial relations jurisdictions play important roles in protecting individual workers with family responsibilities and in providing a context within which conflict around work and family is negotiated in the workplace. There is a slowly growing work/family case law in Australia. Advice given by human rights bodies, legal firms
and in human resources journals promotes broad principles seen as coming out of such case law in respect to obligations of employers, including the need to seriously consider employee requests for flexibility, and to properly investigate if such requests can be reasonably accommodated (see for example von Doussa 2003). Legal scholars have also emphasised the precedent value of anti-discrimination case law in encouraging employers to implement family-friendly provisions (Smith & Riley 2004, 416; Bourke 2004, 67). However, what is less clear is the extent to which such principles or precedents actually reflect or impact on day-to-day workplace practice around work and family issues.

Drawing on a study of work/family discrimination complaints lodged with the Victorian Equal Opportunity Commission (EOCV), this paper attempts to highlight the manifestations of work/family disputes, constructed as discrimination claims. It does not track the impact of individual tribunal or court work/family cases in their respective workplaces. Nor does it examine the construction of work family disputes as ‘discrimination’. Rather the focus is on the sorts of issues that arise for employees and the ways and the context within which disputes around work/family issues are understood by employees and managers. To provide some background for this analysis an overview of the relevant legal frameworks and the process of complaint handling in both anti-discrimination and industrial relations jurisdictions is first outlined. The following section then provides an analysis of the EOCV work/family complaint data, focusing on complaints, the response by employers and the outcomes of the complaint process. This is followed by a brief analysis of the relative advantages and disadvantages of anti-discrimination and industrial relations fora in pursing work/family complaints. Finally, the impact of recent industrial relations changes that effectively remove the power of the Australian Industrial Relations Commission (AIRC) to arbitrate disputes is briefly canvassed.

**Work/Family Disputes: The Anti-discrimination and Industrial Relations Frameworks**

In 1991, Australia ratified ILO Convention 156, the *Workers with Family Responsibilities Convention*. Subsequently most anti-discrimination jurisdictions moved to directly protect workers with family responsibilities. Today state jurisdictions, with the exception of South Australia, prohibit both direct and indirect discrimination on the grounds of parental status, carer’s status, carers’ responsibilities or family responsibilities. However, the *Sex Discrimination Act 1984* (Cth) (SDA) was amended only to prohibit direct discrimination on the ground of family responsibilities in respect to dismissal from employment. Before the enactment of specific provisions, complaints that raised issues of work/family discrimination were typically lodged on the grounds of sex or pregnancy.

Once a complaint of discrimination is lodged with the responsible state or federal equal opportunity agencies, the formal complaint process typically has two main phases, investigation and conciliation. In Victoria for example, an investigator gathers information deemed to be relevant to the complaint and reports to the Victorian Equal Opportunity Commission (VEOC), which may refer the matter to conciliation or decline the complaint, or some parts of the complaint. If referred to conciliation, a conciliator then attempts to facilitate an agreement between the complainant and respondent to resolve the complaint. Where the complaint cannot be conciliated or where it has been declined, the complainant may request that the complaint be referred to the Victorian Civil and Administrative Tribunal (VCAT) for determination. Very few discrimination complaints ever proceed to a final hearing (Hunter & Leonard 1995, 1) with the vast majority of the complaints withdrawn or finalised in the investigation and conciliation process. In 2003/2004, around 550 formal complaints were lodged in Australian anti-discrimination jurisdictions raising specific issues of work/family discrimination.
discrimination, including on the grounds of pregnancy, parental and carer status, breastfeeding and family responsibilities.¹

Anti-discrimination law provides the main legal arena in which work/family disputes have been pursued in Australia (Murray 2005, 74). However, work/family disputes, while not necessarily categorised as such, are reflected in claims both for unfair and unlawful dismissal under the current provisions of the Workplace Relations Act 1996 (Cth) and also arise around the interpretation of award provisions and their implementation. For example, disputes, framed as award or agreement breaches, may include difficulties in securing a ‘comparable’ position after maternity leave, rescheduling or reduction in hours, changes in entitlements and pressures to change from part- to full-time work or vice versa. Such matters are determined in the AIRC on a case-by-case basis, but general precedents may be established, which in turn influence workplace or even industry practices. For example, when a woman returns from maternity leave, her former position may not be available and she may be assigned to a similar position at a different work location. An issue of dispute may be whether any additional travelling time caused by the change in work location means the new position can be considered ‘comparable’. In the banking industry, where such matters have been raised via the AIRC conciliation process, a precedent developed over time such that a job that required additional travel of an hour or more may not be viewed as ‘comparable’ (Charlesworth 2003, 571).

EOCV Work/Family Discrimination Complaints

As part of a larger research project,² data was gathered from complaint files held by the EOCV where complaints had been lodged on work/family grounds in the area of employment.³ Between 1 January and 31 March 2004, a total of 26 complainants had lodged complaints on the grounds of status as a carer, parental status and/or pregnancy, as well as on other grounds.⁴ Nineteen women and seven men made work/family complaints, the main work/family grounds of discrimination being parental status (14 complaints) and pregnancy (11 complaints) (Charlesworth 2005, 94). Only one male complainant raised a claim of carer status discrimination.

The demographic data collected indicates both that the EOCV is accessible to a wide range of complainants and that disputes around work/family discrimination arise in different occupations and in a range of workplaces. Complainants came from a range of industries and worked in a variety of occupations. Seven female complaints came from the retail industry, including clothing and food retail. Four complainants (three women and one man) came from the property and business services industry, including computer services, project management and real estate/property management. Another four complainants came from the manufacturing industry (one woman and three men) including paper and food manufacturing. Six complainants, all women, worked in intermediate clerical sales and service occupations including as salespersons, receptionists, while another four female complainants worked in

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¹ Under the SDA there were 30 such complaints; in NSW, 43 complaints; in the ACT, 13 complaints; in Queensland, 105 complaints; in Tasmania, 63 complaints; in Victoria, 286 complaints; and in the Northern Territory, six complaints. (Data derived from relevant annual reports for 2003/2004). These figures are likely to significantly underestimate the extent of formal ‘work/family’ complaints as many such complaints are lodged on the grounds of sex, a ground which in the NSW jurisdiction also incorporates pregnancy.
² The larger project is concerned with the ways in which women’s workplace disadvantage is recognised and understood within the workplace.
³ For details of this data collection see Charlesworth (2005).
⁴ These figures represent numbers of complainants, not individual complaints. Complainants can, and frequently do, invoke more than one ground of discrimination in their complaint.
elementary clerical sales and service occupations including as sales and shop assistants. Three complainants, all men, worked in intermediate production jobs including as machine operators or drivers, while another three male complainants worked in labouring occupations.

The complainants and the workplaces they complain about also present a far greater diversity than reflected in the anti-discrimination case law, with the respondents ranging from small to large employers. The EOCV complainants not only included men raising issues of work/family conflict, they also reflect a far greater range of occupations and employment status than typically found in the work/family case law; the representation of casual workers in particular highlighting the precarious workplace contexts in which work/family conflict may arise. While the majority of complainants were or had been employed in full time permanent positions (nine women and five men), nine complainants (eight women and one man) worked on a part-time basis. Of these, six complainants (five women and one man) worked on a casual basis. One female complainant had worked as a seasonal worker and another as an ‘own account’ worker.

Work/family grievances

There were three main types of work/family discrimination claimed by complainants. The first included treatment that flowed directly from status of the complainant as a mother or potential mother (for example when she announced her pregnancy) which led to termination, the reduction of hours and in three cases to a forced transfer from permanent to casual status. The second type of complaint included the unavailability of part-time work and/or the incompatibility of working hours, scheduling or rostering arrangements with the complainant’s changed family circumstances. The third area of complaint was where employer-initiated changes in the location of work or the way work was organised made the caring responsibilities of the complainant much more difficult to manage. In several cases, the complaint was about the cessation of previously negotiated family-friendly working time arrangements.

What is striking is that 17 of the 26 complainants claimed they had been dismissed or had resigned either as a result of work/family conflict or where multiple grounds of complaint were claimed, that work/family discrimination had been a contributory factor in their dismissal or resignation. The high incidence of dismissal or ‘forced resignation’ provides a stark illustration of the failure of ‘individual bargaining’ in the workplace around work and family. It underscores the power differential in such bargaining; where an employee may ask for some ‘accommodation’ and where an employer may simply refuse, with little consideration of the request or of possible alternatives. The high incidence of job loss, with redress being pursued in an anti-discrimination jurisdiction, highlights the inadequacy of current protections against unfair dismissal, with limits placed on access by contract workers, casual employees or by those with less than the requisite length of service.

Indeed, many of the grievances raised by the EOCV complainants may well constitute breaches of the relevant award or agreement covering particular workplaces in which the complainants worked. There is no data on why these complainants chose to pursue their work/family grievances, particularly those relating to unfair dismissal, in an anti-discrimination jurisdiction. However, perceptions about requirements for legal resources, union representation, and the adversarial nature and formality of proceedings in the industrial

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5 Where it could be ascertained, data was also collected on the number of employees in the respondent organisation. This was able to be determined for 18 respondents. The data indicates that that of these, a third (six) employed less than 20 employees, while seven respondents employed more than 500 employees.
relations arena may shape such choices (Charlesworth 2003, 565). Further, given the casual or contingent status of several complainants and the fact that only one was represented by her union in the EOCV complaint process, the federal industrial relations jurisdiction may not have been practically accessible. Nor was it clear that complainants understood that what had happened to them may be a breach of industrial regulation. This is starkly illustrated in two complaints both against different clothing stores. In both cases after announcing their pregnancy, the women, one working on a full-time basis and one on a permanent part-time basis, were forced to become casual. While they were both unhappy about this, the basis of the complaint in one case was about the consequent reduction in hours after return to work, and in the other about her consequent termination. Neither complained about their loss of permanent status, suggesting that they accepted this erosion of their conditions as ‘just the way things are’ (Hunter 2005, 9).

Workplace norms

In the employer responses to the formal complaints one gains some insight into both how work/family disputes can arise and also into the way in which legal norms around non-discrimination can be trumped by workplace norms, such as the primacy of business needs. As evidenced in other studies of complaints lodged with Australian human rights bodies, it is relatively rare for respondents to either recognise the treatment complained of as discrimination and/or to immediately offer redress (Hunter & Leonard 1995, 15; Chapman & Mason 1999, 548). In only five of the 26 EOCV cases did the employer/manager offer some immediate redress or reconsideration in response to the formal statement of complaint. In one case for example, where the complainant had been dismissed for being late to work - which she claimed was due to her hours being changed at short notice and her need to take her daughter to school - the employer provided a qualified ‘statement of regret’ requested by the complainant, who had not sought reinstatement.

The most typical employer response was to dispute the interpretation of the facts alleged by the complainant. That is, it was not the events or detriments outlined that were challenged, but their interpretation as unlawful discrimination (Charlesworth 2005). Reasons offered for the treatment complained of included the poor performance of the complainant and/or the operational or business requirements of the organisation. The latter responses suggest an understanding of any accommodation of work/family responsibilities as entirely dependent on management discretion as to the way in which work should be organised. This is frequently accompanied by a consequent denial of responsibility for any collateral detriment to employees in the pursuit of business interests. That is, employer-initiated change or flexibility is privileged in a way in which employee-initiated flexibility is not. For most respondents the family responsibilities of workers are seen as outside the employer’s realm of responsibility. As a consequence, workers with family responsibilities who cannot fit in with a seemingly fixed organisation of work - that can only be adjusted to meet operational requirements - become constructed as the problem, with a shift in focus from ‘family-hostile’ work organisation to the deficits of individual workers.

The claimed precedent value of the work/family case law appeared to have little effect on either the workplace practices revealed in the complaints or on employer responses to them. While respondents were much more likely to obtain legal representation than complainants, there was little reference in employer responses to the substance of the relevant provisions of

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6 Only four of the 26 complainants were legally represented when they lodged their complaint, compared to 10 respondents who had legal representation when they responded to the statement of complaint. Another three respondents were represented by their relevant employer association.
the Equal Opportunity Act 1996 (Vic) and no reference at all to any of the relevant work/family case law where such representation was obtained. For example, much of the reported work/family case law suggests that employer refusal to allow part-time work in senior or supervisory positions needs to be accompanied by a serious consideration of the request. In one EOCV complaint where this was in fact the conflict at issue, the respondent manager simply stated that part-time employment was ‘not appropriate for the coordinator role, which is a full-time role supporting the management team and managing two administrators’. As a consequence, it was argued that the request to attend the workplace on a full-time basis was ‘a reasonable management and operational requirement’. This response suggests an understanding of any obligations under anti-discrimination law as contingent on, or even as secondary to, management and business interests. Such an understanding is not only entirely consistent with the publicly expressed views of employer organisations, such as the Australian Chamber of Commerce and Industry (see Anderson 2004), but also with the federal government view that any accommodation of workers with family responsibilities is conditional on the operational requirements of individual employers (Howard 2003). In this way, as we see in many of the employer responses to the EOCV complaints, the business case for family friendly provisions or the accommodation of workers with family responsibilities can also be constructed as a business case against such provisions or accommodation.

The practical day to day operation of legal prohibitions against discrimination in employment occurs in a workplace context, where legal norms of non-discrimination compete with sometimes contradictory organisational norms around performance, efficiency, risk and, most importantly, around managerial prerogative and discretion (see Bray & Waring 2005). Thus employee requests for the workplace accommodation of their family responsibilities may be rejected on the basis of perceived costs and disruption to the flow of work, a market-based argument that may be seen as entirely congruent with current neo-liberal employment and industrial relations policies, while running counter to the protections offered in both anti-discrimination and industrial relations regulation. Any sense of entitlement employees may have to family friendly workplace provisions or to accommodation of their work-family responsibilities (see Lewis 1997; Lewis & Smithson 2001) is thus shaped not only by the regulatory framework but also by the workplace and broader social and political context wherein any rights to a family friendly workplace are invoked.

Outcomes

Table 1. Outcome of EOCV Complaints by Main Work/Family Grounds

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Parental/carer status</th>
<th>Pregnancy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declined</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Withdrew in investigation</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Withdrew during/ after</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>conciliation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settled via conciliation</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Non-conciliable</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>11</td>
<td>26</td>
</tr>
</tbody>
</table>

The main aim of the complaint process under the EOA is to bring the parties together to achieve a settlement of a claim of discrimination through conciliation. While the outcomes of the EOCV complaints reflect the limited and individualised complaint-handling process under
anti-discrimination legislation (Murray 2005), the process provided for some remedy for 12 complainants. Four of the complaints led to some resolution of the work/family dispute directly through conciliation and some settlement was agreed between the parties in another eight complaints. This suggests, that at least for these complainants, the EOCV process provides an important forum for the resolution of work/family conflict and points to the value of the anti-discrimination jurisdiction for workers with family responsibilities where a work/family dispute can be framed as discrimination under the relevant legislation.

The nature of settlements ranged from the provision of a reference, an expression of regret, counselling for the complainant through to financial compensation in four cases. Despite the high incidence of termination/resignation, in only one case was reinstatement achieved, while in another the settlement of the dispute was contingent on the complainant resigning. In 14 complaints there was no settling of the dispute through the EOCV process. Eight complaints were deemed to be ‘non-conciliable’ after negotiation between the parties broke down. In seven of these cases the complainant requested that the matter be referred to VCAT. Another six complainants, including the three whose complaint was declined by the EOCV as ‘lacking in substance’ and another three who withdrew their complaints during the complaint process, got nothing at all out of the EOCV process.

The pursuit of work/family disputes into an external forum such as the EOCV suggests some sense of entitlement on the part of the complainants to be treated fairly when they become pregnant and or to seek some flexibility to allow them to meet both their family and work responsibilities. However, even where the external complaint process led to some resolution of the grievance or to some redress for any harm they had suffered, such outcomes appear to have little flow on effect in the workplace beyond the individual complainant. While in two cases employers also agreed to undertake some general EEO training for staff as part of the finalisation of the complaint, in none of the complaints was any undertaking secured to change the workplace practices that were the subject of the complaint.

**An Alternative Forum for Work/Family Disputes?**

Many of the EOCV complaints could just as easily have been constructed as industrial relations complaints, which may have led to different outcomes both for the individual complainants and for the workplaces in which they worked. The industrial relations jurisdiction offers some advantages over the anti-discrimination jurisdiction. Firstly, the fact that the conciliation process in the former takes place in the ‘shadow’ of arbitration provides a persuasive power and authority in the conciliation process that is not present in the anti-discrimination complaint process. This persuasive power derives from the fact the arbitral functions of the AIRC are normally exercised by the same member who has attempted to secure a conciliated settlement (Creighton & Stewart 2005, 159). Negotiating outcomes to disputes in the shadow of arbitration forces the parties to make an assessment of the risks of losing control over the outcome and encourages them to reach a compromise agreement rather than risk losing in arbitration. This gives a Commissioner more effective authority than an EOCV conciliator as the Commissioner’s likely decision, if he or she were forced to arbitrate, is usually clear to the parties. The proximity of conciliation and determination encourages the resolution of a dispute at conciliation and also ensures that conciliation outcomes are more ‘publicly’ binding. In contrast, in anti-discrimination jurisdictions the relative distance - both institutionally and in elapsed time of the conciliation process - from determinations in

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7 There is little publicly available detail about the outcomes of discrimination complaints referred to VCAT. Aggregate data indicate that 70 percent of all anti-discrimination complaints referred to VCAT finalise before or at mediation (VCAT 2004, 16).
generalist courts or tribunals such as VCAT means that outcomes are much more dependent on the parties rather than on any ‘shadows’ cast by courts and tribunals.

A second advantage the industrial relations jurisdiction currently provides is in cases of termination and dismissal. The timeliness of the unfair dismissal process may assist employees to be reinstated before the employment relationship is irreparably damaged. In the federal industrial relations jurisdiction, work/family disputes may be constructed as both unfair and unlawful termination of employment. Strictly speaking any determination of an unlawful termination should be undertaken by the Federal Court, and hence separated from conciliation in the AIRC. However, it is a relatively common industrial practice that where elements of discrimination are raised in a dismissal, such as on the grounds of family responsibilities, the matter may still be constructed as an unfair dismissal with both conciliation and any arbitration remaining in the province of the AIRC. A third advantage in the industrial relations conciliation process lies in the reach of conciliated settlements beyond the individual complainant as highlighted earlier. For example, even where AIRC Commissioners deal with matters concerning individual workers, industry consultation highlights the precedent value in agreements reached, or comments made in conciliation, in negotiating other disputes both within the AIRC conciliation process and within the workplace (Charlesworth 2003, 568).

Nevertheless the conciliation process in industrial relations jurisdictions is just as influenced by workplace and political norms as that in anti-discrimination jurisdictions. It may not be practically accessible to a range of workers including those who simply do not know of their industrial entitlements, and those who are excluded because of casual status or length of service. Further, the custom and practice that provides some precedent value in the industrial relations jurisdiction may also make it more difficult for the industrial parties to shape the outcomes of conciliation to meet the specific issues raised by a complaint, especially around more complex issues of discrimination.

It is clear that there are advantages and disadvantages in the different fora for different complainants. While any resolution of work/family complaints under either industrial relations or anti-discrimination law is essentially remedial in nature, the benefit of the current system is that employees may have access to two different fora which both provide, from different vantage points, the potential for seeking redress for unfair treatment that stems from their status as workers with family responsibilities.

Conclusion

The EOCV complaints provide an illustration of the contingent access many workers currently have to family-friendly benefits across a wide range of Australian workplaces. They also point to the existence and practical effect of family-hostile work conditions, such as casual employment and inflexible working time arrangements, and the failure of the current regulatory regime to ameliorate such conditions. With the recent radical changes to federal industrial relations regulation the situation for many workers with family responsibilities is likely to worsen, not only in access to family-friendly conditions, but also in the further growth of family-hostile conditions, including job insecurity, casualisation, unsocial working hours and unpredictable schedules (see Peetz 2005). Further, these changes are likely to influence the construction of and understandings of work/family conflict both in the workplace and also in external fora where formal complaints are lodged. Any sense of entitlement those with family responsibilities have to be treated fairly or accommodated in the workplace may well become more muted with the waning of clear statutory rights and the dominance of a business case rhetoric wherein employee access to family-friendly benefits or
fair treatment is dependent on such provisions and treatment being aligned with operational requirements and management interests (Lewis & Smithson 2001).

The reduced role of the AIRC in the arbitration of disputes foreshadowed in the industrial relations amendments drastically limits the industrial relations jurisdiction as an alternative forum for the resolution of work/family complaints. In the changes recently enacted via the Workplace Relations Amendment (Work Choices) Bill 2005, the current powers of the AIRC to arbitrate disputes around the interpretation or implementation of award or agreement provisions, as well to arbitrate changes to awards more generally (except during the transition in respect of non-corporations bound by federal awards), has been removed. In simple terms, if the parties in dispute do not consent voluntarily to arbitration, it will not take place in the AIRC, which means the AIRC has very little persuasive power in resolving disputes via conciliation.

The lack of effective enforcement is also likely to impact even on the new legislated minima that comprise the Fair Pay and Conditions Standard. One of these minimum standards relates to parental leave and the right to return to a same or similar job. As noted above this has been an area in which the AIRC has conciliated and arbitrated. While any dispute about what constitutes a similar job can be conciliated, it can no longer be arbitrated and effectively enforced by the AIRC. While the Fair Pay Commission will have some role in relation to dealing with disputes around the Fair Pay and Conditions Standard this is only through a dispute procedure. There can be no enforcement of the elements of this standard except through civil court action. The separation of conciliation and arbitration in the AIRC thus removes one of the potential advantages of the federal industrial relations jurisdiction for the resolution of work/family disputes.

Together with the considerable limiting of protection against unfair dismissal in the recent industrial relations changes (Peetz 2005, 12-13), many of those who may have looked to the federal industrial relation system in which to pursue work/family disputes may now turn to federal and state anti-discrimination jurisdictions. At issue is whether such fora can manage any influx of complaints as well as the extent to which they can provide an effective substitute for traditional AIRC conciliation in the ‘shadow’ of arbitration. While the overwhelming majority of formal discrimination complaints are lodged in the area of employment the issue of the expertise of anti-discrimination bodies in industrial matters has historically been a contentious one. Anti-discrimination law is complex and bodies such as the EOCV have to deal with complaints invoking a wide range of grounds of discrimination. The time limits in the various phases of complaint-handling are designed to meet the requirements of anti-discrimination bodies in complying with the relevant legislation and cannot currently provide the relatively quicker redress offered in the AIRC. These factors make dealing with the nuances and practices of industrial relations a significant challenge, particularly around the competing claims of employers and employees to flexibility. Clearly, limiting access to an often more effective forum in which to pursue certain kinds of work/family disputes, including unfair dismissal, further narrows the options open to workers with family responsibilities.

**Acknowledgements**

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8 For example, the issue of whether anti-discrimination law is an ‘adequate alternative remedy’ has been the subject of a number of industrial relations decisions.
References


High Performance Workplaces and Skill Development:
Updating the map of the territory

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University of Waikato*

The impact of High Performance Workplace Systems (HPWS) on workers and unions is a contentious area for debate in the fields of industrial relations and social science in general. Proponents of HPWS claim that one of the benefits for workers is that they enable workers to develop and raise their skill levels. This paper offers a preliminary evaluation of that claim by sketching an updated map of the territory. It concludes that the HPWS literature contains significant weaknesses concerning the definition of skill in explaining what skill development means for workers, individually and collectively.

Introduction

This paper explores aspects of the contentious debate around the impact on workers of High Performance Workplace Systems (HPWS). In New Zealand, the principal unions that cover workers employed in dairy manufacturing have supported the introduction of a HPWS, known as ‘TRACC’ or ‘Manufacturing Excellence’ (ME) (see Cochrane, Law, & Piercy, 2005). Those unions have also encouraged a research team associated with the University of Waikato’s Centre for Labour and Trade Union Studies to undertake a Department of Labour funded, Future of Work entitled Skill needs and worker voice in high performance workplaces: A case study of the dairy industry. The project has been designed to reflect both theoretically and practically the Centre’s in the relationship between industry training, workplace productivity, worker voice, and the role of unions

In the context of the wider study, the purpose of this paper is quite limited. Specifically, it aims to provide a snapshot of the contemporary research literature—a ‘map of the territory’—that begins to bring together both industrial relations considerations and critical perspectives on adult learning. While the research itself focuses on dairy manufacturing, it is clear that in order to make a contribution to the development of HPWS in that industry, it is important to have a broader understanding of what is meant by HPWS and to put HPWS into an international and ideological context. The Labour Studies Centre is committed to furthering the interests of workers and their unions; thus our central questions explore to what extent, and in what forms, do HPWS actually benefit workers and unions. An integral aspect of any positive answer is the degree to which HPWS contribute to the skill development of workers.

High Performance Workplace Systems

With the exception of New Zealand itself, there is a dearth of material in the international HPWS literature on dairy production. This paper therefore focuses on manufacturing in general, although some of the material considered is cross-industry in scope. One thing is clear from the literature: there is no simple, clear-cut and universally agreed upon definition of what HPWS are (White, Hill, McGovern, Mills, and Smeaton, 2003). They have been characterised as being both difficult to define and to measure (Edwards, Geary, Sisson in: Murray et al., 2002). Ashton and Sung (2002) cite research that refers in one case to seven practices of successful organisations, in another case to five key practices and in a third to 18
practices. Cappeli and Neumark (2001) refer to one piece of research that suggests that 27 variables could be used to define ‘high performance.’

Other authors believe that certain common features help define HPWS. For McNab and Whitfield (2001) it is ‘a generic term covering a wide range of disparate approaches to organizing employment, including high commitment workplaces, flexible specialization and high involvement organizations’ (p.294). For Ramsay, Scholarios, and Harley (2000), HPWS are a bundle of practices that involve ‘management ceding a degree of control to employees and introducing a range of progressive methods which increase employee welfare’ and ‘practices aimed at the development of employee skills’ (p.508). Summarising the literature, Guthrie (2001) argues that HPWS utilize a ‘system of management practices giving employees skills, information, motivation, and latitude and resulting in a workforce that is a source of comparative advantage’ (p.181).

Ashton and Sung (2002) suggest that rather than simply listing practices, it makes more sense to think in terms of ‘a series of four dimensions:

- **Employee autonomy.** This is about the ‘structuring of opportunities for the exercise of employee skills’ (eg include self-managed work teams and multi-skilling).
- **Support for employee performance.** Includes all practices designed to support continuous acquisition of skills, such as appraisal systems, mentoring and coaching.
- **Rewards for performance.** The use of systems designed to reward performance and motivate the employee (eg individual and group based performance pay).
- **Sharing information/knowledge.** By this they refer to organisations designing systems to communicate with employees and to encourage feedback from them (and the means of ensuring that this feedback reaches the organisation’s strategists) as part of a drive to promote employee participation in the management of the work process.

**The Diffusion of High Performance Workplace Systems**

HPWS are not as widespread as some of the literature might lead one to believe. A survey of 800 organisations in the EU (Business Decisions, 2002) found that only 10% of the sample were ‘systematic’ users of HPWS whilst 30% of the organisations had decided against using them. Other EU studies/surveys (Brödner & Latniak, 2002; Oeij & Noortje, 2002; Savage, 2001) have also concluded that HPWS are not widespread and their dissemination rate is slow. Evidence from Australia, the UK, Ireland and the USA points in the same direction (eg Healy, 2003; Hutt & Read, 2003; Knauss, 1998; Roche & Geary, 2000).

One suggested reason for the relatively low take up rate of HPWS is that other business strategies can deliver enhanced profits. Ashton and Sung (2002) see this as a short-term option, but other authors simply point out that there are viable alternative strategies for firm and these are not necessarily short term ones (Knauss, 1998; Roche & Geary, 2000; Business Decisions Ltd., 2002). Two reasons EU firms that rejected HPWS claimed that HPWS did not fit in with their culture or was not needed to meet their customer requirements. Bayo-Moriones and Merino-Diaz de Cerio (2001) consider that multinational firms and firms that utilise a high level of automation are more likely to move to HPWS. However, Datta, Guthrie and Wright’s (2003) research suggests that firms with low capital intensity, which practice product differentiation and which are located in growth industries, gain most from HPWS.

Ashton and Sung (2002) conclude that HPWS ‘may not be suitable for all companies and organizations’ (p.61). Nor are all firms willing to take the risk of adopting HPWS.
Organisational or system inertia, whereby firms have become fixed in a pattern of operating in a certain way and are resistant to change, has also been seen as a reason why firms do not shift to HPWS (Ashton & Sung, 2002; Healy, 2003). The same authors also point to worker and/or union resistance to change as making it difficult for some firms to introduce HPWS.

As well as low-take up rates, firms often use only one or a few elements of the total bundle of practices that comprise HPWS. An Irish survey found that the most common workplace practice was TQM followed by team work and ad hoc task forces (Roche & Geary, 2000). For the EU as a whole, survey results showed that of those firms claiming to use HPWS 64% had introduced multitasking, 33% had adopted a flattened hierarchy in production, and only 28% had moved to team working. The level of application of HPWS also varied between nations with the lowest level being in Southern Europe (Dell'Aringa, Ghinetti, & Lucifora, 2003).

**Employee Losses and Gains**

Whereas the overwhelming majority of studies on HPWS would signal gains to employers, whether or not employees stand to gain from HPWS is a much more controversial matter. The literature on employee losses and gains reveals a spectrum of opinions. At the one end of the range are studies which argue that HPWS provide mainly gains to employees, in the middle are studies that attempt to assess both gains and losses, whilst at the other end of the range comprise studies arguing that HPWS produce many more losses than gains to employees.

At the negative end, Danford (2003) cites research that evidently shows that HPWS go hand in hand with downsizing and lead to job insecurity and reminds us that HPWS does not escape the ‘capitalist logic’ of ‘maximising profits’ (p.73). As Graham (1993) had noted earlier, significant levels of dissatisfaction can be associated with HPWS when employers use worker involvement as a control mechanism to increase the pace of work. And sceptics can take some comfort from Godard’s (2004, p.360) wide-ranging critical assessment of the HPWS literature. That study suggests the quite pessimistic finding that the impact on worker job satisfaction of HPWS practices such as autonomous teams may in fact be negative.

White, Hill, McGovern, Mills, and Smeaton (2003) point out that HPWS can have ‘negative spillovers’ on work life balance. For instance, because it can lead to employees having to work longer hours and thus having less time at home for their domestic lives. In addition, the pressure of new appraisal systems can lead to domestic tensions. A Canadian study (Godard, 2001) also argues that higher levels of employee involvement can produce stress that counterweighs the positive impacts on workers of empowerment and task involvement. Kumar (2000) lists reduced quality of worklife, increased workloads, job insecurity, and declines in influence on the job and in confidence in management as being amongst the impacts of HPWS on workers. Danford et al. (2004), in a case study of British aerospace workers, found that employee workloads increased, older workers complained about a loss of job variation, worker stress levels rose, workers–and managers–especially came under increasing time pressure. These also had a negative spill-over into the workers’ home lives. Looking at workplace changes in the EU from 19976-2000 Oeij and Noortje (2002) found that 32% of employees reported being subjected to high speed work for over 50% of their working time, and there was a general move across Europe to an intensification of work. Further, ‘monotonous work decreased but so did task complexity and learning opportunities’ (p.45).

In an attempt to move beyond the polarisation of the HPWS debate between those who are unqualifiedly enthusiastic and those who where equally strongly critical, Anderson-Connolly, Grunberg, Greenberg, and Moore (2002) decompose the process of workplace transformation into distinct components: intensity, autonomy, team-work, skilling and computing. They then
analyse the impact of these factors on the psychological and physical wellbeing of workers in a large US manufacturing corporation. These authors found a complex pattern: some aspects of workplace transformation proved harmful to worker well-being and decreased job satisfaction while others were beneficial and contributed to increased levels of satisfaction. They also found that the effects were conditioned by the status of the individual. For example, while some components of workplace transformation, such as autonomy, contributed to the satisfaction and well-being of non-managers they were a stressor to managers. Batt’s (2004) study of a large, unionised, telecommunications company also found that status was related to satisfaction with aspects of HPWS. Workers participating in self managed teams reported significantly higher levels of perceived discretion, employment security, and satisfaction while supervisors reported the opposite. Middle managers who had initiated the implementation of these innovations also reported higher levels of employment security than their non-innovating counterparts.

Anderson-Connolly et al. (2002, p.409) conclude that productivity enhancing changes, such as HPWS, are more or less inevitable but that this process is contested and offers workers the opportunity to pursue those changes that enhance their psychological and physical well-being while opposing those aspects that do not. Farris and Toyama (2002) would agree that it is possible to mitigate the impact of the ‘mean side of lean’ by focusing on the importance of ‘worker voice’, a key aspect of the HPWS paradigm. Their comparative study of US and Japanese lean production systems also points to the tensions within HPWS between those elements that improve productivity and product quality through increased worker effort and stress, and reduced worker health and safety, and those that promote job satisfaction through increased autonomy, interaction with co-workers and upskilling (Bauer, 2004).

Closer to home, Buchanan and Hall’s (2002) analysis of 19 case studies of best practice in the Australian metal and engineering sector support sceptics of unions’ strategic capacity to take advantage of HPWS opportunities. They acknowledge that team-working has the potential to provide workers with opportunities for greater autonomy and control at work, but doubt the ability of workers to press their claims for increased autonomy against the firm’s desire for increased labour flexibility, reduced waste and ‘slack’ in the labour process and strengthened monitoring and surveillance of worker and process performance. They report that this was not a product of a lack of worker voice, as trade unions were usually present and active. Rather they suggest that it was, at least in part, a consequence of a union strategy that legitimated the change process, albeit in pursuit of higher levels of worker job satisfaction, empowerment and control over change, and ultimately marginalised rather than empowered unions.

Cochrane, Law, and Piercy’s (2005) New Zealand case study of the implementation of ME in the dairy industry’s Whareroa plant found a mixed set of responses from workers. Most respondents felt they had limited involvement in key decision making, but a majority felt that the workplace had become safer. There was evidence of more pressure from management on workers to come to work if sick or injured and that the pace of work had increased. A majority agreed that the changes had led to the skill level of their job rising and a bigger majority agreed that new training opportunities had been opened up. But the majority disagreed that the system had any impact on their earnings. Interestingly, and in contrast with the findings reported above of ‘negative spillovers,’ 25% of the respondents stated that the changes at work had produced off the job, home and community, benefits to them.

An Australian report that is highly supportive of HPWS (Healy 2003) lists higher skills, better rewards and earnings, more secure jobs, access to family-friendly measures and higher job satisfaction as gains to workers, but it also points out that speed and intensity of work effort may be increased, and that the economic gains from greater productivity may not be distributed evenly. Berg and Kalleberg’s (2002) survey of over 4000 US workers also
provided mixed findings: that the demands of communication and participation could lead to role overload for workers, but communication and participation systems also reduced co-worker conflict, whilst the level of stress varied according to industry and practice.

At the positive end of the spectrum, Ashton and Sung (2002) surveyed existing studies to argue that HPWS benefited workers via higher levels of job satisfaction, higher earnings, higher skills, though they were cautious about the robustness of the studies surveyed. Around the same time, a survey by Bailey, Berg, and Sandy (2001) of three US industries, concluded that HPWS led to workers being better trained and better skilled, and earning more – allowing for factors such as gender, race and education- than those in traditional workplaces. In 2004, Bauer published a study that utilized data from over 20,000 EU workers and which reached the conclusion that HPWS had a ‘highly significant positive effect on job satisfaction’ (p.11).

Workers and Union Involvement

The involvement of workers and their unions in the introduction and regulation of HPWS has been identified as a key element in determining whether the new forms of work organisation succeed or not (Edwards, Geary & Sisson, 2002). Employees are pivotal to the success or failure of HPWS, because they have the responsibility for operating it on a day-to-day basis (Guthrie, 2001). Employee resistance can undermine all the potential gains from HPWS (Ramsay et al., 2000). There are many reasons why employees might frustrate or subvert attempts to implement change such as fears of job losses, cuts in pay and conditions, higher workloads, loss of technical status (Business Decisions Ltd., 2002); and ‘doubts about employers’ motivations and intentions’ (Cochrane et al., 2004, p.6). Thus it is argued that employers/managers must ‘actively engage in capturing the hearts and minds of all employees’ (Ashton & Sung, 2002, p.65) and must also acknowledge the ‘importance of employee satisfaction’ when implementing HPWS (Gollan, 2004, p.8).

The literature holds that workers and unions trust management is crucial (Stuart & Lucio, 2001). There is general agreement that to win employees’ hearts and minds involves generating trust and encouraging cooperation (Ashton & Sung, 2002; Business Decisions, 2002; DTI, 2003). This is a two-stage process; that is, employee trust and cooperation should be gained prior to the introduction of HPWS and must be maintained. The continued construction of trust is important to the successful operation of HPWS and participation by employees: autonomy over their task levels, enhances their trust (Kallenberg & Berg, 2002). The provision of information to, and a willingness to consult with, employees is seen as a prerequisite for generating such trust and cooperation (Brödner & Latniak, 2002). Whilst management must be willing to share information with the workforce, it must also be willing to give them opportunities to be heard. Participation requires that employees’ views are listened to, for ‘employees overwhelmingly want voice’ (Gospel & Williams, 2003, p.2). In their concluding comments on their own (SET) version of HPWS, Brown, Reich and Stern (1992) noted that for it to work ‘management must be willing to give up its belief that management always knows more and works harder than workers’ (p.21).

Management might make use of a mixture of formal and informal, direct and indirect means of informing and communicating with employees, what seems to matter in the case of achieving successful organisational change is that information and consultation takes place (Dundon, Curran, Maloney, & Ryan, 2003). That Irish study indicates that as well as facilitating workers’ greater acceptance of change information and consultation lead to positive outcomes as measured by employee performance indicators such as cost reductions and improved quality of output. The EU and most member states have a statutory requirement
for firms to inform and consult employees and/or Works Councils and trade unions about significant workplace changes (Addison, 2005; 2000; DTI, 2003). In New Zealand, current employment relations/health and safety legislation puts the onus on management to inform and consult employees about significant workplace changes. HPWS rely on the maintenance of high quality working relationships (Hutt & Read, 2003). That is, employment relations should be cooperative not conflictual/confrontational. In unionised workplaces, the introduction and implementation of HPWS needs to take into account the union position. Where unions support HPWS, they are more likely to succeed (Ashton & Sung, 2002; Savage, 2001). Healy (2003, p. 12) recommends that unions be encouraged to ‘participate and increase their role as workers’ legitimate representatives’. In the UK and Ireland (which, like NZ, have no history of statutory employee participation through Works Councils) employers in unionised firms have utilised ‘partnership’ agreements with unions as a mechanism for introducing and implementing HPWS (Roche & Geary, 2000, DTI, 2003).

During the early 1990s, the majority of significant New Zealand unions, including the Dairy Workers Union (DWU) which represents over 90% of all employees in dairy manufacturing, were highly supportive of ‘workplace reform’ as was the Council of Trade Unions (CTU) (Cochrane et al., 2004). This involved various experiments with the reorganisation of work that were similar to those associated with HPWS. Recent industrial legislation again supports and encourages quality (i.e. cooperative and productive) employment relations between employers and unions. That unionisation and worker involvement together can have a highly positive impact on HPWS outcomes was demonstrated by US research based on a survey of 627 establishments. This showed that the highest levels of productivity growth were to be found in unionised firms with high levels of worker involvement and using innovative work practises such as benchmarking, TQM and the self-managed teams. Setting a ‘productivity baseline’ as that being the levels of productivity achieved by non-union workforces with low employee involvement, the research showed that productivity in unionised/employee involvement firms increased by 20% over this baseline compared to 15% for non-union firms with high involvement (National Centre for Partnership and Performance, 2003, pp.26-27).

The Issue of Skills

One of the gains that workers and unions seek from supporting HPWS is an increased level of skills for the workers concerned in them. A HPWS system can give workers opportunities to become involved as co-ordinators and training and workers ‘respond well to their colleagues’ involvement in these roles (Law & Piercy, 2004). For Hutt and Reid (2003), the ability of employees to acquire new skills on the job is a key variable in determining the success or otherwise of HPWS workplaces. The literature offers a number of prescriptions. Appelbaum (2002, p.123) argues that skill development is an integral part of successful HPWS and the forms and workers need to invest ‘in firm-specific worker skills’. ‘Practices aimed at the development of employee skills’ are an essential part of HPWS (Ramsay et al., 2000, p.508) and skills associated with problem-solving and contributing to workplace innovation are amongst those that the literature has identified as significant (Lee, Kim, & Kim, 2004). Firms need to consider both how to develop a wider range of skills amongst their employees and also whether they provide opportunities for the employees to upskill in a HPWS environment (State of Wisconsin, 1999). Extensive employee training and/or retraining must be seen as an integral part of a successful approach (Bayo-Moriones & Merino-Díaz de Cerio, 2001). Employees and unions must learn how to work within that framework, but managers also have to learn how to manage within it: to adapt to a situation in which they, inter alia, cede their claims to a Taylorist monopoly of workplace knowledge and also cede some of their day to day decision making powers to the workforce (Ashton & Sung, 2002; Guthrie, 2001).
Oeij and Noortje (2002) note steps that firms in the EU have taken to improve training and promote skills. These include widening the scope of training to all employees, and broadening the focus of training. The emphasis has been shifted from training people in the vocational skills needed for their existing jobs to widening workers’ technical and business skills to carry out larger jobs and developing social and psychological skills relevant to tasks such as problem solving, team working and interacting with other workers and managers. The focus is more on learning potential than on present skill levels. Employees are also becoming more involved in determining their own training needs. Despite these arguments and findings, one weakness of the HPWS literature that we have identified is that there is often a lack of specificity in defining the nature of the skills involved in HPWS. This is especially so with regard to skills such as developing an understanding of the political economy of the enterprise/industry.

Learning and TRACC

TRACC is the generic name of a five stage, best practice programme adopted by Fonterra, the New Zealand mega dairy co-operative. Workplaces that achieve the fifth stage would be characterised by work teams that are ‘viewed as autonomous operating units, requiring little or no management input’ (Competitive Capabilities International, 2001, p.18). The manuals are replete with references to learning, training, and skills, much of which is drawn from the extensive workplace learning literature. An inherent problem we have with the TRACC literature is the conflation of ‘objective’ and ‘subjective’ skills. On one hand, the TRACC approach places considerable emphasis on visual performance measurement and the identification of measurable attributes or technical skills that can be located within a skill matrix and assessed. But on the other hand, TRACC also relies on the development of the capacity to undertake self- and peer analysis, participate in open communication, engage in constructive critique, and many other attributes in order to function effectively as a member of a highly autonomous team. There is an implicit sense in the manuals that workers will, some how, contribute to that learning process yet the learning journey itself is effectively charted for workers before it begins.

While the CCI approach has its own features that distinguish it from other HPWS packages, it essentially conforms to an HRM model that begins with identifying the skill sets that characterise high performance workplaces. This approach is supported by a large amount of employer-focussed, internet material, HRM manuals, academic literature and practical guides (eg. NACFAM, nd). There seems to be some consensus in the mainstream, academic literature about the clusters of skills required in 21st century workplaces. For example, in their analysis of a national survey of over 3000 manufacturing establishments, Gale Jr., Wojan, and Olmsted (2002) measured employers’ perceptions of change in six skill requirements … basic reading, math, problem solving, interpersonal/teamwork, computer, and other technical skills’ (p.55). They found that:

Use of new work-organisation practise has an especially strong association with problem-solving and interpersonal/teamwork skills requirements, whereas production technology use was most strongly associated with increases in computer skill requirements (p.75).

In general terms, the six sets of skill requirements employed by Gale Jr. et al. include most skills identified in the vocational education and training and related literature. They further observed that the ‘Use of high-performance work-organisation practices also appeared to be linked to a broader set of skill requirements’ (p.75). This particular finding seems at odds with
Whitfield’s (2000) British study that concluded that high-performance work may be associated with a greater intensity of training rather than a greater breadth.

One of the obvious limitations of the various sets of technical/applied skills that are derived from immediate workplace/organisation needs and/or employers’ perceptions of need is the lack of worker input. The more critical literature (eg Addison, 2005; Foley, 2001; Lloyd & Payne, 2002, 2004a, 2004b) implies that two other interrelated sets of skills need to be considered. First, it is clear from this review that unless workers understand why their work is being re-organised—especially if some of the effects are negative—then commitment and trust may be compromised. From this perspective, workers will also require some critical skills such as the ability to understand something of the political economy of 21st century manufacturing in a developed, capitalist economy. Second, the literature confirms the view that worker voice is an important element of successful HPWS. It therefore follows that workers need to develop the ability to participate effectively through collective organisations, such as unions, in order to have real voice at the workplace.

Another area of difficulty is the simplistic learning theory that implicitly informs the mainstream literature. Foley (2001) questions the essentially instrumentalist approach adopted in the HRM literature. Central to his critique are several core propositions: (1) that ‘organisational life and learning are complex, contextual and contested;’ (2) that ‘people in organisations learn all the time, experientially and informally;’ and (3) that such learning can be ‘positive or negative, productive or unproductive’ and that attempts to change organisations have to understand the ‘dynamics and outcomes off this informal, experiential learning’ (p.12). For Foley, such understandings must include a searching consideration of the changing nature of the global economy and its impact on the changing nature of work. The central thrust of his argument is that workers live in a real world and that the dynamics of that reality form an important part of workers’ experiential and informal learning. Implicit in Foley’s work is an appreciation of the collective nature of workers’ learnings, knowledge and attributes. This theme has been explored for some time by a number of European writers. For example, in their discussion on the subjective dimensions of particular workplace learning, Salling Olesen and Weber (2001) caution against ‘an individual learning concept’ (p.53). Learning is, they argue, ‘the essential cultural activity’ that ‘deals with the transfer and the reinterpretation or assigning of new meanings by new members of groups in society’ (p.53). To them, professional identity, work identity, and group identity--including that of union member--are all of critical importance when attempting to understand the nature and acquisition of workplace skills.

**Conclusion**

This paper has discussed aspect of our research project into HPWS and the New Zealand dairy industry. We are concerned to evaluate HPWS as a mechanism for improving the workplace and everyday life of workers and of promoting worker and union voice in the workplace. The debate on HPWS as we read it suggests that HPWS do offer potential gains to workers and unions, but also potential losses. The emphasis that many participants in the HPWS debate put on the need for workers to develop and apply new skills suggest one path by which workers and unions can make HPWS work for them. But for this to occur, the gaps in the HPWS literature on the issue of skills need to be addressed. In our view, not only must specific skills (and the means to acquire them) be identified, but the concept of skill must also include workers’ collective skills.
Cochrane, Dharmalingam, Harris, Law and Piercy

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No Choice but the High Road?
The Revival of Workforce Planning in Public Services

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A number of workforce challenges will coincide in the near future: the ageing population; the pending exit of many retirees; the tightening labour market; increasing skills shortages; and changes to the public services required by an ageing populace. In this climate, employers are required to actively compete and be seen as an employer of choice. Workforce planning has gained increasing attention as the means to manage changes in the supply and demand for labour and to implement the strategies to attract and retain a high quality workforce and manage changes in supply and demand. This paper provides a brief outline of the workforce planning process, and examines its revitalisation in selected Australian public services. It seems that, at least in the public service environment of skilled employment, employers will have little choice but to take the high road in employment conditions and strategies.

Introduction

This conference addresses the question 21st Century Work: High Road or Low Road? I propose that there is currently little choice in certain industries and occupational groups. Changing labour market circumstances may force many organisations onto the high road, as they compete for employees in an ever-tightening labour market.

This paper considers the example of the public sector context. Concerns about the performance of the public service have changed in focus, from the 1980s concerns with the size of the service to the concern in this decade concern with attracting and retaining a high quality workforce. The paper begins with a review of the environmental factors that led to this change in focus, and a brief outline of the concept of workforce planning and its use to achieve this end. Then it considers recent activities in selected Australian public service jurisdictions, drawn from primary documents and an interview. This research is part of a broader study, and the selected cases represent some preliminary findings. The paper concludes that, at least for skilled public sector workers in the near future, it will be an employee’s market. Public services are choosing strategies to attract and retain public service workers, albeit they need to rise to greater levels of sophistication and integration. Further, these issues may rejuvenate organisational interest in human resource (HR) management, and HR professionals may have greater opportunities to link their activities to organisational direction.

Why The Sudden Interest In Workforce Planning In Public Services?

Workforce planning is not a new concept and has been advocated in the strategic human resource literature since at least the early 1990s. However, it was easy to ignore strategic tools when there is no imperative to use them, due to an ample supply of employees. This situation has changed. All organisations, whether public or private sector, will be affected in the near future by a number of coinciding workforce challenges.

The occupational structure of the labour market is evolving, with growth in certain fields (such as professional, intermediate clerical, service and sales jobs). Although the majority of
employees are low-skilled, there has been considerable growth of high-skilled jobs - ‘jobs had become professionalised, reflecting growing sophistication in service delivery’, including registered nurses, accountants, human resource professionals, and library technicians (Cully 2003:7).

Labour markets are faced with skill shortages. That includes genuine skill shortages where all employers are unable to fill vacancies at prevailing conditions; recruitment difficulties where some employers may have difficulty filling vacancies despite an adequate overall supply of employees in the occupation; and skills gaps where those currently in the occupation do not have adequate skills or experience. Skills shortages occur for a range of reasons including ageing workforces, poor image meaning fewer job seekers, new industries, attraction and retention problems due to poor salaries and/or working conditions, poor career prospects, technology changes, and declining investment in training due to casualisation or work intensification. The time lag between identifying the skills shortage and addressing skill formation results in a long delay before supply adjusts to meet demand. Long term consequences may include an adaptation to a lower skill level which can have adverse consequences in industries such as health and education (Australian Senate 2003; DEST 2002; Green, Machin and Wilkinson 1998).

Another challenge for labour markets is the ageing population. Longevity continues to improve and fertility rates decline (OECD 2005), and organisations are faced with the pending exit of large portions of the workforce in the next five to ten years. There is well-documented information about the ‘baby boomer’ generation, and workers aged over 45 years are the fastest growing sector of the workforce (ACIRRT 2005). This contributes to a tightening labour market. The ageing population brings additional challenges for public services. There is growing demand for those services required by older citizens, particularly in community and social services. This requires expansion of public service workforces in many areas.

These challenges are in addition to other changes in the public sector. In the 1970s and 1980s, public service workforces in Australia were under threat as a result of economic pressures and ideological pressures regarding the size and role of government (Colley 2005a). The tightening labour market has refocused public services from how to get rid of employees to how to attract and retain good employees.

Another factor of that 1980s public sector reform agenda – the devolution of many accountabilities to agencies – provides an additional complication in the tightening labour market. Workforce planning was traditionally carried out by central agencies such as Public Service Boards, which controlled all aspects of the recruitment and development of public services. The reforms led to most central personnel agencies changing from the traditional policing role to more hands-off supportive roles, with varying levels of monitoring or compliance requirements (Hede 1993). In this spirit, central personnel institutions gave primary responsibility for workforce management to agencies. This was effective when labour markets were relatively stable. However, public service workforce profiles are particularly susceptible to the challenges outlined above, as they generally have longer-term and older workforces, together with a predominance of professional and semi-professional employees (Colley 2005b). A feature of political environments is that governments can devolve responsibility for activities to agencies, but it is more difficult to remove political accountability – a crisis in the workforce will always reflect on the politicians and government as a whole. This has focused central public sector employment agencies on greater involvement in monitoring labour markets, and ensuring agencies are actively addressing challenges and risks. One mechanism being used by public services is to revitalise
workforce planning to enhance the employment framework in order to compete with the private sector as employers of choice.

**What is Workforce Planning?**

Workforce planning is not a new concept and has been advocated in the strategic human resource literature since at least the early 1990s. When the labour market was more stable, there were few imperatives for active planning and attraction of employees. However, now it is seen as a mechanism for staying abreast of potential or emerging skills shortages and monitoring demographic trends and risks.

There are a variety of definitions of workforce planning, which affect its scope and the locus of its implementation. The most common definition is having the right people with the right skills doing the right jobs at the right time. More sophisticated definitions are action oriented, making clearer links between organisational goals and the alignment of human resource capability, and the resulting long-term workforce strategies (Mihm 2003).

The Australian Public Service defines workforce planning as:

> a continuous process of shaping the workforce to ensure that it is capable of delivering organisational objectives now and in the future. This includes deciding how work is done (job analysis and job design) as well as demand/supply forecasting, gap analysis, succession planning, etc (ANAO 2002).

Simon (2003:53) provides a slightly different definition, showing cognisance of the constraints of a public sector environment:

> the fundamental purpose of any credible and useful workforce plan is to enable the agency’s workforce to deliver on agency outputs and outcomes, in conjunction with other organisational resources and assets, in ways which are appropriate to legislative frameworks and public accountabilities.

Barrett (2001) takes yet another approach, acknowledging people as an important tangible asset, but claiming that information is the most important asset for an organisation. In this context, workforce planning becomes just one part of the information system, important to business continuity and uninterrupted access to the resources needed to run an agency.

Perusal of the literature and several models of workforce planning indicates general consensus on the basic steps:

1) Analysing. The analysing phase involves analysis of contextual factors, including the external business environment, the organisational direction, as well as understanding the internal and external labour markets;

2) Forecasting. The forecasting phase involves assumptions and scenario building around future possibilities, determining the skills and competencies needed, and gauging supply and demand issues accordingly;

3) Planning. The planning stage includes planning of strategies to achieve the desired changes in the workforce profile. These include human resource issues (such as recruitment and selection, organisational climate, and working conditions), staff development issues (such as performance management, promotion, transfer, training, and succession planning), financial and remuneration issues (such as agreements, incentives, remuneration and budgets) and logistical issues (such as fleet, technology requirements, accommodation etc);
4) Implementing. This includes the implementation of strategic, process and operational changes targeted at addressing these gaps and issues; and

5) Evaluating the success of the strategies in contributing to the forecast direction.

(refer to examples ANAO 2002; DIRQ 2001; DPCWA 2004; Simon 2003; Mihm 2003)

Workforce planners provide normative suggestions for its operation. They criticise those who view workforce planning as an outcome, rather than a process for managing the workforce now and in the future. They recommend that evaluation focus on the results and difference it makes rather than the process or model used. It should go beyond planning within budgets for day to day operations, and take a longer term view opening up possibilities for greater change within and without the current working environment. Good workforce planning is not clouded by short term events, but rather challenges current assumptions and integrate human resources with broader business planning. It will be most effective when top management and stakeholders are involved in both the development and implementation of the plan. If it lacks the organisational links, it is in danger of becoming a HR unit activity (Bryce 2005; DPCWA 2004; Mihm 2003, Simon 2003).

Recent Activity in Workforce Planning in Selected Australian Public Services

This section provides a brief analysis of workforce planning activities in selected jurisdictions. However, workforce planning is being revitalised in most jurisdictions. In September 2005, most states participated in a one-day workshop to ascertain the types of activities being undertaken across Australia (Bryce).

Workforce Planning in the Australian Public Service (APS)

The APS has undertaken a range of activities this decade to re-emphasise workforce planning. Several documents have been produced as guidelines to better workforce planning and people management (such as the Better Practice in Workforce Planning guide produced by the Australian National Audit Office [ANAO]). Further, the ANAO has conducted an audit of workforce planning in one department, reporting in June 2002. Simon notes that there are few things like the prospect of an audit for influencing other agencies to pay attention to workforce planning. However, he also noted that these agencies recognise it as a valuable activity for aligning the workforce and desired business outcomes (Simon 2003:53). Other recent activities to raise the profile of workforce planing include a Workforce Planning Summit held with agencies, and discussions with the Australian National University (in 2004-2005) about developing better models for workforce planning.

In 2002, as well as the departmental audit, the ANAO undertook a broader review to examine the management of people across 14 agencies. There were a number of key findings. First, the lack of integration between business and people planning and the absence of a strategic approach limited the effectiveness of HR resources. The study found little evidence of effective workforce planning processes, with over half the agencies having no workforce planning system. Few agencies were using workforce planning to effectively manage challenges such as the ageing of the managerial and professional workforce, the long tenure of the workforce, and the high turnover particularly of temporary employees. There was also little understanding of the workforce’s skill base with a view to developing it – the focus was on more immediate concerns (ANAO 2002). The wording of the report indicated some level of frustration by the ANAO that, despite the resource documents and audits, agencies were still not taking workforce planning seriously.
Second, the lack of effective business/people planning at a strategic level led to people management challenges ‘on the ground’ - ill-designed, inconsistent and irrelevant approaches and inadequate review of the effectiveness of those approaches. This in turn created challenges for line managers in the attraction, retention and performance management of staff. Third, while the quality and effectiveness of policies was generally good, there was a lack of HR integration, particularly in workforce planning, which had weak linkage to career management, succession planning, recruitment and training and development initiatives. HR activities and policies seemed to operate in silos. Ironically, managers rated workforce planning as one of the most critical activities for business success, but rated it as one of the lowest performing areas with the largest quantum for improvement (ANAO 2002).

One year later, in 2003, the Australian Public Service Commission (APSC 2003) noted that:

> a systematic approach to workforce planning continues to be a challenge for many APS agencies. Few can successfully identify current and future skill needs, develop and retain the required skills and knowledge to deliver on their outcomes, and develop strategies to meet those needs over time. Many agencies have found it necessary to make significant investments in upgrading their human resource (HR) systems in order to access reliable staffing data to undertake demand and demographic analysis.

The need for workforce planning was re-emphasised by a Management Advisory Committee publication in 2003, entitled *Organisational Renewal* (MAC 2003).

In 2005, the Australian Public Service, like other jurisdictions, was again emphasising that the spare capacity in the labour market was becoming limited, and that ageing and skill shortages were key business risks. A further audit showed that there had been little improvement since 2002. An initial survey indicated that 28 per cent of agencies had established a workforce planning process, while others had commenced or were intending to commence, albeit follow up discussions found that the survey was perhaps more positive than the actual evidence. Impediments included lack of understanding of the process, difficulty in raising awareness and acceptance, lack of resources, inability to collect data and the challenge of integrating planning into the business framework. There was no correlation between the risk factors faced and the progress made to date. The second finding was that it was ‘rare’ for agencies to have undertaken an analysis of supply and demand, and consideration of external labour market information was ‘sporadic and ad hoc’. There was little attempt to align human capital and organisational direction, and workforce planning often did not extend beyond the human resource management sphere. Agencies had a reasonable grasp of demographic profiles and characteristics, but less so of the competencies of the workforce. While there was little strategic or integrated approach, most agencies had implemented some of the recommended strategies from previous reports, although the link between analysis and strategy was not yet well developed. This could mean that generic strategies did not address particular risks (ANAO 2005).

In summary, the APS is actively pursuing workforce planning as the solution to emerging labour market issues.

*Workforce Planning in the NSW Public Service*

The NSW Public Service undertook a survey of agencies in 2004 to ascertain the extent of workforce planning. It considered that the high response rate to the survey showed agencies were:

> concerned about the need for active planning to ensure that we are able to rise to the challenge of a labour market very different from the past (NSWPD 2005).
The main reasons for the survey were to identify the process being used and identify particular workforce issues such as skills gaps and labour shortages (NSWPD 2005:9).

It identified a number of main imperatives for workforce planning. The first was the ageing of the workforce. Another was the existing and anticipated occupational shortages and skill gaps, which are partly related to workforce ageing, but also to changes in technology, lack of investment in training, and the need to redesign jobs to meet changing community expectations. A number of other influences were also affecting the demand/supply imbalance, including the status and remuneration of certain occupations. It considered that these factors were particularly critical, given that 46 per cent of public sector employees are professional (with 16 per cent of these being teachers), 15 per cent are associate professionals, and 5 per cent are tradespersons (NSWPD 2005:12,24,25).

The survey ascertained that many agencies, covering around 94 per cent of the NSW public service, were involved in workforce planning activities: 16 agencies stated that they already had a plan in place, and another 30 agencies said they were underway in the development of a plan. The Report did suggest a cautious approach to the claims of those who are underway, who may not want to indicate that they were taking no action (NSWPD 2005:65).

The content of plans was of interest. Most plans tended not to cover the whole workforce of the agency, but rather focus on areas of high need, especially service delivery staff with occupational shortages (NSWPD 2005:66). Many of the plans were not integrated with other planning, but rather stood alone. Most plans were based on workforce profile data, and few were informed by labour market trends or projections (NSWPD 2005:68).

The NSW survey indicated a number of constraints to workforce planning: 52 agencies noted the impact of current service demands; 42 said resourcing was a problem where even those allocated to planning were sidetracked on more immediate issues, which affected staff availability and capacity to think beyond immediate needs; 31 agencies said they had inadequate data and information; and a few agencies claimed that they had limited skills to undertake a workforce planning project. Almost half of the agencies representing 82% of sector noted the difficulties of the lead time to address labour shortages (NSWPD 2005:10, 68). More than half of agencies said ‘restructuring and amalgamations impacted on their capacity to plan effectively’ (NSWPD 2005:10).

As a result of the survey, the NSW Government will in future require continued reporting on workforce planning, integrated into its other forms of performance reporting (NSWPD 2005).

Workforce Planning in the Queensland Public Service

Like other jurisdictions, Queensland central personnel institutions gave primary responsibility for workforce planning to individual agencies. There has generally been no coordinated central activity on workforce planning, but rather a number of related ad hoc activities. In the late 1990s, a workforce planning network was established. This enabled interested agencies to share knowledge and best practice ideas, although meetings were somewhat ad hoc. This group wound down once central coordination ceased (Bryce 2005). In 2001, a Workforce Planning Toolkit was produced and is still available on the department’s website (DIRQ 2001). A certified agreement initiative on employment security led to a coordinated review of permanent, temporary and casual employment categories through a workforce planning-type model (Bryce 2005). A number of papers have been produced on demographics but these may have been driven by metrics and the availability of data rather than a policy or solution-oriented approach. This information is often used to boost the knowledge of HR units in agencies, and get the issues on their agenda.
Bryce (2005) identified a number of challenges for workforce planning. A primary problem was the understanding of what workforce planning meant. The initial models and approaches may have seemed daunting, with extensive modelling and forecasting for little apparent reason – agencies did not know where to start, and often didn’t see the relationship to the other activities they were already undertaking. A number of agencies have produced a workforce plan, albeit this may have been the outcome rather than part of an ongoing process to review their workforce profile and strategies. To this day, workforce planning appears to be an activity of HR units rather than being genuinely integrated into business planning or carried out in an explicit fashion by line managers.

Another challenge has been the absence of reliable central data. The central collection of data was abandoned with the abolition of the Public Service Board in the late 1980s. By the mid 1990s, the downside of this devolution was realised and data collection recommenced, and it was not until this decade that reliable data was available (Colley 2005a). Yet another challenge is the impact of restructuring and machinery of government changes. Those agencies with the greatest success at workforce planning tend to be those with the most stability (i.e. the fewest changes of agency structure, function or minister) (Bryce 2005).

As the risk factors of tightening labour markets and ageing workforces worsen, Queensland is recognising the need for more central involvement and leadership on workforce planning issues. As mentioned previously, a number of demographic and workforce analysis discussion papers have been produced. They confirm that Queensland shares many of the challenges faced by other jurisdictions. Queensland’s population is ageing. It is fortunate that population growth through interstate migration will not worsen the ageing problem, with more than 68 per cent of migrants being of working age and more than 25 per cent being younger than 15 years (Jackson 2005). The number of labour market exits (aged 55–64 years) is rapidly approaching entrants (aged 15–24 years), and will exceed them by 2020 (ABS in Jackson 2005). Queensland has experienced strong employment growth, and created over half of the new full-time jobs across Australia in 2004. This has resulted in a rapid decline in Queensland’s unemployment rate, and the ‘tightest labour market for 30 years’. Additionally, the labour market has changed due to information and technology revolutions, which require different skills now and in the future. There has been greater than average growth in professional and associate professional jobs, which require the highest skill levels (DET 2005). Similar to other jurisdictions, skills shortages include many of the occupations employed by public services, such engineers, nurses, other health specialists, secondary teachers, and information and communications technology workers (DEWR 2004). These general trends are reflected in the Queensland Public Service workforce (DIRQ 2005).

A more comprehensive workforce analysis is being undertaken as part of the Quality Public Service Workplaces framework, currently being developed, and facilitated by improving data systems. The framework will include performance reporting on a range of key human resource indicators, the first time for such reporting since 1988. The analysis of population, skills shortages, and demographic issues, outlined above, is part of this project. Queensland intends to conduct a similar survey to that conducted in NSW, seeking information from agencies on both their workforce issues and their workforce planning activities (Bryce 2005). Queensland recognises that, even though the population increase makes shortages less critical than in some other states, there is a need to do more than just fill positions. The suitability and availability of potential recruits is subject to a range of variables: whether QPS is seen as an employer of choice; whether recruits have appropriate educational and skill requirements; government policy on service delivery obligations; and economic conditions (DIRQ 2004).
Workforce Planning in the Western Australian Public Service

In 2000, the Western Australian Public Service demonstrated a growing interest in workforce planning. An extensive guide was produced, to ensure a ‘common understanding of the principles and practices’, and provide a process that could be adapted in agencies. A series of discussion papers was planned, and agencies invited to share ideas through an ‘egroup’ network of workforce planners. These activities were in recognition of the tightening labour market, and the need to position itself as an employer of choice. This required active planning of the workforce (DPCWA (2000).

In 2004, DPCWA produced its fifth discussion paper – A practical guide to Workforce Forecasting. As the title suggests, it was designed to assist agencies to undertake the forecasting and analysis phase of workforce planning, by providing some sample scenarios. This guide also highlighted the imperatives for planning – the ageing of the population and a general tightening of the labour market due to decreasing participation in the workforce, plus increased demand for public services. DPCWA identified a primary reason for poor workforce planning efforts as lack of commitment. It was seen ‘as a luxury rather than as a necessity’ while baby boomers were providing an ample supply of labour and agencies could get away with focusing on staffing today’s operations rather than speculating about the future. A second reason was the ‘perceived complexity and resourcing implications’, with much of the resourcing being superficial guides or occasional case studies, with little practical guidance (DPCWA 2004).

The 2004 guide was intended to remedy this by providing such a practical guide. It provided scenario planning through five different hypothetical visions of future skills requirements. It also provided practical guidelines on forecasting the workforce needed for these scenarios (DPCWA 2004).

Conclusion

The last two decades have seen labour markets favourable to employers, but the current environment is favourable to employees. Workforces are ageing, and organisations are increasingly faced with the problem that large portions of the workforce may be exiting in the next five to ten years. This is accompanied by skills shortages in many professions that affect the public service. There are challenges for increasing participation rates of both the existing workforce and those not yet in work, pending the growth in population and available labour. In this climate, employers need to compete for labour, particularly skilled labour, and be seen as an employer of choice.

In theory, workforce planning is a tool that achieves this end, as it explores the social, economic, political and labour market factors of the future. It incorporates all aspects of workforce management, from monitoring the labour market, to recruiting the right people, to having the right policies and practices to ensure that they perform well and stay with the organisation. In recent decades, when organisations had no immediate labour market imperative, there was little incentive to tackle such a long-term convoluted process – day to day decisions sufficed. However, public services are now more conscious of the labour market shortages, and passive recruitment of employees is no longer effective. They must actively target pools of recruits and market themselves as employers of choice.

This paper has canvassed the workforce planning activities of a number of public service jurisdictions, and found several common themes. First, the selected jurisdictions were all aware, at least at the central agency level, of the current and potential workforce challenges and were actively trying to address being an employer of choice in a tightening labour market.
Second, all were endeavouring to utilise workforce planning as a mechanism for addressing these challenges. Another common issue seemed to be the locus of planning. Central agencies were actively promoting the activities but, in the current public sector environment, agencies are largely responsible for their own activities within a broad central framework. Most jurisdictions found that agencies had been slow to engage in workforce planning, and were not addressing the challenges in an active and integrated manner. Little external data was being factored into workforce planning, despite the evident external threats to the labour market. The agency workforce plans that did exist often focused only on one area rather than the whole workforce, tending to suggest crisis management rather than a proactive approach. For that reason, central agencies have also begun providing some central information on general trends, and encouraging agencies to pick up the issue.

The analysis identified some shortcomings, common to all states. Perhaps the most critical, in light of the forthcoming skills challenges, is the type of data currently available to inform workforce planning. It is largely a metrics exercise, with quantitative information about employees (e.g. demographics and characteristics). There is little or no information about the skills and qualifications of employees, and future planning needs to be around these areas. Another critical issue is that workforce planning tends to rarely go beyond the HR sphere, being a HR unit activity rather than a business activity. This provides opportunities for HR to raise its profile, from writing HR policies in isolation, to being an essential element in staffing future business operations. Many agencies also noted that workforce planning does not seem to be receiving priority, with resources being diverted to more immediate issues.

Regardless of the industrial relations reforms occurring in the broader environment, public services will have little option but to choose the high road in most situations. This paper demonstrates that the primary concern for those public services examined is not how to reduce wages and conditions, but rather how to attract and retain staff as the labour market tightens. John Howard’s new flexibilities may work in favour of employees, with employers having to bargain upwards rather than downwards on existing conditions. Unfortunately, the same is not true for less skilled workers in the private sector, unless there is far greater labour market tightening.

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Maternity Leave – Patterns of Use in a State Utility

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In this paper we examine the use of maternity leave within a large organisation, drawing on employee records and qualitative information from employees who have taken maternity leave and returned to work. We find that the formal policy is widely used but the relatively short period of paid maternity leave encourages complex combinations of leave and flexible working time arrangements. This tends to advantage those who have a good knowledge of the policies and organisational history, and who are in a position to negotiate effectively. Even then, it is often line managers who dictate the quality of these experiences.

Introduction

In this paper we investigate the use of maternity leave in a specific setting—a state utility in which paid maternity leave is formally available to most employees, along with unpaid maternity leave and options for flexible use. Our goals are to investigate the organisational influences on maternity leave usage patterns, and the experiences of employees on taking leave and returning to work. We focus on actual use—rather than formal provisions or perceptions of accessibility—in order to address a significant gap in the Australian literature. The current literature effectively documents the limited scope of national legislative measures (see for example, HREOC 2002, Baird et al. 2002, Baird 2003) but has not as yet explored in detail the use of provisions that are in existence.

The distinction between availability and use of organisational policies has recently been highlighted in a UK study of ‘family-friendly’ work practices (Budd and Mumford 2005), which developed a three-level conceptualisation separating formal availability, perceived accessibility and usage. Data from the British Workplace Employee Relations Survey 1998 (WERS98) were used to investigate links between the first two of these levels which highlighted a disparity between the formal provision of organisational policies and employees’ perceptions of their accessibility. This led the authors to argue that organisational statistics on the availability of family-friendly policies are likely to significantly overstate the extent to which they are accessible to employees in practice (Budd and Mumford 2005: 20). As Budd and Mumford note, however, the WERS98 data did not allow investigation of what is likely to be a more significant discrepancy: that between formal provision and actual usage.

Turning to maternity leave in Australia, there is uncertainty at all three levels. Rules for formal entitlement to unpaid maternity leave are specified in national legislation, but because paid leave is available only in organisations where employees are covered by State legislation or a specific agreement or company policy, there is much less certainty about coverage. Statistics on organisational provision of paid maternity leave are collected in Australia by the Equal Opportunity for Women in the Workplace Agency (EOWA), but we presume they overstate accessibility, not just in light of Budd and Mumford’s findings and the likelihood that accessibility will be uneven within organisations (HREOC 2002: 238), but also because these data are collected from large organisations. Recent estimates from EOWA (2003) surveys show the relatively low coverage of paid maternity leave in Australia (23 percent of organisations in 2001, and 36 percent in 2003), and confirm the expectation that the likelihood of provision varies with size of organisation.
Although these surveys indicate that an increased incidence of organisational policy between 2001 and 2003, the data do not allow us to test the extent to which the figures overstate accessibility. Statistical information on employees’ perceptions of access to maternity leave in Australia is collected in a number of different surveys (for example, ABS 6310.0, 6254.0), but given the different units of analysis and inherent problems in the survey data on ‘perceptions’ of availability of maternity leave (see Whitehouse and Soloff 2005), the type of analysis undertaken by Budd and Mumford (2005) cannot be replicated.

At the third level—actual usage—there is an even more conspicuous gap in the statistical information available in Australia. While questions on maternity leave use have recently been included in supplementary labour force surveys conducted in some states (see ABS 4903.1, 4903.3), data collected thus far provide only a very limited perspective, and cannot be linked with perceptions of accessibility or even formal provision at the organisational level. Until more comprehensive statistics are available, the question of usage can best be addressed through a case study approach. Although limited by the inability to generalise findings, an organisational case study provides a bounded setting in which formal policies can be clearly identified, and usage and attitudes assessed within the relevant framework.

For this paper we draw on a single case study that has been conducted as part of a larger project examining the access, utilisation and efficacy of parental leave (used as a gender neutral term for both maternity and paternity leave) in Australia by means of a national survey, organisational case studies and household interviews. The research reported here focuses just on maternity leave in the first of several organisational six case studies currently underway in Australia. Our research methods are in part based on a Collaborative Interactive Action Research (CIAR) (see Rapoport et al. 2002, Lewis and Cooper 2005), although we were not seeking leverage for organisational change so much as an in-depth understanding of organisational processes through collaborative data collection that recognises the expertise of organisational staff and proceeds through the exchange of ideas and information.

In order to achieve these goals, a team member was based within the organisation for some months and was able to collect policy documents and organisational statistics, conduct individual and group interviews (often assisted by another team member), and engage in informal email and face-to-face discussion with employees. Human resource records, both general and specifically related to the use of maternity leave for the past 10 years, were also available for analysis. Emails from around 20 female staff about their own maternity leave and return to work experiences supplemented notes from two roundtables (that is, group discussions with staff with experience of maternity leave). These provided both broader organisational context and personal stories about the intersection of work and child-bearing.

In the following section of the paper we provide an overview of our case study organisation, including an employee profile and overview of maternity leave policies. We then present our research findings in three sections: a description of maternity leave usage in the organisation; a description of return to work arrangements; and an analysis based on the organisational characteristics of leave takers and returners. Within this large and functionally diverse case we anticipate that use of maternity leave will vary across the organisation depending on occupation, pay level and the attitudes and experiences of line managers. Additional influences will undoubtedly include individual employees’ attitudes as well as their domestic situations (see for example, Singley and Hynes 2005), but information collected for this case study does not allow us to address these issues as yet.
The organisation and its maternity leave policy

The organisation is a state-owned corporation providing essential utility services to a large metropolitan area. It currently employs around 3450 people. Employee numbers have dropped steadily from a peak of 16000 employees in 1970 due to constant restructuring as well as increasing capitalisation and outsourcing. Women constitute less than one quarter of its current employees and organisational records show that they are, on average, younger and have fewer years of service at the organisation compared to males.

As Table 1 indicates, employees in this organisation are typical of any large organisation in that they are engaged in a diverse range of professional, administrative and technical occupations. Females are mostly clerical, professional or associate professional employees.

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Manager</th>
<th>Profession1</th>
<th>Associate profession</th>
<th>Trades person</th>
<th>Clerical2</th>
<th>Intermed. production</th>
<th>Labourer</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>6.4</td>
<td>28.5</td>
<td>16.1</td>
<td>6.9</td>
<td>9.3</td>
<td>11.8</td>
<td>21.0</td>
<td>2614</td>
</tr>
<tr>
<td>Female</td>
<td>4.7</td>
<td>38.6</td>
<td>10.4</td>
<td>0.3</td>
<td>42.8</td>
<td>3.3</td>
<td>0</td>
<td>792</td>
</tr>
<tr>
<td>All</td>
<td>6.0</td>
<td>30.9</td>
<td>14.7</td>
<td>5.4</td>
<td>9.0</td>
<td>17.9</td>
<td>16.12</td>
<td>3406</td>
</tr>
</tbody>
</table>

Notes: 1. Professionals include building and engineer professionals; computing professionals; natural and physical science professionals; business and information professionals; and accountants, auditors and corporate treasurers. 2. Includes advanced, intermediate and elementary clerical workers.

Its head office, employing over 1000 staff (including 45 percent of its female employees), is located in the central business district with 67 workplaces radiating out over a large area and ranging in size from one to 269 employees. Twenty-two of these (small) workplaces contain only men. In another 25 workplaces, fewer than one in five employees are women (in 15 there is only one female employee). Predictably, head office is populated by employees in management and administrative jobs, while employees at more suburban locations are more likely to be in professional and technical jobs.

Most employees are classified and paid according to the organisation’s 76-level integrated pay scale (IPS). The single pay scale – where one is the lowest pay rate and 76 the highest – replaced multiple scales which had developed around occupational categories. As Table 2 shows, just over 40 percent of female employees are located in the 20-44 IPS bracket, whereas the mode for male employees is higher at 45-59.

<table>
<thead>
<tr>
<th>IPS 1-19</th>
<th>IPS 20-44</th>
<th>IPS 45-59</th>
<th>IPS 60-69</th>
<th>IPS 70-76</th>
<th>Managerial</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>5.3</td>
<td>22.2</td>
<td>35.4</td>
<td>28.6</td>
<td>8.5</td>
<td>12.9</td>
</tr>
<tr>
<td>Female</td>
<td>2.0</td>
<td>42.1</td>
<td>32.8</td>
<td>19.0</td>
<td>4.2</td>
<td>5.7</td>
</tr>
<tr>
<td>All</td>
<td>4.3</td>
<td>27.9</td>
<td>34.7</td>
<td>25.8</td>
<td>7.2</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Note: Some employees are not paid on the IPS scale, for instance managerial workers.

Full-time staff work a 35 hour week, with shift-working staff (entitled to rostered days off) working 38 hours per week and agency hire staff work up to 40 hours per week. Employees in some operational areas are regularly required to be on standby 24 hours a day, seven days per week. An estimated 85 percent of employees are union members. The coverage of the two main unions is clearly delineated: one covers blue collar and clerical staff and the other, scientific and engineering staff. These unions are involved in negotiating the enterprise award.
Consistent with research by Glass and Fujimoto (1995), this large, unionised organisation offers family-responsive policies.

Our focus in this paper is primarily on maternity leave and associated return to work flexibilities. Employees at this organisation are entitled to the Australian national legislated standard of a year’s unpaid parental leave as well as nine weeks of paid maternity leave. The organisation’s compendium of work/family policies expresses the rationale for this policy as both the ‘business case’ and what Charlesworth and Probert (2005: 122) encapsulate as ‘improving the stature and reputation of the organisation’. The concise version of its parental leave policy reads:

Maternity leave is available to all women who are permanent, term or regular casual employees. (A regular casual employee is a casual employee who works on a regular and systematic basis and who has a reasonable expectation of on-going employment on that basis).

A nine week paid provision is available to women who have completed 40 weeks continual service. An unpaid period of up to a year full time is available and this unpaid provision may be taken part time up until the second birthday of the child.4

Paternity leave is a 12 month unpaid provision which may also be taken on a full or part-time basis. [The organisation] also provides adoption leave with benefits similar to maternity and paternity leave.

In addition to leave arrangements, including the possibility of part-time leave, flexible working hours are also available for balancing work and non-work life and providing care opportunities. Such flexible hours arrangements may be entered into, by employees with their managers, to allow them to vary their hours while still averaging standard hours over a 12 week period. Such flexible work hours are explained and promoted in organisational literature along with flexible leave arrangements (including parental leave, personal/carers’ leave, leave without pay and career break) and flexible work arrangements (including home-based work and part-time work) as family-friendly policies. The formal work/family policies offered by this organisation are consistent with those offered by many public sector organisations in Australia (see for example, Whitehouse and Zetlin 1999).

Findings

In this section we report on the utilisation of maternity leave and return to work policies amongst female employees over the past decade. We then analyse the characteristics of maternity leave takers and returners which highlight the influence of structural factors.

Taking leave

Employee records from the case study organisation indicate that 267 female employees accessed paid and/or unpaid leave between 1995, when the policy was introduced, and July 2005 when the data were collected. Of these 267 women, 166 accessed only one period of leave, 92 accessed two periods of leave, 14 accessed three periods of leave and four accessed four periods of leave: a total of 408 periods of paid and/or unpaid maternity leave. (It is the separate period of leave, rather than the female employee, which constitutes the unit of analysis for the tables presenting data from 1995 to 2005.)

Table 3 shows that most occurrences of maternity leave have included a period of paid leave. (The few incidents of unpaid leave only may have been taken by employees not eligible for paid leave.) The periods of paid leave taken were largely the maximum offered in formal
organisational policy, that is, either exactly nine weeks (44.7 percent) or 18 weeks (43.4 percent) depending on whether it was taken at full time or half time pay.

**Table 3. Instances of maternity leave, by type of leave and sequence, 1995-2005**

<table>
<thead>
<tr>
<th></th>
<th>Paid leave only</th>
<th>Paid plus unpaid leave</th>
<th>Unpaid leave only</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>First leave</td>
<td>46% (126)</td>
<td>50% (138)</td>
<td>4% (12*)</td>
<td>100% (276)</td>
</tr>
<tr>
<td>Second leave</td>
<td>42 (46)</td>
<td>51 (56)</td>
<td>7 (8)</td>
<td>110</td>
</tr>
<tr>
<td>Third leave</td>
<td>56 (10)</td>
<td>17 (3)</td>
<td>28 (5)</td>
<td>18</td>
</tr>
<tr>
<td>Fourth leave</td>
<td>0</td>
<td>25 (1)</td>
<td>75 (3)</td>
<td>4</td>
</tr>
<tr>
<td>All</td>
<td>182</td>
<td>198</td>
<td>28</td>
<td>408</td>
</tr>
</tbody>
</table>

Notes: * Nine of these 12 cases of unpaid leave occurred in 1995.

More detailed information about maternity leave taking was gathered via email from 22 current employees, five with more than one pregnancy as an organisational employee. With just one exception, all of those staff had taken paid maternity leave, with over half choosing to take the paid leave for twice the period (18 weeks) at half pay. Two of these staff took only paid maternity leave, and one was only able to take unpaid maternity leave as she was agency hire staff at that time. All other staff combined their paid maternity leave with up to four other types of leave. Of the 28 pregnancy experiences reported: 13 were mixed with annual recreation leave; 10 with long service leave (also able to be taken at half or full pay); and 10 with unpaid maternity leave.

Maximising the length of maternity leave, particularly the paid part, requires considerable organisational knowledge and negotiation ability on the part of employees. This issue came through strongly at the roundtable discussions where participants talked about how the women gather, know and share information. This part of the data collection process itself was used as an opportunity to cross check understandings of entitlements and related processes. As well as speaking with their peers, female employees sought information from Human Resources and Payroll. Line managers were reputedly less reliable sources of such information.

The attitude of managers, particularly their knowledge of the award, agreement and related policies, personal experience of work and family, attitude toward women and, ultimately, the organisational division and its particular cultural climate were all reportedly factors affecting the pre-maternity leave employment experience. At the first roundtable it was noted that ‘pockets [exist] where people/supervisors are very supportive’, but an email interviewee stated that ‘some managers and some divisions have very few women ever wanting maternity leave so dealing with issues … [is] difficult’. Thompson, Beauvais and Lyness (1999), considering work-family benefits more generally, found that a supportive organisational culture was essential for the use of available policy and that it was positively correlated with employees’ organisational commitment and negatively correlated to their work/family conflict and intention to resign.

Unfortunately it is not possible to link up the taking of other types of paid leave with maternity leave for the 10-year statistical data from the organisation and thus consider the total leave combinations used for maternity purposes by employees. Table 4, however, shows that for a majority of leave-takers, periods of time often elapse between the end of paid maternity leave and the commencement of unpaid maternity leave. It is very likely, given the above evidence from individuals, that during these periods maternity leave-takers are invoking long service leave and/or annual recreation leave. Many female employees seek longer paid maternity leave and can only achieve this by using personal leave.
Table 4. Timing of commencement of unpaid maternity leave after the completion of paid maternity leave, 1995-2005

<table>
<thead>
<tr>
<th>Period</th>
<th>Percent</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately following finish of paid leave</td>
<td>46.2</td>
<td>91</td>
</tr>
<tr>
<td>1-4 weeks</td>
<td>19.3</td>
<td>38</td>
</tr>
<tr>
<td>1-4 months</td>
<td>34.5</td>
<td>68</td>
</tr>
<tr>
<td>Total supplementary leave periods</td>
<td>100</td>
<td>197</td>
</tr>
</tbody>
</table>

Notes: Excludes those who have accessed unpaid maternity leave as their only source maternity leave.

As Table 3 indicates many paid maternity leave-takers between 1995-2005 used additional unpaid maternity leave to expand the duration of their leave. Organisational data show that just over 20 percent of females having taken paid maternity leave then take 1-8 weeks of unpaid maternity leave, another approximately 20 percent take 8-16 weeks, another approximately 20 percent take 16-26 weeks and over 25 percent take 26-39 weeks.

Return to work

Considering all female employees accessing maternity leave (1995-2005), 62.3 percent (172) remain currently employed by the organisation, with the rest terminating their employment at some point after returning from maternity leave. Table 5 shows the point at which employees who had returned then left. While it is likely that the birth/adoption of a child may have influenced the decision of those leaving in a timely fashion (for example, 52.5 percent exited within six months), the greater this period the more tenuous this connection is likely to be.

Table 5. Duration between return from maternity leave and termination of employment among female leave-takers (1995-2005)

<table>
<thead>
<tr>
<th>Period</th>
<th>Percent</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately following maternity leave</td>
<td>31.7</td>
<td>32</td>
</tr>
<tr>
<td>1 week to 6 months</td>
<td>20.8</td>
<td>21</td>
</tr>
<tr>
<td>6 to 12 months</td>
<td>13.9</td>
<td>14</td>
</tr>
<tr>
<td>1-2 years</td>
<td>12.9</td>
<td>13</td>
</tr>
<tr>
<td>2-4 years</td>
<td>14.9</td>
<td>15</td>
</tr>
<tr>
<td>4-9 years</td>
<td>5.9</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>101</td>
</tr>
</tbody>
</table>

Female leave-takers who then returned said they did so because they loved their work, wanted to use or maintain their skills the skills, enjoyed the social interaction or wanted the money. They also seemed to appreciate that the conditions available at the case study organisation were not necessarily available with other employers: ‘You’re not in a big hurry to let go of what you’ve got cause you may never get it back’. Such an inclination for women to return to work for an employer who has provided paid maternity leave has been demonstrated by the cross-national work of Waldfogel, Higuchi and Abe (1999). Eaton (2003) also found that employees who make use of family-friendly flexibilities were more committed to that organisation and also more productive.

Email interview data provided more detail about return to work processes. It showed that some women return to the same position, either on the same basis or on a newly arranged part-time basis, without any problems. In line with the findings of Houston and Marks (2003), this is more likely to be the case if employees arranged their return-to-work, in consultation with their manager, prior to their leave and that the manager remained in the same position when they returned from leave. One respondent reported:
I returned to the same position. My return from maternity leave was discussed before I went on leave and roles and responsibilities altered accordingly. When I returned to work earlier than planned, work loads and responsibilities were discussed without any problems.

When those preconditions were not met, however, poor return-to-work experiences ensued:

I did not return to my previous position as it no longer existed... Return to work was discussed with my manager ... [then] the manager took [a] redundancy ... My transition after the birth ... was not handled well at all as no one knew what to do with me. I had no desk ... the staff had to clear a desk as I walked in the door. I was given no role, no tasks and was told different messages each time I spoke to management.

Another female employee explained that her return did not go to plan:

My manager and I had discussed my return to work and I thought that I had a good flexible work agreement ... The impact of giving up breastfeeding on me physically and emotionally was totally unexpected and coincided with the shock of returning to work. I was not coping well ... My manager did not react well to my ‘struggles’ with work and did not seem to take into account my health ... I had the strong impression she had decided that I was incompetent and not to be trusted.

It would seem that these women persist despite the hurdles presented by organisational structures and processes. The aggregate characteristics of organisational leave takers and returners are analysed in the next section.

**Analysis of leave takers and returners**

The case study organisation provided detailed information on the job characteristics of all current employees. Such level of detail however was not available in the data which describe instances of paid and unpaid maternity leave from 1995-2005. To examine the characteristics of maternity leave users in greater detail, job type data was extracted from the current employee spreadsheet for those females who have taken maternity leave between 2003 and 2005 and who have not terminated their employment with the organisation. This approach assumes that female employees have remained in the same position within the organisation between the commencement of their maternity leave and mid 2005.

Table 6, as set out on the next page, shows that the occupational spread of recent maternity leave-takers largely reflects the distribution of all female employees (see Table 1). A proportionate overrepresentation of managers is evident but may not be significant due to the small numbers. The division of occupational spread by type and duration and leave also results in small cell sizes but the table does seem to show that professionals take longer periods of additional unpaid leave than the clerical workers, perhaps because they are financially more able.
Table 6. Occupational distribution of females accessing paid maternity leave and returning to the organisation, by type and duration of maternity leave, 2003-2005

<table>
<thead>
<tr>
<th>Type and duration of paid and unpaid maternity leave</th>
<th>Paid leave 9 weeks or less</th>
<th>Paid leave 18 weeks or more</th>
<th>Paid and unpaid leave 6 months and less</th>
<th>Paid and unpaid leave more than 6 months</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Professionals</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Assoc. professional</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Clerical workers</td>
<td>8</td>
<td>11</td>
<td>6</td>
<td>9</td>
<td>34</td>
</tr>
<tr>
<td>Int. production workers</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>20</td>
<td>14</td>
<td>32</td>
<td>84</td>
</tr>
</tbody>
</table>

Notes: Sample excludes 8 cases of paid leave where paid leave between 9 and 18 weeks.

Table 7 shows the pay distribution of maternity leave-takers. When compared with females across the organisation (Table 2, above) the data show that this population to be generally representative. Low numbers mean little can be deduced about the lowest, highest and managerial categories, but for IPS groups 20-44 and 45-59 which are greater than 100, leave takers are quite evenly split across the type and duration categories.

Table 7. Percentage of females accessing paid maternity leave and returning, by IPS pay level, type and duration of maternity leave, 2003-2005

<table>
<thead>
<tr>
<th>Type and duration of paid and unpaid maternity leave</th>
<th>Paid leave 9 weeks or less</th>
<th>Paid leave 18 weeks or more</th>
<th>Paid and unpaid leave 6 months and less</th>
<th>Paid and unpaid leave more than 6 months</th>
<th>Total N (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPS 1-19</td>
<td>35</td>
<td>6</td>
<td>18</td>
<td>41</td>
<td>17</td>
</tr>
<tr>
<td>IPS 20-44</td>
<td>22</td>
<td>20</td>
<td>23</td>
<td>35</td>
<td>142</td>
</tr>
<tr>
<td>IPS 45-59</td>
<td>27</td>
<td>27</td>
<td>21</td>
<td>26</td>
<td>117</td>
</tr>
<tr>
<td>IPS 60-69</td>
<td>23</td>
<td>21</td>
<td>19</td>
<td>37</td>
<td>57</td>
</tr>
<tr>
<td>IPS 70-76</td>
<td>0</td>
<td>13</td>
<td>25</td>
<td>63</td>
<td>8</td>
</tr>
<tr>
<td>Managerial</td>
<td>40</td>
<td>0</td>
<td>10</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>21</td>
<td>21</td>
<td>34</td>
<td>361</td>
</tr>
</tbody>
</table>

Notes: Excludes six female employees are missing on IPS data and 26 cases of paid maternity leave that lasted more than 9 weeks and less than 18 weeks.

Prior evidence has shown a roughly representative spread of maternity leave-takers amongst female staff considering occupation and IPS level. Examining the pay level of those returning and those exiting after maternity leave, Table 8, it would appear that the higher up the scale the less likely staff are to leave, which is consistent with an investment in workplace skills.

Table 8. Percent (frequency) of female employees accessing maternity leave terminating employment by IPS pay category, 1995-2005

<table>
<thead>
<tr>
<th>IPS 1-19</th>
<th>IPS 20-44</th>
<th>IPS 45-59</th>
<th>IPS 60-69</th>
<th>IPS 70-76</th>
<th>Managerial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remain employee</td>
<td>53.9 (7)</td>
<td>60.2 (65)</td>
<td>60.2 (50)</td>
<td>77.8 (35)</td>
<td>80.0 (8)</td>
</tr>
<tr>
<td>Terminated employment</td>
<td>46.2 (6)</td>
<td>39.8 (43)</td>
<td>39.8 (33)</td>
<td>22.2 (10)</td>
<td>20.0 (2)</td>
</tr>
</tbody>
</table>

Notes: IPS award pay category refers to that held by female leave-takers at the time of their leave period.
Considering Table 9, a strong association can be established between the taking of maternity leave and returning to work part-time. As already noted, in its formal maternity leave policy the case study organisation closely relates maternity leave-taking and part-time return to work. Female employees are also making this connection with over 40 percent of maternity leave-takers using part-time hours when they return to work.

Table 9. Percent of female employees accessing paid or unpaid maternity leave 1995-2001 and part-time working hours 1998-2005

<table>
<thead>
<tr>
<th>Percent Total N</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessed part-time hours but not paid maternity leave¹</td>
<td>0.4 1</td>
<td></td>
</tr>
<tr>
<td>Accessed maternity leave but not part-time hours</td>
<td>57.8 160</td>
<td></td>
</tr>
<tr>
<td>Accessed maternity leave and part-time hours</td>
<td>41.9 116</td>
<td></td>
</tr>
<tr>
<td>Total²</td>
<td>100 277</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. This female employee worked part-time of two separate occasions: the first was for 16 weeks in 2001 while the second period was for 155 weeks from mid-2002 to mid-2005. No periods of paid or unpaid maternity leave are recorded. 2. The total number of female employees is 277, not 276 as reported in earlier sections, as one employee working part-time hours did not access paid or unpaid maternity leave.

Such evidence is consistent with qualitative data supplied by 16 maternity leave-takers via email. Their experiences were diverse, but most initially returned to work part-time (only one had been working part-time prior to leave), with only four returning full-time. Those returning full-time reported doing some of their work from a remote office or home office or working shifts. Another three women used part-time work to stagger their return to full-time hours and a further three increased the number of their part-time hours over time.

Three of the employees who returned to full-time hours following a period of maternity leave were making use of a compressed work week: working their 35 hours over four days. Email interview data indicate that such arrangements are often more ‘acceptable’ to managers and co-workers than part-time hours (but even then, more acceptable in some workplaces than others). One respondent said she returned to work full-time, rather than her preferred part-time hours, because she did not want to be seen to lack commitment or to miss out on training and development. A few women who participated in the first roundtable and were planning to take maternity leave in the near future said they would do likewise for the same reasons. The pressure applied on part-time returners was expressed by one email interview participant:

Some senior (and not so senior) people who work full-time and are very career-orientated find it hard to understand why I would not want to work full-time. They think that wanting to be there for your children is not as important as work. I think the higher you go the more pressure to be full-time is applied. Also, as your children become school-aged, again the question is asked about full-time work.

A manager in the second roundtable group suggested that female employees with family responsibilities had to make their ‘life choices’, be very forceful in setting boundaries, and also fight the perception that part-timers are not career-minded. Other qualitative evidence confirmed that such a stand would be hard to make in some areas of the organisation. At the first roundtable it was reported that four female employees working in an operational area wanted to return part-time after maternity leave but their request was rejected by their manager. This speaks to the wider distinction evident between the maternity leave-related experiences of white-collar workers and blue-collar workers. The latter women, who are working in traditionally male-dominated areas, reported problems on a variety of fronts: their managers resisted their leave, maternity uniforms were not available, they had to endure chemical hazards, shift work and on-call requirements (which are also an issue for male parents). A contrasting story was told about a feminised work area:
I know of some groups in Head Office that are very flexible towards maternity leave and have a number of staff members within the group working part-time with no problems at all. I think Head Office may get a little more freedom than staff at [a regional facility] who [are] still stuck in the dark ages to a certain extent. A few more female managers at [that regional facility] certainly wouldn’t go astray.

Despite some oppositional perspectives, more respondents to the email interviews felt that taking maternity leave and then returning part-time did not hinder their access to training and development. Table 10 tracks shifts in the pay level of maternity leave takers from their first incidence of maternity leave. Only one female employee, who took maternity leave in 2002, has been promoted since she returned from leave. While this appears to show that female maternity leave-takers in the case study organisation may be missing out on opportunities for training, development and promotion, we do not have comparative data on the career progression of female employees who are childless or male employees.

**Table 10. Current IPS pay level of leave takers compared with level at time of first maternity leave, by year first maternity leave taken, 1995-2005**

<table>
<thead>
<tr>
<th>Year</th>
<th>Same IPS level (num)</th>
<th>Decrease in IPS level (num)</th>
<th>Increase in IPS level (num)</th>
<th>Total num</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>2</td>
<td>14</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>1996</td>
<td>0</td>
<td>16</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>1997</td>
<td>2</td>
<td>8</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>1999</td>
<td>3</td>
<td>6</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>2000</td>
<td>4</td>
<td>10</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>2001</td>
<td>12</td>
<td>4</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>2002</td>
<td>15</td>
<td>7</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>2003</td>
<td>12</td>
<td>2</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>2004</td>
<td>15</td>
<td>3</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>2005</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>80</td>
<td>78</td>
<td>1</td>
<td>159</td>
</tr>
</tbody>
</table>

Notes: Refers to change in IPS level since first instance of maternity leave. Seventy women take more than one period of maternity leave. Table excludes women who left the organisation.

**Conclusion**

Although the initial picture from the statistics is one of an even distribution of maternity leave usage across the organisation, closer examination and interview data highlight the importance of negotiating ability and organisational knowledge in interpreting the more complex picture of leave and return to work patterns. While not generalisable, the case study provides comprehensive evidence of the use of maternity leave, both official paid and unpaid maternity leave and various types of ‘supplementary’ leave which employees are also able to use at this time. The statistical data allowed us to form a picture of the use of maternity leave and the return (or not) of leave-takers, not previously considered by the organisation itself. On issues surrounding both leave and return to work the qualitative data speak to some extremes of experience across the organisation. The apparent ease of making suitable arrangements for women working in the ‘family friendly’ flexible work culture of head office contrasts with the difficulties of women working in very masculine environments, some physical and cultural distance from head office.
Notes

1. The authors acknowledge the support of an Australian Research Council Linkage grant for the research reported in this paper. We would also like to recognise Dr Dominique Beck for her research within the organisation and Ms Amanda Hosking for her statistical work.

2. In 2003, the proportion was 44 percent among those with 1000 or more employees compared with around 34 percent among smaller organisations (EOWA 2003).

3. We are in the process of collecting statistical data on the use of maternity and paternity leave in a large national survey of parents of young children, but data will not be available until 2006.

4. This is actually a system of part-time return to work following maternity leave which may be negotiated by an employee with her manager and then worked up until the child’s second birthday.

5. Since 2002 the organisation has required staff to take such leave each year or forfeit it which now prevents staff from accumulating annual leave with a view to combining it with a period of maternity leave.

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ABS (2000), Managing Caring Responsibilities and Paid Employment, NSW, 4903.1, Canberra


Exploring the Geography of Union Decline and Renewal

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University of Sydney

This paper argues that union density, decline and renewal are geographically-specific and that standard independent variables, notably ‘industry’, do not explain these spatial variations. Geographies, and the local, do matter. This is not to privilege the local above all else but to reinstate and situate it in relation to other scales and places. In this geographically-informed analysis, union power is shown to be shaped by mobility and place consciousness; it varies between and within the States. The paper draws on studies of one ‘old economy’ industry to show how these factors play out and to argue the case for wider, geographically-informed studies of unions.

Introduction

For well over a decade, much has been written to describe and explain union membership decline. We know a great deal about associations between the nature of work, workers and union membership in any one year and over time. However, in this rich literature, there is no detailed consideration of the geography of the union movement’s membership crisis. All that we can glean from published statistics about variations across the Australian landscape are union membership figures for the Australian States. There are no published returns for regions or localities and what unpublished data there are, namely membership by local government areas, suffer from a number of flaws, chiefly very small sample size. There are several historical studies of industrial relations in particular regions but these are irregular and episodic. Overall, then, we learn very little about the fine grain of unionism in the States and little about regional or local patterns.

The task of this paper is to demonstrate that this set of omissions matters; that it is of analytical significance. The paper develops this argument in three stages. First, it draws upon a major study of British unionism which reveals significant geographical variations in ‘union retreat’ (Martin et al, 1996). Second, the paper shows how a number of geographical concepts might explain such variations. The starting point is the simple claim that unionism is constructed (and challenged) not at national scales alone but at many scales, including the local. Third, building on these conceptual foundations, there is some speculation about the nature, causes and implications of geographical difference within Australia. As an illustration, the paper shows how, in one of Australia’s ‘old economy’ industries, there are significant variations in unionism from one place to another. The conclusion draws the evidence and argument together and offers some suggestions for further, geographically-informed research.

Does Geography Matter?

Are there any empirical suggestions that patterns of union membership growth and decline vary from place to place? And if so, can they be explained in terms of regulation and industry, as most industrial relations scholarship would? The answer to the first question is ‘yes’; to the second ‘no’. Unsurprisingly, comprehensive studies which deal with these questions have been undertaken by geographers, not by industrial relations scholars.

The most thorough inquiry into the geography of union decline, produced by three British geographers, Martin, Sunley and Wills, is ‘Union Retreat and the Regions: The Shrinking
Landscape of Organized Labour’ (1996; see also Martin et al 1993, 1994a, 1994b). They argue that focussing on union decline at the national scale alone means that ‘relatively little is known … about how far and in what ways the spatial contours of British trade unionism are being restructured’ (1993, 37). Martin et al show that the traditional ‘union heartlands’ in Britain proved to be very ‘resilient’ through the membership crisis of the 1980s and 1990s. In contrast, the growth regions (chiefly the south of England) provided a much harsher terrain. Not only were union density levels very different, but so too were other indices of union power, such as wages and industrial action.

The core of the argument in this work is that these regional differences are not purely an industry effect:

Regionally specific factors and the products of local context are at work in determining unionization rates over and above any simple correlation with the distribution of industry. Different traditions of unionization have been established in different geographical areas at different periods, and once established those traditions would appear to have locally emergent effects (1993, 55).

They also argue that ‘these differences remain after geographical variations in industrial structure, firm size, firm ownership, and so on have been taken into account’ (1994b, 457-8). In places where unions emerged early, newer sectors of the economy and workforce have been successfully organised even when those sectors are poorly unionised in other places.

There are three main points which emerge from this British study: it seems to make plain that ‘geography matters’; the spatial differences in unionism are persistent, surviving changes in industry; and unionism is shaped by divisions and labour and forms of political culture which are themselves spatially specific.

There are no studies of Australian unions which match the scope of Martin et al’s work. However, there is some evidence of variation across the landscape, between and within the Australian States, evidence that suggests that further examination might be worthwhile. The major longitudinal analyses which consider the geography of union growth and decline are disaggregations at the scale of the six States and two Territories which make up the Commonwealth of Australia. The variations in membership and density levels between the Australian States are indeed striking. For example, when union density was at its national peak of about 60 per cent in the mid-1950s, Queensland’s rate was over 70 per cent (with local legislation delivering absolute preference in employment to unionists); the rate in New South Wales was about the national average; all other States were below. Furthermore, there are quite different historical patterns as between the States. Union density peaked in the early 1970s in New South Wales, Victoria and Tasmania; in the early 1960s in Queensland; in the early 1950s in South Australia and Western Australia. These aggregate statistics also reveal significant differences in gender densities. For most of the twentieth century, South Australia, Western Australia and Tasmania had much greater differences between male and female rates than was the case in the other States (derived from Bain & Price, 1980, 128).

There have been few analyses of these data. Writing at a time of apparent union strength, Rawson gave one of his chapters the beguiling title ‘Trade Unionists – Who They Are and Where They Are’ (1978). However, in answering the second question, his focus was on industry rather than geography itself. His work did point to significant variations between the States, variations which he explained by reference to differences in the State governments’ regulatory regimes (1978, 25-6; 1986, 29-32). In the most thoroughgoing statistical analysis of Australian union decline, Peetz’s ‘Unions in a Contrary World’ (1998), the bulk of the discussion is at the national scale. However, he shows that, in the 1990s, union density fell in each State by between 2.3 and 2.6 percentage points in the year in which anti-union
legislation was introduced and by a rather higher rate over two years (1998, 100-2). Peetz also compares these density falls with rates in States that did not introduce new laws.

There are also indications of variations within the States. The work of some labour historians has revealed the specificity of industrial relations in particular localities (see especially Labour History, 2000) and a small number of geographers have also turned their attention to local changes in industrial relations in the light of economic restructuring and regulatory change (Sadler and Fagan, 2004). Some industrial relations scholars have addressed the issue of union presence in particular localities but these local studies were for the most part industry studies. Geography was incidental; particular places were, more or less, just where these industries happened to be (see several studies in Walker, 1970; for critiques see Ellem & Shields, 1999).

More recent studies suggest that ‘geography matters’ within States as well as between them. For now we point to variations within Australia’s most populous State, New South Wales. Several case studies and surveys of coalmining and steelmaking regions demonstrate the maintenance of above-average levels of union density. In the Hunter Valley, immediately to the north of Sydney, mining and steel employment had been in decline but small-scale samples revealed the persistence of above-average levels of union density overall (Alexander et al, 1995, 116-17; McDonald et al, 1997; Macdonald & Burgess, 1998). Similar patterns emerged in larger and more recent surveys undertaken in the Illawarra, immediately to the south of Sydney. In this mining and steel region, union density across all sectors held up better than the national average, as employment in coal and steel collapsed. Furthermore, measures of union propensity among employees and of union sympathy among managers appeared to be more favourable than the national figures (Markey et al, 2001). On the other hand, in the far western city of Broken Hill, the collapse of the local mining industry gutted employment and sharply reduced the power of the mining union, the local unions’ peak body – and all local unions. Here the unions have fared far worse than elsewhere (Ellem 2005).

These studies of the State and local scales in Australia suggest, as the larger studies have shown for Britain, that ‘geography matters’. The paper will return to these Australian studies and offer some explanation for these spatial patterns, an explanation which goes beyond saying that regulation alone explains the State scale or that industry alone explains the local. It is necessary, as a next step, to reflect upon why geography affects union decline.

**Why Geography Matters**

Why might the trajectory of union decline and renewal be spatial phenomena? The leading labour geographer in the United States, Herod, provides the most accessible point of entry to this argument with the claim that ‘labor’s self-reproduction must take place in particular geographical locations’ (1997, p. 16, emphasis added). Drawing on Harvey, he shows that these locations are likely to vary from one another because of the ‘uneven development’ of capitalism. Investment, disinvestment and the creation of different sites of accumulation mean that capital continues to sustain itself despite apparent crises (Harvey, 1982) and in so doing creates ‘differential space’ (Lefebvre 1991, 52), for instance the company town, the union town or other constructs like a free trade zone. Because capital necessarily occupies and transforms particular spaces, the distinction between the social and the spatial is an ‘impossible dichotomy’ (Massey, 1984, 49). More particularly, not only does industry alone fail to explain processes like union decline, there is no such thing as ‘industry alone’. As Massey puts it, there are no ‘non-spatial social processes’ (1984, 51). She goes on: ‘The fact that [social] relations occur over space matters. It is not just that “space is socially
constructed” … but that social processes are constructed over space (1984, 54-55). How then can these concepts be made more specific and applied to the problem, of union decline?

Central to the construction of geographical specificity is the concept of local labour markets. Building on Massey, Peck shows that ‘as capital seeks the local conditions most conducive to profitable production’ (1996, 13), particular geographies, and particular labour markets, are created. For Peck, ‘the local’ matters because the local ‘is the scale at which labor is mobilized and reproduced’ (1996, 11). This privileging of the local scale needs some qualification but for now two important claims must be drawn from Peck’s attention to the local. First, ‘[g]eographies of labour are formed at this intersection, where flows of capital accumulation collide with the structures of community’ (1996, 16). Second, this means that the supply and the nature of labour is shaped not simply by price mechanisms but by family, education, social structure and institutional presence:

an enormous variety of processes - from biological procreation to media consumption, from education and training to clothing and caring - which tend to be anchored not only in the labor market but in the household, community, and state. (1996, 38)

One point of departure for a spatially-informed study of union decline and renewal might, then, lie in local labour markets. After all, union renewal must be conceived of at these local scales – not solely at these scales but not without an understanding of them. For if labour is reproduced at this scale, then it is at this scale that decisions about union membership and activism or apathy are made. Furthermore, this analysis highlights some of the problems in seeing (space-less) ‘industry’ factors as the determinants of unionism. For in mono-industry spaces (typically mining), as we shall see, industry and place constitute each other; while in major cities, ‘industry’ factors are if anything still more complicated by other socio-spatial relations.

Thus far, we can draw two vital points from the discussion of this body of literature. The first point is that capital and labour have different mobilities not just from each other but among themselves: plainly, not all firms are equally mobile; neither are all workers. Differing mobilities affect management strategies. Firms or operations which are less mobile than others will likely have greater motivation to create conditions conducive to accumulation within particular localities: ‘capitalists need to develop place-based labour control practices’ (1996, 325, emphasis added). In particular, as some of the most powerful of global corporations, namely resource and mining companies, are the least mobile, they are most obliged to pay attention to localised forms of labour control. The local is important in different ways to a mining company ‘trapped’ by the location of ores than to, say, a call centre or a clothing manufacturer. The second point is that there are likely to be competing senses of locality – contrasting forms of ‘place consciousness’. Ideas about, and the construction of, social practices in particular places are implicitly or explicitly contextual, that is, comparing one place with others, material or imagined.

How, then, does this emphasis on the local sit with the demonstrated importance of building union solidarity across space and from the local to national and even global scales? Among the most illuminating work on this question is Wills’ examination of how union traditions are transferred and disrupted over time and space (1998b). She argues that “[w]hat workers do, or fail to do in one place, makes a difference to wider processes of uneven development’ (1998b, 371). She builds on the terrain explored by Massey, suggesting that ‘because places are interconnected by networks of social relations stretching across space’, a ‘geohistorical’ analysis of unionism is necessary (1998a, 132, original emphasis). She points to three aspects of ‘this translation of trade-union traditions’: workers’ physical location and relocation, ‘demonstration effects’, and the search for solidarity in other places (1998a, 133). Insisting
that union fortunes in one place may be related to those in others is, in itself, hardly novel. Unions sought to standardise wages and conditions between different locations, to create a ‘common rule’. Carrying out this task differed in urgency according to the nature of product and labour markets, as the industrial relations scholars from the Webbs on have shown. Wills’ work is instructive, though, because of it provides a link between the spatial concepts explored here and unions themselves.

If, as the paper has suggested, spatial variations in unions arise because of the uneven development of capitalism and because labour markets are themselves spatially-specific, then unions are shaped by mobility and the consciousness that people construct about particular locations. This is not to say that the local is necessarily paramount. This is clear when we turn to regulation.

In Australia as elsewhere, the shift from national or industry-scale bargaining is about changing the ‘where’ of formal industrial relations, ‘rescaling’ regulation from national and industry to the enterprise, to the local and indeed to the scale of the individual. As this process has unfolded, unions have been confronted by demands and pressures at different geographical scales – global restructuring and local membership loss) and by scale-specific arguments about these processes – the inevitability of global competition and the desirability of individual representation at work (Sadler & Fagan, 2004). Industrial relations scholarship has no difficulty in recognising the importance of regulation; indeed, regulation, understood as ‘rule-making’ has long been the central business of the discipline (Flanders, 1975, 85-6). In particular, recent changes in regulation have been so profound as to constitute a ‘paradigm shift’ (Peetz, 1998, 31-34). We can briefly add to this by reiterating that most accounts of Australian union decline have an implicit scalar logic to them, prioritising national regulation. However, it is only now, if the Howard Government’s proposals succeed that the States will be unimportant. Hitherto, regulation and its relationship to production have been complicated and modified by the importance of the States and politics within them.

Drawing the discussion together: local variations in the geography of unionism arise because of the uneven development of capitalism and because labour markets are themselves spatially-specific and shaped by other spatially-specific social relationships. When labour and capital meet in particular places, their orientation to those places and their power within them are shaped in part by mobility and the persuasiveness of the place consciousness which they promote. Particular industries and labour processes do, of course, shape union membership, density and power but they never do so ‘non-spatially’. Industrial relations scholarship seems to be saying that an industry focus explains local variations while regulatory frameworks explain State variations. Some geographers would say that it is space itself which is pre-eminent. This paper argues that it is all of these, inescapably and at once.

How Geography Matters

This section of the paper offers a speculative analysis of variations in density between the States, arguing that these differences are not solely about regulation, and goes on to look at the examples already cited of the Hunter Valley, the Illawarra and Broken Hill to explore variations within ‘old economy’ sites. Finally, some illustrative episodes from metropolitan are set out.

How might the differences in union density in the Australian States be explained? First, there are effects generated by other aspects of State government policies not only in industrial relations but also in economic policy-making, especially as States compete with each other to attract investment and jobs (Broomhill, 2001). Second, unionism in any one State has been
shaped by the take up of State as opposed to Federal awards and agreements (the balance having varied immensely over time and also by gender). In addition, however, the interplay between scales of regulation regimes can be of immense significance in shaping union density. The best known example is Victoria. The Commonwealth Labor Government used the Industrial Relations Reform Act, 1993 to allow many Victorian workers to ‘flee’ the anti-union laws passed there in 1992. This escape route was cut off when the Coalition was retuned to power in the Commonwealth in 1996. More recently, mining employers (and others) in Western Australia simply ignored State laws, taking advantage of the opportunities offered at the national scale by the Workplace Relations Act to exclude union influence (Ellem, 2004; Todd et al, 2004). Thirdly, management strategy may take on specific dimensions in particular States, in part reflecting or shaping government policy but, more profoundly, reflecting the structuring of economic power as between the different States. Equally, management action (or inaction) will mediate the effect of government policy. For example, Bailey and Horstman argue that this factor in large part explains why the impact on union density of Western Australia’s second and third waves of policy change was far less than the first. Employers laid fewer complaints against unions under the new legislation, many taking the view that the first wave had delivered all the change they needed (2000, 10). Fourthly, regional or State peak union bodies or State-based branches of federal unions may exercise a degree of autonomy which shapes union strategy in particular spaces (Ellem et al, 2004). For example, in New South Wales, there was a relatively cohesive union movement and a labour council exercising considerable power over and for its affiliates with the Labor Party in office more often than not (Markey & Nixon, 2004). In contrast, in Victoria, many unions were excluded from the state labour council and Labor Party, the wounds of the cold war splits were longer in healing and relationships with an electorally unsuccessful party were more fraught (Brigden, 2003).

Turning now to local scales, there are suggestions of significant variations in union membership within New South Wales and some variations in gender composition by region, too (Forrest, 1995). The case studies and surveys of mining or mining and steel centres in New South Wales mentioned earlier show that some of these places have common characteristics – and characteristics which distinguish them from other places – but they also have differences one from another. That is to say, here is a consistent regulatory context, in similar industries, but with locally specific industrial relations and unionism.

A number of surveys of the Hunter Valley show the persistence of above average levels of union density, although the authors concede that their data are limited by small sample sizes and by the limited scope for comparative or longitudinal studies. None of these studies claims to have union membership, density or activity as the central concerns of the analysis, but some suggestions about the trajectory of unionism do emerge. One study of 21 workplaces which focuses on award restructuring and workplace change has union density nearly twice the national average, admittedly in a population of larger workplaces in traditionally well unionised industries (Alexander et al, 1995, 116-17). Others reach similar, if qualified, conclusions about union density (McDonald et al, 1997). A recent overview of changes in industrial relations in the region reiterates the need to treat all findings with caution, while pointing to apparent peculiarities in the Hunter (Macdonald & Burgess, 1998).

For the Illawarra, surveys undertaken over 1996-97 represent an attempt to come to terms with some of these methodological problems. These studies apply the Australian Workplace Industrial Relations Surveys methods (Calllus et al, 1991; Morehead et al, 1997) to one region, allowing for direct comparisons between national figures and the Illawarra. Based on a survey of 200 large workplaces, the findings suggest that here, too, union density is holding up better than the national average, despite the massive decline in employment in employment
in coal and steel. Furthermore, measures of union propensity among employees and of union sympathy among managers appear to be more favourable than the national figures revealed in AWIRS (Markey et al, 2001; see also Markey & Pomfret, 2000).

At the same time, there is evidence of the contrary trend in one of the oldest heartlands of all, the city of Broken Hill, where the collapse of the local mining industry has gutted employment and sharply reduced the power of the local branch of the main mining union. Coupled with wider social changes playing out in this particular place, these changes have meant that the power of the local unions’ peak body, the once powerful Barrier Industrial Council, has all but disappeared. As impressionistic as the evidence may be, it does seem to be the case that union density has collapsed from previously unusually high levels in a number of other industries and occupations across the town (Ellem & Shields, 2004).

Each of these three areas produced quite distinct labour traditions which, arguably, left unions and their local peak bodies with quite different capacities to withstand the anti-union assault. Of the three, Broken Hill appears to have fared the worst, the Illawarra the best. A tentative hypothesis to explain this might turn on the extent to which unions ‘embedded’ themselves in local social formations (cf Clark, 1989) and articulated a place consciousness able to accommodate not just anti-union employers and governments but other social changes too. In Broken Hill, from the late 1970s, the collapse of the place consciousness – insular, masculinist, politically conservative but industrially militant – and of local union power was abrupt as mining employment fell, the gender order was restructured and the state intervened in new ways to regulate industrial and social relations. In the Illawarra, a powerful and militant local labour movement remained capable of forming alliances with some employers and other non-local capital fractions to attempt to moderate national policies, attract investment and secure new uses for local economic spaces. In both cases, the origins of the union movement lay in mining and left-wing politics. However, the Illawarra’s dominant place consciousness was never as masculinist and parochial as Broken Hill’s. Its unions handled crisis better because of those politics and because union and community connections were sustained (Markey & Nixon, 2004; Ellem & Shields 2004; Ellem 2005).

Finally, where does this leave us in understanding unionism in the major metropolitan centres where, after all, the huge majority of workers live and labour? Two episodes can be sketched which are indicative of the spatiality of union decline and renewal. Both come from 1998, one well known, one less so: the waterfront dispute and a textile dispute in Melbourne.

There have of course been many accounts of the attempts through 1997-98 by Patrick Stevedores and the Commonwealth government to remove the Maritime Union of Australia from playing any effective role on the waterfront. The dispute was set in a discourse of global competition and local work practices (Sadler and Fagan, 2004); the background to the dispute saw workers being trained overseas in what were meant to be secure spaces away from where the struggle would be played out. When the dispute came to a head at Easter 1998, the importance of fighting at a range of scales became quickly clear. The impact of the overnight dismissals and of bringing in a non-union workforce was that the one space where a union like the MUA prided itself on being in control – the workplace itself – had been lost (Ellem 1999). The geography of the dispute was of strategic significance as two journalists realised. Trinca and Davies suggested that power of the international unions contributed to P&O’s more softly-softly approach to the MUA as they argued that the global company was more exposed to global pressure than was Patrick (2000, 35).

Both the sites and scale at which the MUA’s resistance was constructed were critical to the successful campaign. Having lost the workplace struggle – being redundant, the waterside workers had no access to the wharves and no status in industrial tribunals – the union
developed a strategy which drew on the local, with community support and high profile events in very public places in the major cities. They also constructed their own version of globalism, avoiding national industrial action and the penalties in the Workplace Relations Act by turning to international action, with the role of the International Transport Federation. At the outset, the Federation had exposed the government’s secret training operations. One ship destined for Cairns turned around under Federation pressure and the dispute gained immense publicity overseas (Sadler & Fagan, 2004).

Something akin to the Patrick strategy seemed to develop in a very different setting a few months later. On 1 December 1998, the management of the Australian Dyeing Company in the Melbourne suburb of Clifton Hill locked out its workforce in the course of enterprise bargaining. The workforce was made up of women from non-English speaking backgrounds, there was high unemployment in the area and the union, the Textile, Clothing and Footwear Union (TCFU) represented only a small portion of the industry’s employees (due mainly to the place of work being confined increasingly to the home). Unions were alarmed by the company’s vigour in making the factory its own protected space: management hired 45 security guards and spent a large sum on security devices.

This conflict received very little media attention but it stimulated an immense network of community and rank-and-file support for the workers. For whatever management did on ‘its’ premises, it did not own the spaces nearby where most of the workers lived, where they had ethnic clubs and societies, friends and churches. A 24-hour picket was maintained; there were fundraisers, barbecues and wide use of the internet to escape the limits of their local space, relaying information and gathering financial and logistical support. When management attempted to re-open the factory in early January, hundreds of pickets were mustered. After two months, the company was forced to accept the workers back (Australian, 12 January 1999; Green Left Weekly, 10 February 1999; Australia Asia Worker Links at aawl@union4.su.swin.edu.au). Here, the sense of place which Herod and others address was clearly important. The immobility of these workers – their ‘place-boundness’ – was their strength. If these workers did not win their jobs back, the implications would be felt not only at the relatively remote scale of national class setbacks but the cross-class scale of the local. The struggle was won and lost primarily at this local scale, aided of course by the organisational support of the union, the TCFU, and the Victorian Trades Hall Council.

Conclusion

How workers, their employers and the state make space is as important as how they make history – but less understood. Analyses blind to space necessarily have an implicit geography. Typically, aspatial treatments assume that boundaries and scale are uncomplicated, be they national or local. However, there are geographical peculiarities to union decline. To emphasise local and regional variations is not to privilege these scales above others but to reinstate and situate them in relation to other scales and places. In this geographically-informed analysis, regulation and production remain pivotal but they are understood as spatial processes themselves. Union power is shown to be about mobility and place consciousness.

How might studies of union decline and renewal, informed by a more sustained theoretical engagement with human geography proceed? Firstly, there is scope for a spatial analysis of union membership and density along the lines of the Martin, Sunley and Wills model. Secondly, unions’ fundamental tasks, namely representation and bargaining, may – as much as membership – look more complex and varied when examined across space. Thirdly, drawing together the work of these key authors, we might ask central questions for understanding union decline and recovery: how have capital and the state used space to
undermine unionism? How does labour use space as a source or medium of power? In turn, answering these questions might assist in the wider project of developing a more comprehensive and spatially-sensitive understanding of how and why workers join, become active in, or leave, unions.

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Barriers to Trade Union Democracy in Indonesia
A Preliminary Analysis

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Trade union democracy is often an elusive goal in even the most conducive of situations because trade unions are hybrid organizations that simultaneously seek to function as democratic voluntary associations and efficient, effective formal organizations. In developing country contexts such as Indonesia unionists who seek to promote trade union democracy face an additional range of challenges associated with unions’ lack of resources, structural barriers to ordinary members’ participation in union activities, and educational and status gaps between salaried union officials and the broader membership. This paper provides a preliminary analysis of some of the barriers to trade union democracy in the Indonesian context. It argues that while Indonesian unions have achieved some of the measures of trade union democracy identified in the theoretical literature, these barriers represent a significant obstacle to further democratisation of the Indonesian trade union movement.

Introduction

Non-radical trade unions in capitalist democracies have a dual purpose: the practical aim of improving the wages and working conditions of their members and the normative purpose of providing a vehicle though which workers can come together in solidarity (Kelloway and Barling 1993). This dual purpose is reflected in the identity and everyday workings of trade unions. On one hand, unions are voluntary associations based on the common interests of their members. On the other, they are formal organizations which have legally-recognized structures. As a result of this dual identity, unions’ internal structures – unlike those of other formal organizations, such as private companies and government bureaucracies – are predicated on assumptions of democracy. However, their status as formal institutions means that trade union officials have a range of institutional interests that do not necessarily coincide with the interests of their members (Hyman & Fryer 1978): they must ensure that their unions continue to be viable as formal institutions by following legally-binding administrative procedures and making compromises with government and employers; they may consider it necessary to compete with other unions for influence within national or international trade union bodies; and they are concerned with internal issues such as financial and structural stability, and administrative efficiency, which may be of no interest to individual union members.

This paper begins by examining some of the theoretical debates about trade union democracy, and outlines a range of different models of trade union democracy. It then draws on this literature and findings from recent fieldwork to provide a preliminary analysis of the major barriers to trade union democracy in contemporary Indonesia. Data was collected in two field trips in 2003 and 2005 using a range of qualitative research techniques, including in-depth and focus-group interviews, participant observation in union training sessions, and observation of union processes. Several unions, both large and small, were observed using these methods. They are not referred to specifically in this paper to maintain the confidentiality of informants. Preliminary evidence collected during this fieldwork challenges the assumption that larger unions, which tend to act primarily as formal institutions than voluntary associations, are necessarily more susceptible to oligarchical tendencies than their smaller, less ‘rational’
counterparts. It argues that many of the challenges faced by Indonesia’s fledgling union movement are exacerbated by the extent of oligarchy both in the central offices of major Jakarta-based unions, union federations and confederations and at the shop floor level of large and small unions alike. The paper concludes that although the union movement has developed dramatically since freedom to organise was reinstated, the Indonesian trade union movement’s tendency towards oligarchy has undermined its ability to consolidate the gains it has made since the fall of President Suharto’s New Order regime in May 1998.

Debates about trade union democracy

In developing countries, trade unions have been overwhelmingly subject to constraints imposed by authoritarian or semi-authoritarian developmentalist states (see e.g. Stepan 1978). Consequently most accounts of trade unionism in developing countries, including Indonesia, concentrate on the impact of external factors (for example state structure) on trade unions (for Indonesia, see for example Hadiz 1997; Ford 1999). Such analyses work well in contexts where independent unionism is effectively prohibited or restricted, but break down in contexts where the political climate changes. In contexts like post-Suharto Indonesia, trade union democracy is a topic of major concern, not least because international unions and transnational solidarity support organisations (SSOs), such as the American Federation of Labor-Congress of Industrial Organizations’ international wing, the American Centre for International Labor Solidarity (ACILS) and the German political foundation, the Friedrich Ebert Stiftung (FES), which have supported many local unions financially, strongly emphasise it. The financial and educational role of these international bodies influences local unions’ understanding of trade union democracy. International bodies provide funding and other forms of support to unions that most meet their own expectations of trade unions’ form and function. As a result of this selection process, and the emphasis on training in international union bodies and SSO support packages, the models of trade union democracy promoted in newly democratising countries are not specific to the developing-country context, but rather drawn from the West.

In Western liberal democratic contexts, trade union democracy has been the subject of long-standing debates which have yet to produce a widely-accepted model of trade union democracy. A major theme in debates about trade union democracy has been the extent to which trade unions’ organizational interests coincide (or fail to coincide) with the interests of trade union members, and the extent to which organizational imperatives undermine the democratic principles upon which trade unionism is fundamentally based. It is argued that a fundamental conflict exists between demands for ‘responsible trade unionism’ and expectations that trade unions can function democratically. As a consequence, trade unions are forced to choose between stable leadership and an efficient organization (a bureaucratic, disciplined and responsible union structure) and the risks of fragmentation and chaos associated with members’ right to question leaders’ decisions at will (democratic unionism).

The idea most often raised in discussions about differences in the interests of trade union members and officials is Michels’ iron law of oligarchy (Coleman 1960; Edelstein & Warner 1975; Eldridge 1978; Hyman & Fryer 1978; Lipset 1960). The concept of oligarchy describes situations in which leaders are difficult to oppose or depose and benefit from their position in terms of power, rights, and even financially to such an extent that their relationship with their subordinates (or electors) can be said to be characterized by exploitation (Edelstein & Warner 1975). According to Michels, oligarchy is more likely to be found within the organizational structures of trade unions than in political parties because trade union leaders have experience and knowledge that guarantees they will be elected again and again. As a result, they become
isolated from the union membership and their commitment towards social change declines, because they have achieved their personal ‘social revolution’ (cited in Hyman & Fryer 1978, pp.161-62, see also Eldridge 1978). Consequently, Michels argued, trade union democracy is, in practice, impossible.

More recent theorists of trade union democracy generally acknowledge the tendency towards oligarchy within trade unions, but reject Michels’ conclusion that trade union democracy cannot be achieved. In theories of trade union democracy, the tendency towards oligarchy is often associated with tendencies towards institutional formalization, particularly in large trade unions, which tend to be more structured and bureaucratic than smaller unions. Large unions, like other large organizations, are subject to internal and external pressures that encourage the development of a rational, hierarchical and ‘responsible’ structure (Lipset 1960:217).

Although there are many positive aspects associated with the development of ‘rational’ and ‘effective’ processes, the structures associated with those processes tend to widen the gap between trade union officials (particularly fulltime officials who receive a wage for their union work) and the trade union membership. In other words, theorists claim that the tendency towards oligarchy is greatest when trade unions emphasize their identity as a formal institution over their identity as a voluntary association based on members’ interests (Hencksher quoted in Fiorito et al 1995, p.618).

There are a wide range of models which seek to explore the relationship between bureaucratization and trade union democracy. Hemmingway (1978:5-11) suggests that these can be grouped on the basis of three classic approaches towards trade union democracy that have emerged from these debates. The first is based on the Webbs’ analysis of trade unionism, in which they argued that because ‘primitive democracy’ (direct democracy) is not possible within a modern organization, representative democracy based on regular branch meetings can be used to limit the power of trade union officials. The second approach is based on the analysis of theorists like Lipset and Edelstein, who argued that the tendency towards trade union oligarchy can be controlled by ‘internal parties’ (factions) or informal internal opposition which can compete for power within elections of officials. The third approach emphasizes member satisfaction, where members are consumers of trade union services. This approach suggests that the main objective of unions is to protect members and improve their standard of living, not to give them experience in self-government.

Morris and Fosh (2000) identify four dominant approaches to trade union democracy within the literature, which overlap, rather than coincide, with the approaches identified by Hemmingway (Table 1). The first of these is liberal pluralism, which equates trade union democracy with formal democratic processes at the national level. Proponents of this approach, including Edelstein and Warner (1957) and Lipset (1960), focus on unions’ constitution and rules, as well as the strength of internal opposition and members’ participation in the election of officials and policy formation. Morris and Fosh argue proponents of liberal pluralism emphasis ‘the means by which decisions are reached rather than the outcomes of this process’ because they base their analyses on union practices in the United States and the United Kingdom (2000, p.96). The second approach Morris and Fosh identify is that of ‘consumer trade unionism’. Models of democracy which emphasise consumer trade unionism (initially proposed by theorists such as Allen) are now widely used in business circles. Allen (cited in Morris and Fosh 2000, p.97) argued that outcomes were more important than internal processes because unions’ primary purpose is to ‘protect and improve the general living standards of its members’. Consequently, proponents of this approach measure the extent of trade union democracy in terms of the quality of services the union provides for its members rather than their level of direct involvement in trade union activities.
Ford

Table 1. Characteristics of Trade Union Democracy

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<th>Approach</th>
<th>Characteristics</th>
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<td>Liberal pluralism</td>
<td>Opposition faction presence</td>
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<td>Performance of opposition</td>
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<td>Electoral competition</td>
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<td>Membership density</td>
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<td>Voter turnout</td>
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<td>Consumer trade unionism</td>
<td>Officer involvement</td>
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<td>Membership density</td>
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<td></td>
<td>Membership satisfaction with pay bargaining</td>
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<td>General level of member satisfaction with union</td>
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<td>Grassroots activism</td>
<td>Decentralization of decision-making</td>
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<td>Diffusion of decision-making</td>
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<td></td>
<td>Activist involvement</td>
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<td>membership density</td>
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<td></td>
<td>Avoidance of sectional domination</td>
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<td>membership involvement</td>
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<td></td>
<td>Advancing collective interests of members</td>
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<td>Individual accountability</td>
<td>Election of leading officers</td>
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<td>Factional visibility to members</td>
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<td>Success of moderates</td>
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<td>Voter turnout</td>
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<td>Membership satisfaction with pay bargaining</td>
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<td>Level of industrial action</td>
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*Source: Adapted from Morris and Fosh (2000:111).*

Morris and Fosh describe the third approach as ‘grassroots activism’. Like liberal pluralists, those who grassroots activism as the primary measure of trade union democracy emphasize the importance of formally democratic decision-making. However, they also measure trade union democracy according the extent members are involved in collective decision-making; the extent to which that decision-making is decentralised; and the extent to which sectional domination is avoided within the union structure. The final approach emphasizes trade union accountability to the individual. Proponents of this approach see unions as a potential threat to industrial harmony and to workers’ individual interests. Consequently, they emphasize governments’ duty to oversee trade union activities in order to ensure that members’ interests are protected, and to monitor trade unions’ internal procedures in order to prevent ‘militant’ union officials from violating the rights of more ‘moderate’ union members (Morris and Fosh 2000, p.98). This fourth approach is most commonly adopted by conservative governments seeking to undermine union rights.

What is innovative about Morris and Fosh’s analysis is the framework they propose for measuring trade union democracy based on these four major approaches. Their framework identifies the characteristics of democratic unions according to each approach using five categories of analysis (structures determined by a union’s constitutional arrangements,
internal political organization, representation, membership involvement and outcomes). Morris and Fosh argue proponents of each approach emphasize different measures of trade union democracy depending on the ideological assumptions that underpin that particular approach. It is important to note that a single union can emphasize different models/characteristics at the national, regional and local levels. For example, a union may simultaneously adopt a ‘consumer’ approach at the national level, which places little emphasis on shopfloor engagement, and a ‘grassroots activism’ model at the local level.

The ability of unions to function democratically is also affected by the ability of ordinary members to participate fully in union affairs. Greene et al (2003) present a contemporary analysis based on Michels’ work which directly addresses this question. They identify four factors that encourage the development of trade union oligarchy, namely differentials between the knowledge possessed by trade union leaders and union members, access to communication technologies, and ability to communicate effectively (political communication); along with ordinary members’ lack of time, energy and places to meet. Their analysis is based on observations of unions in the United Kingdom, but the factors they identify are even more pertinent in developing country contexts like that of Indonesia, where in some ways conditions have more in common with those at the time Michels was writing than those in a fully industrialised society.

When combined with broader questions about the nature of trade unions and their oligarchical tendencies, Morris and Fosh’s attempt to map the characteristics of different types of trade union democracy in such a concrete way provides a useful means of analysing efforts to develop trade union democracy in Indonesia. In the following section, Morris and Fosh’s matrix of measures of trade union democracy and Greene et al’s four factors promoting oligarchy in contemporary unions are used to present a preliminary analysis of the barriers to trade union democracy in the post-Suharto context in Indonesia.

**Barriers to trade union democracy in Indonesia**

Indonesia is an interesting context in which to refocus the discussion, both to test levels of trade union democracy and to explore unions’ tendencies towards oligarchy because Indonesia’s trade unions are currently in a state of flux following a period of rapid expansion of the organized labour movement after the fall of President Suharto (1967-1998). When Suharto’s New Order regime came to power in 1966-67, it effectively destroyed independent trade unionism in Indonesia. Early in Suharto’s reign, leftist unions were eliminated, and remaining unions were restructured into a single federation of industrial unions (The All-Indonesia Workers’ Federation, FBSI). In 1985, the FBSI was transformed into a single union with nine industrial departments (All-Indonesia Workers’ Union, SPSI). Despite the efforts of some activists within the SPSI, the official union served to facilitate government control over labour rather than as an independent association of workers. Although there was some attempt to maintain a pretence of union autonomy during this period, little emphasis was placed on the nature of internal union processes. After the fall of Suharto in May 1998, legislative and policy restraints on free trade unionism were relaxed. In the years that followed, the numbers of trade unions registered in Indonesia increased dramatically. By the end of the Habibie interregnum in October 1999, there were twenty federations registered at the national level alone. Three years later, the Department of Manpower had registered 61 federations, one confederation, almost 150 labour unions and some 11,000 enterprise unions (SMERU 2002, p.vi). By 2005, over 80 union federations and three confederations were registered at the national level. The rapid increase in the number of unions is concrete evidence of a dramatic shift in Indonesia’s labour policy and legal framework, although only a small proportion of
registered unions have yet been able to develop a meaningful shop-floor presence. The importance of trade union democracy (based on the Western models) has been recognized by the labour movement in post-Suharto Indonesia. For example, it was the topic of the January-June 2005 edition of Sedane, the journal of the Indonesian labour non-governmental organization Lembaga Informasi Perburuhan Sedane (Fahmi et al 2005) and has been the focus of routine training activities undertaken by a number of trade unions (Fieldwork July 2005).

Although Morris and Fosh’s categorisation of theoretical approaches deals with theories of trade union democracy developed in Western liberal-democratic contexts, all four of those approaches are evident and relevant in the Indonesian setting. Although government has taken a relatively hands-off attitude to trade unions since mid 1999, it imposes a regulatory framework based on the assumptions of the fourth model, namely ‘individual accountability’. Through its industrial relations laws, the government seeks to ensure that unions have acceptable constitutions, clear processes for the election of office-holders, and that they engage in collective bargaining on behalf of workers. Its ability to influence unions’ level of industrial action and to ensure the success of leaders it would consider ‘moderate’ has declined since the fall of the Suharto regime; however, local Manpower offices and the security forces still seek to influence unions on these matters (particularly industrial action) to a greater or lesser extent.

The models promoted most strongly at the national level by local and international trade union bodies are ‘liberal pluralism’ and ‘consumer unionism’. As noted at the beginning of the previous section, this is not surprising given the influence on international and transnational trade union bodies, and indeed, the ILO. Yet although the majority unions have elaborate documents on the electoral processes through which their officers are selected, as emphasised by the liberal pluralism model of trade union democracy, other measures associated with this model are less often achieved. There is seldom an institutionalised opposition. Leadership turnover is low, and is generally either not contested at all, or otherwise contested using mechanisms which lie outside the formal electoral procedures. And although unions make strong claims about membership density, as is discussed below, these claims are seldom substantiated. In focus group interviews (Interviews July 2005), shop-floor officials in a range of relatively active unions attending a trade union training session recounted stories of battles within their own workplaces for power in the union. Leaders are even more entrenched at the higher levels of the unions in the two largest confederations, where some elected officials have been in power for decades.

Many large Indonesian unions have also failed to perform on the measures of trade union democracy associated with ‘consumer unionism’. Although membership density is relatively high in some workplaces, officer involvement is often almost non-existent (often due to management influence in the union or lack of opportunity). In such situations bipartite procedures, where they exist, are seldom effective, and members’ level of satisfaction with the union is low. There are a number of examples of unions that have to some extent succeeded on the measures associated with consumer unionism. Many of these are affiliated with international trade secretariats or global union federations, or, alternatively, emerged from the NGO-sponsored workers’ groups of the late Suharto period. Their ability to continue to do so and/or improve their outcomes, however, depends on the structural constraints in which they operate, including Indonesia’s low-wage, high-unemployment economy, and the impact of political and economic uncertainty on foreign and local investment.

The grassroots activism model of trade union democracy is also evident in pockets in some unions (big and small), generally at the shop-floor level, and most often in small, independent unions. However, this model, too, is difficult to maintain both because of the obstacles many
employers continue to put in the way of effective unionism (Ford 2004) and the simultaneous
tendency to oligarchy found not only in large relatively bureaucratic unions, but in their
smaller, less formal counterparts. This tendency to oligarchy, which also impacts on the
ability of unions to achieve liberal-pluralist measures of trade union democracy (and to a
lesser extent consumer measures) can be mapped in terms of the factors identified by Greene
et al (2003): skill and knowledge gaps, access to communication technologies, ability to
communicate effectively, and opportunity.

Differentials between the knowledge possessed by trade union leaders and union members are
a major hurdle faced by union organizers in Indonesia. In fieldwork interviews (July 2005)
Indonesian labour activists and trade unionists often referred to the gap in knowledge and
skills between trade union leaders and ordinary members. Although there is an historical
emphasis on the principle of unions ‘by, for and of workers’ (see Ford 2003), trade union
leaders are generally far better educated and/or experienced than their members. In unions, as
in Indonesia more generally, differences in education levels and status within an organization
are perhaps the most important factors (along with gender) in determining the distribution of
power both within broad organizational structures and individual relationships.

In macro terms, differences in social status and education between workers in different sectors
(for example, unions in the banking sector on one hand and the unions in textiles, clothing and
footwear on the other) make it difficult for unions to cooperate, which has serious
implications for the effectiveness of national union federations and confederations, where
leaders of unions for the semi-skilled and unskilled have little chance of occupying strategic
offices. At the national level, Indonesian trade union federations and confederations are
fraught with internal conflict, which absorbs most of their resources and limits their ability to
plan strategically to improve the bargaining power of the movement. Inter-union conflict is
demoralising, and it is undermining union activities at all levels. Perceptions of union
hierarchy and the status of union leaders also affect the ability of union officials to
communicate with representatives of government and peak-level employer organizations. The
importance of social status and educational background as social markers in Indonesia means
that unions’ success in bipartite and tripartite forums at the national and local levels depends
as much on union leaders’ ability to ‘speak the language’ of employers and bureaucrats as
high membership density or other concrete markers of union bargaining power. Finally, union
leaders’ ability to engage with international unions and solidarity support organizations
(which relies heavily on their level of education and in international circles their ability to
speak fluent English) has material implications for trade unions. Almost all Indonesian unions
rely heavily on external funding because potential collection of union dues is limited by the
low wages paid to blue-collar and lower level white-collar workers (see Ford 2004). Unions
whose leaders do not have the educational capital to convince donors of their professionalism
and ability to take part in the international union community have little chance of accessing
external funding.

At the micro level of the shopfloor or the local branch, union leaders who have a higher level
of education or broader experience than their ordinary members easily slip into a pattern of
oligarchy which is difficult to displace without destroying the local union, particularly in
unions in the blue-collar sectors in which most Indonesian unionists are employed. These
issues were a major concern for members of a focus group of twenty shopfloor union officials
(Interviews July 2005), which included first-generation union leaders who found it difficult to
see how they could be replaced without compromising their union’s ability to conduct
organising activities and collective bargaining, and second-generation leaders who had
experienced great difficulty initiating a succession process within their union. In Indonesia,
then, the personal characteristics of union leaders and the issue of succession (cf Lipset 1960,
pp.228-34) are major barriers to trade union democracy at both the local and national levels. As Michels predicted, entrenched union leaders have a tendency to be less radical because they have achieved their personal ‘social revolution’. At the national level this exposes them to the likelihood of cooptation by the state, while locally it leads to a greater probability of management intervening in union affairs by providing financial and social incentives to union leaders for ‘cooperating’ (Interviews 2005).

These oligarchical tendencies at the local and national levels are reinforced by the other factors identified by Greene et al (2003). In ‘developed’ country contexts such as North America, Europe and Australia new technologies such as the internet have the potential to change communication paradigms within the trade union movement, and in doing so diminish the importance of other factors such as the available of a physical meeting place and the commitments of time and energy required to actively participate in union affairs (Greene et al). In developing country contexts like Indonesia, such technologies are generally only available to trade unions’ national elites, or at most, the officials and some members of white-collar unions in sectors such as banking, journalism and the hotel sector. Consequently, despite widespread complaints that dues are almost entirely absorbed at the local and branch levels, access to technology and other facilities tend to be monopolized at the national level because of unions’ overall financial constraints. As a result, local members have little access to the modern equipment, such as computers and facsimile machines, which are now considered vital for trade union work.

Where ordinary members do have access to communication technologies (primarily mobile phones), they do not necessarily have the skills to use those technologies effectively to promote their own interests within their union because of their lack of access to time, resources and space to become engaged in union activities. Ordinary members, particularly of Indonesia’s blue-collar unions, work long hours for very small wages: according to the Indonesian Bureau of Statistics, in March 2000 production workers earned a median wage of between Rp. 68 500 (approximately US$ 7.21) and Rp. 214 900 (approximately US$ 22.62) per week depending upon the sector in which they were employed (BPS 2000). Even with overtime, workers’ wages provide only the most meagre of livelihoods, particularly in the industrial heartland around the capital Jakarta. As a result, they have little time or energy for activities outside work. Although unionists are much more able to meet openly it is now less likely that they will be penalized for their union activities, they generally have little access to venues that can accommodate more than a handful of people unless space is provided by the company (which is only likely in workplaces where the union is already strong) or by outsiders, such as labour-oriented non-governmental organizations (see Ford 2003).

The barriers faced by ordinary members provide even more of a challenge for the groups Greene et al (2003) identify as ‘non-standard’ members, such as day labourers, subcontractors or women. In Indonesia, unions represent only a tiny proportion of workers even in classically ‘unionized’ sectors of the economy. As a result, most ‘non-standard’ workers are simply excluded from trade union coverage. However Indonesian trade unions do face a major challenge with regards to the meaningful incorporation of female members. This has proved difficult even in sectors where the majority of employees and union members are women. Important positions in union hierarchies are almost always dominated by men even in the labour intensive garment and footwear industries where the majority of trade unionists are women. For example, in one union meeting I attended in February 2000, the four hundred or so female union members present from an export-oriented garment factory were addressed by a union executive comprised almost entirely of men. Where women are represented in union structures, they are generally relegated to traditional ‘women’s positions’ as secretaries, assistant treasurers or ‘consumption’ (catering), and where women’s sections exist, they tend
to be excluded, or at best sidelined from, major decision-making processes (see Ford forthcoming). Gender bias is reflected in all levels of trade union activities. For example, in trade union training sessions, female participants are almost inevitably expected to take notes because they are considered ‘tidier’ or ‘more careful’ than their male colleagues (Fieldwork Observations, July 2003 and July 2005). This ‘busywork’ limits their ability to fully participate in such activities.

Conclusion

Indonesia’s organized labour movement has made dramatic gains in the seven years since the end of the New Order. Nonetheless, prospects for future progress currently appear limited, both because of external constraints on trade unions and important weaknesses in their internal processes and structures. With regard to the former, even though Indonesia’s industrial relations climate is now far more conducive to trade union activities, the country’s ongoing economic difficulties and international pressures on its manufacturing sector mean that unions have little strategic bargaining power either in national-level forums or on the shop floor. As this paper has demonstrated, however, macro-economic factors do not account for all – or perhaps even the majority of – the barriers to effective trade unionism in Indonesia. Other factors, such as knowledge differentials between union leaders and union members, access to communication technologies; ability to communicate effectively and to participate in union activities are equally influential, and tend to promote a situation in which union leaders occupy an overly privileged position in union structures. Indonesia’s trade unions are unlikely to be able to achieve a sustainable level of trade union democracy under any of the models proposed by Morris and Fosh unless that tendency towards oligarchy can be curtailed.

References


1 Department of Manpower is the accepted short form for the official Indonesian translation of *Departemen Ketenagakerjaan dan Transmigrasi*. 

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Employer attitudes to collective bargaining in regional New Zealand

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This paper reports research on employer attitudes to collective bargaining and the factors constraining its growth from a regional perspective. A cross sectional survey of organisations in the Central North Island Region of New Zealand sought information on employers’ attitudes to collective bargaining. Of 349 respondent firms, one third had employees covered by collective agreements; two thirds did not. In some respects the two groups had similar attitudes towards collective bargaining. In other respects, however, they were quite different. Employers not engaged in collective bargaining were far more likely to perceive that it could contribute nothing of value to either the firm or its employees. Virtually all of them perceived adverse effects on productivity, the exercise of managerial discretion, work organization, and workforce conflict. By contrast, significant minorities of employers engaged in collective bargaining saw it contributing in those areas.

Introduction

New Zealand’s Employment Relations Act 2000 (‘the ERA’) takes as its principal objective the building of productive employment relationships. Collective bargaining is promoted as a primary mechanism for building such relationships, and the Act was widely expected to reverse the dramatic decline in collective bargaining that occurred in the early years of the Employment Contracts Act 1991 (‘the ECA’). In fact, however, the coverage of collective agreements has declined slightly under the ERA, and there has naturally been considerable speculation as to why that is so.

Theory and research suggest that, historically and internationally, employer resistance has been a factor in the decline of collective bargaining, and in the failure of unions and collective bargaining to regenerate even under union-friendly regulatory regimes. The declining coverage of unionism and collective bargaining in New Zealand, as elsewhere, is particularly pronounced in the private sector, to the point that collective bargaining is becoming a predominantly public sector phenomenon. In the private sector, collective bargaining has become more enterprise-centred than in the past despite the ERA offering a relatively supportive environment for unions to pursue multi-employer documents.

This paper provides an initial report from an empirical study of employers’ attitudes towards collective bargaining after the first several years under the ERA. The main purpose of the project is to gauge the extent and impact of employer resistance to collective bargaining as a factor in the failure of collective bargaining to spread. We begin by preliminarily tracing the evolution of collective bargaining in New Zealand, setting out the conventional wisdom on employer attitudes to collective bargaining, and describing the framework and methodology of the research project. We then present and discuss the data before drawing some conclusions and pointing to future directions.

Collective bargaining in New Zealand

New Zealand has a colourful labour history, having experienced a full range of industrial relations systems, the past 20 years being particularly busy in that respect. For 90 years, the New Zealand labour market operated under a conciliation and arbitration model.
The conciliation and arbitration era: 1894 – 1984

The predominant pattern of collective coverage was a network of national or regional, often occupational awards, usually extending across several or many industries and industrial circumstances. Awards had blanket coverage to all employers and employees within jurisdiction. Awards were generally arrived at through quite short, central, conciliated negotiations, with little active involvement or even awareness on the part of most covered employers and employees. Arbitration was available if needed, although the predictability of its outcome meant that it was resorted to relatively infrequently.

There were exceptions to this system, with the freezing works, the wharves, the trains and ferries, and large construction projects amongst the most active industrial relations sites. An estimated 10 percent of the unionized workforce were covered by voluntary collective agreements (Young, 1983). Many of these local agreements were in fact ‘second tier’ agreements, in which unions singled out more buoyant employers for post-award negotiation of terms superior to those in the awards (Geare, 1983; Harbridge, 1983).

So, while industrial relations for most employers and employees in this period was a fairly remote experience, some employers and unions were involved in various types of closer-quarters collective bargaining, more so towards the end of the arbitration era. Much of this workplace or enterprise level collective bargaining was quite adversarial, but it was nonetheless the beginnings of the sort of enterprise bargaining that is the prevalent form of collective bargaining in New Zealand now.

The transition to collective contracting: 1984-1990

The next period in the evolution of collective bargaining in New Zealand was as short as the previous one was long. It lasted just the six years of the Fourth Labour Government from 1984 until 1990, a government that set about deregulating and restructuring the New Zealand economy and society with considerable fervour.

Reform of the labour market was amongst the priorities for the new government. The perceived inflexibility of the award system was deemed to be no longer appropriate to the developing environment (Harbridge & McCaw, 1989). The first step was the abolition of compulsory arbitration in 1984. The intent was to loosen the rigidities of the system and promote enterprise bargaining, but few structural changes eventuated. Impatient with the pace of change, the government enacted the Labour Relations Act 1987, intended to provide further stimulus to restructuring bargaining (Harbridge, 1988; McAndrew, 1989). Some awards lapsed, but most remained largely in tact (Harbridge, 1988; Deeks, 1990).

The number of collective agreements actually declined as some second tier documents lapsed, but most second tier agreements remained in place informally (Harbridge, 1988). Few employers were cited out by unions for separate negotiations (Harbridge & McCaw, 1992). A final initiative by the outgoing Labour Government in 1990 to allow employers to initiate enterprise bargaining themselves never got off the ground.

The employment contracts era: 1991-2000

The core principle of the ECA, introduced by the incoming National-led Government in 1991, was individual freedom to contract for labour. The Act provided no supports for collective bargaining, and shunned unions to the point of omitting any mention of them.

The impacts of the Act were sweeping and immediate. Union membership and the coverage of union-negotiated documents dropped immediately from about 40 percent and 60 percent respectively to half those numbers and continued to drop over the decade.
The structure and nature of employment contract formation changed dramatically under the ECA. Many employees previously covered by union-negotiated awards were moved onto individual employment contracts (Armitage & Dunbar, 1993; Boxall, 1993; Honeybone, 1997). Where collective contracts remained in place, multi-employer collectives quickly gave way to single-employer collective contracts based on the enterprise, the workplace or the cost centre (Armitage & Dunbar, 1993; Boxall 1993). And, even then, it was not always collective bargaining ‘as we know it.’

Only some collective contracts formed under the ECA were developed through the conventional process of collective bargaining between employer and union. Others, including both single-employer documents and multi-employer documents developed by trade associations for their members’ use, were merely contracts of convenience, essentially dictated to employees by employers (McAndrew & Ballard 1995).

Despite the anti-union thrust of the ECA, following the initial shake down, some mature and genuine collective bargaining relationships flourished. Multi-employer bargaining was discouraged, so while many employers opted out of collective relations, others found themselves with no choice but to deal with unions at enterprise level. These were generally large employers with workforces that were strongly unionized before 1991, and they remain the core of the collective bargaining population today (McAndrew 1993).

The Act to regenerate collective bargaining: 2000 – 2005

In 1999, the New Zealand Labour Party contested the election on a platform that prominently included repealing the ECA. On winning office, it passed the ERA which, as noted earlier, expressly promotes collective bargaining. The ERA’s championing of collective bargaining was generally opposed by employer lobbies (see Burton 2004).

The statute set out the basic obligations of the parties to collective bargaining relationships incorporated in the good faith concept: to try to reach an initial agreement over bargaining process, to meet with one another and properly consider proposals, to continue bargaining despite reaching deadlocks at times, to respect the role of parties’ representatives and to do nothing to undermine the representatives or the process. A Code of Good Faith in Collective Bargaining provided more prescriptive directions.

Given the substantially revised legislative environment for collective bargaining created by the ERA 2000, developments in bargaining since 2000 have been less spectacular than many practitioners and scholars would have anticipated. Several trends are clear.

First, there has been a slow but steady increase in union membership since the low point of 1999, though union density has remained about static. May, Walsh & Kiely (2004) reported an increase of 40,000 members to 342,000 since the introduction of the ERA.

Second, there has been a decline in collective bargaining coverage under the ERA, although this is more complex than it seems. As noted above, many collective contracts that originated under the ECA were employer-initiated documents of convenience. Many of these have disappeared (May, Walsh & Kiely 2004: 12). It is likely that the coverage of union-negotiated collectives has remained about as it was when the ERA took effect.

Unionization and collective bargaining endured under the ECA in industries, occupations, areas and employing organizations where unionization had been strongest at the time the Act was introduced (McAndrew 1993). The same appears to be the case under the ERA:

There has been relatively little change … in the … coverage of collective bargaining. Increases tended to be in areas where there is existing union coverage and a history of
unionization in the workplace, most notably in the public sector. (Waldegrave, Anderson & Wong 2003: 12)

Collective bargaining in the private sector is increasingly centred in manufacturing (May, Walsh & Kiely 2004: 13), and in larger firms with workforces of 500 or more (Blackwood, Feinberg-Danieli, Lafferty & Kiely 2005: 10). Something similar is happening on the union side of the table in the private sector. While a number of small unions have registered under the ERA, they represent few workers. The few largest unions are the ones most likely to have negotiated new collectives that did not exist under the ECA (Waldegrave, Anderson & Wong 2003: 36).

There has been some increase in coverage of multi-employer collective agreements, mainly in the public health and education sectors. Single employer-single union collective agreements are the predominant form in the private sector, accounting for over two-thirds of covered private sector workers (May, Walsh & Kiely 2004: 20).

To some extent, then, there has been a stabilization of collective bargaining centred in the public sector and in large private sector manufacturing organizations. What is missing is the growth that was anticipated under the sponsorship of the ERA.

**Employer attitudes to collective bargaining**

The conventional wisdom of labour relations is that unions promote collective bargaining to counter workers’ power disadvantage, that governments of a sympathetic stripe pass laws to facilitate it, but that employers generally oppose it as contrary to their interests. The ERA goes a step further, promoting collective bargaining as a good thing all round, for employee and employer, something that ‘can assist in building the fair and productive employment relationships that must underpin and support a growing and innovative economy’ (Wilson 2003: 124). Still, it remains ‘a tough sell’ for many employers.

Employers’ perceptions of collective bargaining and its impact on the management of firms have been examined in the past. Some research has supported positive benefits to the firm from engaging unions and collective bargaining under some circumstances (Oxenbridge, Brown, Deakin & Pratten 2003, Foster & Mackie, 2002, Windolf 1989, Eaton and Voos 1992, Freeman 1992, Foster 1995).

In the weight of research opinion, however, employers generally see few advantages in collective bargaining, and are inclined to resist it. The classic empirical work is Slichter, Healy & Livernash’s (1960) study of 150 United States companies and their unions in the 1950s, a study from which they concluded that employers would resist unions and collective bargaining to the extent that they were seen to scrutinize, criticize or interfere with management’s decisions and actions.

Closer to home, Deeks and Boxall (1989) draw on the work of another post-war American scholar, E Wight Bakke and find some similarities with New Zealand employers. Bakke (1946) argued that company management had a particular set of attitudes that defined what constituted ‘a workable labour relations system’ – labour relations should be kept to the level of the firm, should contribute to the firm’s efficiency, should not interfere with management’s freedom of action, and should be conducted in ‘a businesslike manner.’ Bakke found, of course, that union leaders don’t believe that they can always conform to these standards and remain true to their obligations to members. So there is an antagonism between the two, although Bakke, like the ERA, urged a collaborative approach to collective bargaining as a way to bridge the divide.
More recent work provides mixed estimates on the impact of unions on employers’ bottom lines. Freeman and Medoff (1984) documented substantial union wage gaps and a range of non-wage advantages accruing to unionized workers through collective bargaining. And the existence of a union wage gap has long been the accepted and documented wisdom (Lewis, 1986). On the other hand, the changing global environment and the reactions of governments, employers, and workers in various parts of the world have seen a dramatic decline in union membership over the past three decades, leading many observers to question whether unions continue to have the same effect on employers’ bottom lines that they did through the 1970s. In terms of wage effects, for example, Blanchflower and Bryson (2003) found that the union wage gap in the United States, while variable, was up to 20 percent lower in 2001 than it had been in the early 1970s. Dinardo and Lee (2004) concluded that in the past 20 years unions had had very little effect on wages, company survival, productivity, or employment. They estimated the union wage effect under current US circumstances as close to zero. Other recent studies had also been pointing in that direction (Freeman and Kleiner 1990; LaLonde, Marshche, and Troske 1996).

This is not to say that unions no longer have impact at the workplace. Even studies documenting minimal wage impact acknowledge significant sector differences within an overall declining union wage margin (Blanchflower and Bryson 2003). And, there is an additional literature that documents the continuing influence of unions on job security, benefits and workplace policies and conditions (Freeman and Kleiner 1990; Budd and Mumford 2004; Buchmueller, DiNardo and Valletta 2004). It is also well documented that unionized workers have been more successful, both in New Zealand (McAndrew and Ballard, 1995) and overseas (Blanchflower and Bryson 2003) in resisting employer efforts to reduce wages or other compensation items.

We hypothesize that a disaffection with and resistance to collective bargaining is the predominant view amongst New Zealand employers. Recent research found that, while many senior New Zealand managers held a pluralist view of employment relations at a societal level of abstraction, at the level of their own workplace they generally had a strongly unitarist perspective, actively promoting direct employee commitment to the firm and not ideologically sympathetic to entertaining a different, organised point of view in the workplace (Edgar, Geare & McAndrew, forthcoming 2006).

In the research reported in the remainder of this paper, we set out to document current attitudes of New Zealand employers towards collective bargaining, its impact or likely impact on their firms, and the circumstances, if any, under which they might expect to see the spread of collective bargaining as envisioned by the policy makers of the ERA.

**The research project: methodology**

**Questionnaire design**

A cross sectional survey design was used for the study involving the development of a self administered postal questionnaire, which sought information on employers’ attitudes to a range of issues including the relevance, motivation, interest in, and transactional costs of collective bargaining, and also perceived benefits of the collective bargaining process to the business. The questionnaire contained three sections. All participants were required to complete the first section which collected demographic and general data. The second section was completed by participants currently engaged in collective bargaining, the third by those not currently engaged in collective bargaining. The questionnaires solicited information on a wide range of variables relevant to the incidence or absence of collective bargaining and
attitudes and experiences of employers toward the concept. Questions required a mix of responses ranging from simple ‘yes/no’ answers to the use of standardised scales and the provision of written responses. Specific demographic information (number of employees, industry type, whether business is engaged in collective bargaining) was also collected from all participants. The questionnaire was piloted to examine the format and integrity of the question sets and was amended accordingly.

Sample and Population

The survey population was all private sector organisations within the Taranaki, Manawatu-Wanganui and Hawkes Bay regions of New Zealand employing 10 or more employees listed in the Universal Business Directory. The regions were selected as they contained a wide range of industries and workplace types. Inclusion of businesses employing less than 10 staff would have necessitated a random sampling process, which would not have produced a sample representative of the wide range of industries in the regions. The survey included all employers within the 17 industry standard classifications used by previous researchers (Thickett, Harbridge, Walsh & Keily, 2003; Department of Labour 2005), including those in which collective bargaining is traditionally and currently prevalent. Employer attitudes to bargaining fluctuate over time (McAndrew, 1989; McAndrew & Hursthouse, 1990) and those enterprises with longer operating histories have an advantage as they would provide a more accurate profile of the history of employer responses to collective bargaining.

Questionnaire distribution and follow-up

A total of 1,823 self administered questionnaires were distributed. Postal questionnaires provide a simple and cost effective method of describing and understanding individual behaviours and attitudes and their use is common in this type of research. In order to maximise return rates a follow up letter was sent to all participants within two weeks of the dispatch of the questionnaire.

The research project: results

The response rate was a fraction over 20 percent, acceptable in a self-administered postal survey, ultimately yielding 349 wholly useable questionnaires. Of the respondents to the survey, 42 percent were business owners; the remaining 58 percent were employed managers. Business owners overwhelmingly (87 percent) reported that their firms were not involved in collective bargaining. About half of the manager respondents reported that their firms were involved in collective bargaining. Overall, 65 percent of the respondent firms were not involved in collective bargaining.

Table 1 on the next page provides a detailed representation of the distribution of the sample across standard industry classifications, and the extent to which respondent employers in each classification are involved in collective bargaining. The main concentration of collective agreements is in manufacturing (10 percent), retail (4 percent) and transport (3 percent). The three-regions area in the central North Island has a mixture of primary (agricultural) and secondary (manufacturing) industries with Hawkes Bay also having a substantial tourist sector. The total responses as a percentage of all employers within a particular industry classification for all three regions surveyed are also included.
Table 1. Proportion of respondents involved and not involved in collective bargaining by industry classification

<table>
<thead>
<tr>
<th>Industry Classification</th>
<th>Involved in collective bargaining</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Accommodation or Hospitality</td>
<td>3 (.9%)</td>
<td>24 (6.8%)</td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishing</td>
<td>7 (2%)</td>
<td>25 (7.2%)</td>
</tr>
<tr>
<td>Communication Services</td>
<td>4 (1.1%)</td>
<td>6 (1.7%)</td>
</tr>
<tr>
<td>Construction</td>
<td>9 (2.6%)</td>
<td>19 (5.4%)</td>
</tr>
<tr>
<td>Electricity, Gas and Water Supply</td>
<td>7 (2.0%)</td>
<td>4 (1.1%)</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>5 (1.4%)</td>
<td>4 (1.1%)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>34 (9.7%)</td>
<td>34 (9.7%)</td>
</tr>
<tr>
<td>Mining</td>
<td>0 (0%)</td>
<td>1 (.3%)</td>
</tr>
<tr>
<td>Property &amp; Business Services</td>
<td>4 (1.1%)</td>
<td>20 (5.7%)</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>13 (3.7%)</td>
<td>46 (13.2%)</td>
</tr>
<tr>
<td>Transport and/or Storage</td>
<td>12 (3.4%)</td>
<td>9 (2.6%)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>3 (.9%)</td>
<td>6 (1.7%)</td>
</tr>
<tr>
<td>Education</td>
<td>7 (2.0%)</td>
<td>6 (1.7%)</td>
</tr>
<tr>
<td>Health &amp; Community services</td>
<td>11 (3.2%)</td>
<td>11 (3.2%)</td>
</tr>
<tr>
<td>Cultural &amp; Recreation</td>
<td>0 (0%)</td>
<td>3 (.9%)</td>
</tr>
<tr>
<td>Personnel &amp; other services</td>
<td>0 (0%)</td>
<td>2 (.6%)</td>
</tr>
<tr>
<td>Other, please specify Totals</td>
<td>4 (1.1%)</td>
<td>6 (1.7%)</td>
</tr>
<tr>
<td></td>
<td>123</td>
<td>226</td>
</tr>
<tr>
<td></td>
<td>35.2%</td>
<td>64.8%</td>
</tr>
</tbody>
</table>

(1). Figures have been rounded up to nearest whole number

Employers’ attitudes to collective bargaining

Table 2, as displayed on the next page, provides a profile of the attitudes of two sub-samples, employers who are and those who are not involved in collective bargaining for collective agreements (CEAs). Substantial majorities of employers not involved with unions or collective bargaining have never considered collective bargaining (73 percent), do not believe collective bargaining is relevant to their businesses (69 percent) and believe that their employees are not interested in collective bargaining anyway (68 percent). Many in this sub-sample are uncertain about the time demands and transactional costs of collective bargaining, and overwhelmingly (88 percent) these employers believe that there is a lack of information on how to undertake bargaining (although 54 percent would know what to bargain about). On all of these dimensions, except the time demands, those respondents presently engaged in collective bargaining and having employees covered by CEAs, as a sub-sample, had a more positive perception of collective bargaining than those not involved.
Table 2. Respondents attitudes to collective bargaining

<table>
<thead>
<tr>
<th>Variable</th>
<th>Covered by CEA</th>
<th>Not Covered by CEA</th>
<th>(P&lt;0.000)#</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n(%) Agree</td>
<td>Disagree</td>
<td>Unsure</td>
</tr>
<tr>
<td>Takes too long to bargain</td>
<td>53(42.4)</td>
<td>60(48)</td>
<td>12(9.6)</td>
</tr>
<tr>
<td>Transactional costs too high</td>
<td>35(28.7)</td>
<td>60(49.2)</td>
<td>27(22.1)</td>
</tr>
<tr>
<td>Employees not interested</td>
<td>36(29.0)</td>
<td>75(60.5)</td>
<td>13(10.5)</td>
</tr>
<tr>
<td>CB not relevant to business</td>
<td>19(15.1)</td>
<td>96(76.2)</td>
<td>11(8.7)</td>
</tr>
<tr>
<td>CB never considered</td>
<td>10(8.1)</td>
<td>111(89.5)</td>
<td>3(2.4)</td>
</tr>
<tr>
<td>Lack of info on how to bargain</td>
<td>27(22.0)</td>
<td>94(76.4)</td>
<td>2(1.6)</td>
</tr>
<tr>
<td>Unsure what to bargain about</td>
<td>9(7.2)</td>
<td>110(88.0)</td>
<td>6(4.8)</td>
</tr>
</tbody>
</table>

# Chi-squared test for differences in more than two proportions

**Employer’s views on factors which would increase collective bargaining**

Table 3 illustrates the factors that our respondents believe would contribute to an increase in collective bargaining coverage, again comparing those employers involved with collective bargaining and those not involved as separate sub-samples. Only one factor attracted the votes of a majority of those employers not involved with unions or collective bargaining. In their collective view, only the re-establishment of compulsory union membership would be effective in spreading collective bargaining coverage.

Table 3. Respondents views of the factors that would increase collective bargaining coverage

<table>
<thead>
<tr>
<th>Variable</th>
<th>Covered by CEA</th>
<th>Not Covered by CEA</th>
<th>(P&lt;0.000)#</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n(%) Agree</td>
<td>Disagree</td>
<td>Unsure</td>
</tr>
<tr>
<td>Workers showing more interest</td>
<td>76(62.3)</td>
<td>28(23.0)</td>
<td>18(14.8)</td>
</tr>
<tr>
<td>Key firms adopting CB</td>
<td>60(49.6)</td>
<td>37(30.6)</td>
<td>24(19.8)</td>
</tr>
<tr>
<td>More unions operating in industry</td>
<td>39(32.2)</td>
<td>64(52.9)</td>
<td>18(14.9)</td>
</tr>
<tr>
<td>Higher level of interest shown by union</td>
<td>51(41.8)</td>
<td>54(44.3)</td>
<td>17(13.9)</td>
</tr>
<tr>
<td>Introduction of compulsory union</td>
<td>72(59.5)</td>
<td>42(34.7)</td>
<td>7(5.8)</td>
</tr>
<tr>
<td>Govt promotion of CB</td>
<td>65(53.3)</td>
<td>39(32.0)</td>
<td>18(14.8)</td>
</tr>
<tr>
<td>Research showing value of CB</td>
<td>69(57.0)</td>
<td>33(27.3)</td>
<td>19(15.7)</td>
</tr>
<tr>
<td>Business groups endorsing CB</td>
<td>59(48.8)</td>
<td>40(33.1)</td>
<td>22(18.2)</td>
</tr>
</tbody>
</table>

# Chi-squared test for differences in more than two proportions

Workers might show more interest in collective bargaining, key firms might adopt it, more unions might get more actively involved, the government might do more to promote collective bargaining, research might show its value to employers, and business groups might even endorse it. But in the majority view of the sub-sample not involved with collective
bargaining, only compulsion would be effective in spreading collective bargaining to more workplaces than at present.

There is quite a different profile on this issue amongst employers involved in collective bargaining. Whereas few of those in the non-collective bargaining group thought that workers showing more interest would result in the spread of collective bargaining, a majority of those with CEAs credited worker interest with making a difference. This group was also more inclined to believe in a demonstration effect – if government or key industry players led the way, particularly with credible research attesting to the value of collective bargaining to business, collective bargaining would be likely to spread to more workplaces.

**Perceived benefits of the collective bargaining process**

Table 4 as displayed shows the perceived benefit or not of the collective bargaining process by employers with or without CEA’s.

<table>
<thead>
<tr>
<th>Covered by CEA</th>
<th>Not Covered by CEA</th>
<th>(P&lt;0.000)#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>Disagree</td>
<td>Unsure</td>
</tr>
<tr>
<td>Improve productivity</td>
<td>29(23.8)</td>
<td>79(64.8)</td>
</tr>
<tr>
<td>Improve managerial freedom</td>
<td>28(23.0)</td>
<td>83(68.0)</td>
</tr>
<tr>
<td>Reduces conflict</td>
<td>55(45.1)</td>
<td>58(47.5)</td>
</tr>
<tr>
<td>Improve structure/ job design</td>
<td>37(30.3)</td>
<td>71(58.2)</td>
</tr>
<tr>
<td>Ease into new technology</td>
<td>33(27.3)</td>
<td>73(60.3)</td>
</tr>
</tbody>
</table>

# Chi-squared test for differences in more than two proportions

Again there is a significant difference in the profiles of the two sub-samples, although only minorities in both groups saw any benefits at all from being involved with collective bargaining. For both groups, reducing conflict between employer and employees in the workplace was the most often cited advantage to be gained from collective bargaining and, in both absolute and relative terms, this was particularly pronounced with the group of employers presently involved in collective bargaining.

Only very small minorities of the non-bargaining sub-sample saw any benefits to them at all from becoming involved with unions and collective bargaining. In the bargaining group, over one half endorsed collective bargaining as reducing conflict, while there were quite substantial minorities (in the neighbourhood of one-quarter) endorsing each of the other listed benefits – improving productivity, assisting management’s ability to manage, and facilitating restructuring and modernizing of production technologies.

**Discussion, conclusions and future directions**

What we have presented in this short paper are the views of ‘mainstream’ New Zealand employers on collective bargaining and its impact or likely impact on their organizations. We have presented the data in aggregate form in two sub-samples – those employers who presently are engaged in collective bargaining and those who are not. Several points stand out quite clearly.
First, employers who are not engaged in collective bargaining are almost unanimously rejecting of collective bargaining. They believe that their employees have no interest in unions or collective bargaining, a finding that is consistent with other contemporary New Zealand research that says that most business managers have a unitarist view of employment relations at their workplace (Edgar, Geare & McAndrew 2006). They believe that collective bargaining has no relevance for them, to the point that most have never given it serious consideration. They say, by large majorities, that collective bargaining won’t help productivity, won’t reduce workplace conflict, will restrict managerial freedom of action, and will retard structural change or modernization of production methods. Against Bakke’s criteria, collective bargaining would not really stack up as ‘a workable labour relations system’ for these employers, and it is not surprising that they are not impressed by it.

Second, while the sub-sample of employers who are involved in collective bargaining is also, in the majority, not impressed that collective bargaining assists productivity, improves managerial freedom, reduces workplace conflict, or facilitates organizational change, it is noteworthy that the views of these collective bargaining participants, as a group, are substantially more favourable towards, or perhaps tolerant of, collective bargaining than the non-participating sub-sample. Substantial minorities see benefits from collective bargaining on each of these dimensions, most obviously on reducing workplace conflict but on each of the others as well.

Third, substantial majorities of these employers who participate in collective bargaining appear to be quite comfortable with the process. While close to half think that it takes too long, most are relaxed about the transactional costs of the process, and they believe that they know how to bargain and what to bargain about. They are, as a group, considerably more relaxed about the process than those employers who are not involved in it. Their views on factors that might lead to a spread of collective bargaining can also be interpreted to mean that they have, again as a group profile, a more flexible and pragmatic, less ideological or intimidated view of collective bargaining than those employers who are not presently involved in it.

There are factors other than employer resistance credited with the decline in unionization and collective bargaining coverage. Worker apathy, legislative regimes, labour market conditions and union strategies and flaws are among them. Our focus is on auditing where New Zealand employers stand on collective bargaining, and assessing the role of employer resistance – initially at the attitudinal level – in containing the spread of collective bargaining, despite the sympathetic environment created by the ERA.

The next stages in our research involve further detailed analysis of employer views against a range of labour relations and demographic variables, and the conduct of in-depth interviews with employers from our sample, particularly exploring further the views, relationships and collective bargaining practices of those employers who are involved in collective bargaining.

References

Foster, McAndrew, Murrie and Laird


Bringing Regulation Back In

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‘Regulation’ represents a fundamental variable in industrial relations (IR) research. However, current reforms to the Australian system have centred on notions of ‘deregulation’, winding back the ‘regulatory burden’ on business, and ‘devolving’ responsibility for decisions to the workplace level. Much of this has brought into question both the value of traditional regulatory instruments and centrality of ‘regulation’ in industrial relations research. Our purpose is to reconsider the concept regulation. Drawing on ‘regulation theory’ in critical legal studies we seek to provide a conceptual framework for thinking about the role and importance of regulation. This approach draws attention to the variety of ways labour markets and employment relations are regulated, directly and indirectly by state agencies, but also by unions, employers and employer organisations. Our argument is that current developments in regulation theory open up new possibilities for conceptualising and framing industrial relations debates.

Introduction

‘Rules’ in their various forms – or ‘regulation’ – represent a central concept in industrial relations research, both as an outcome of processes to be explained, and whose effects are to be investigated. Yet, today, the regulation of labour markets is a hotly contested subject in both IR and labour law. The value of traditional regulatory institutions, such as compulsory arbitration and trade unions, is openly questioned by scholars, policy makers and social actors themselves. The decline of traditional arrangements has been associated with concerns about the growing relevance of industrial relations (and labour law) as field of study. In industrial relations, the process of ‘de-institutionalisation’; is alleged to mark the end of the field’s intellectual relevance (Purcell 1993).

These developments are paralleled by debates in labour law and regulatory analysis more generally, where similar developments have been cast as a ‘regulatory crisis’. This crisis has been marked by a sense in which regulatory regimes have evolved in a manner which made them inflexible, overly legalistic and costly. Regulatory regimes have been accused of ‘burdening industry; promoting inefficiency and non-compliance. This has, in turn, provided the rationale for ‘deregulation’ or the displacement of traditional ‘command and control’ instruments of regulation in favour of ‘self’ or ‘soft’ regulation (Hutter 2005).

Our stating point is the observation that, with the odd exception (Bray and Waring 2005, Buchanan and Callus 1993), industrial relations scholars increasingly less interested in both conceptualising regulation and understanding it as either a dependent or independent variable. While the reasons for this are interesting enough to be a subject of inquiry in its own right, our concern here is to argue a case for ‘bringing regulation back in’ to industrial relations research, and to explore ways in which a regulatory focus can still be of considerable value. We attempt to do so by drawing on a growing tradition in law and socio-legal analysis in particular, often referred to as ‘regulatory studies’ or ‘regulatory theory’, or ‘new institutionalism’ (see Edelman and Suchman 1997), which has sought to reconceptualise what we understand by regulation.

The paper begins by providing some context to debates around labour market regulation, where this issue has most recently been explored, outlining the competing ways in which the concept of regulation can be defined. Having done so, the subsequent sections explore how
these alternative conceptions of labour law might frame analysis of industrial relations. Our
approach is to think of industrial regulation as principally concerned with regulating labour
market transactions, both in terms of the external and internal labour markets arrangements.
The last substantive section then presents a typology of regulatory instruments which together
constitute forms of labour market regulation and constitute the ‘web of regulation’ within
labour markets.

**Regulatory analysis and labour markets**

In industrial relations, the general aim of institutional analysis has been to describe and
analyse the operation of formal rules embodied in legislation and common law governing
relations in the workplace, shaping the resolution of conflicts and determining substantive
outcomes for employers and employees. As useful as much of this analysis of formal rules
has been, it has increasingly been reduced in relative importance for a number of reasons,
including:

(a) the diminution of traditional instruments of regulation, such as awards and the rise of new
regulatory modes, such as voluntary codes and ‘self regulation’,

(b) the declining number of employed persons falling within the scope of typical definitions
of ‘employee’ and the traditional scope of labour law,

(c) the growth in less formal arrangements for determining wages and other aspects of the
exchange between employer and worker, and

(d) the gradual internalisation of rules governing many aspects of the employment relation
through organisational rules which were previously the domain of formal regulation.

These developments raise a host of challenges for industrial relations as a discrete area of
study, and for the analytical approach which might be utilised to best understand and respond
to these changes. Many researchers interested in understanding labour market regulation
have, however, suggested the decline in traditional arrangements has laid bare the role and
importance of institutions at a deeper level. To begin with, this ‘new institutionalism’ has
focused on the ways in which law and institutions structure the identity of social actors and
legitimize them in social systems of exchange and interaction, as well as performing
simultaneously a range of complementary and conflicting functions. The decline in
traditional institutions and regulatory mechanisms has also challenged researchers to consider
the ‘new modalities of pluralized and decentralized regulation’ (Parker and Braithwaite,
2003).

**Mapping the regulatory terrain: a conceptual framework**

It is first of all useful to ask the question: ‘What constitutes regulation?’ Any survey of the
field of regulation studies will quickly reveal that no single definition of what constitutes
regulation can be found. Black, for instance, notes that: ‘Not only does “regulation” not
travel as a term... even among those for whom it does have some meaning, it resonates
differently.’ (Black 2002) In response to the question, ‘What is regulation?’ Parker and
Braithwaite (2003) note that: ‘For some, regulation is about rules... On its broadest reading,
regulation means even more than that. Much regulation is accomplished without recourse to
rules of any kind. It is secured by organizing economic incentives to steer business
behaviour, by moral suasion, by shaming, and even architecture. On this broadest view,
regulation means influencing the flow of events. Conceived in this broad way, regulation
means much the same thing as governance or Foucauldian governmentality.’
These different definitions revolve around essentially two dimensions which define the nature of regulatory mechanisms: first, the extent to which regulation is viewed as including rules or norms not made, monitored or enforced directly and independently by the state; and second, the extent to which regulation is viewed as including informal rules – or even unspoken (mute) mores and customs, as well as formal rules and mechanisms (Roberts 2005).

The apparent fragmented manner in which the concept has been utilised has been characterised as both a strength and a weakness for regulatory analysis. Roberts (2005), for instance, recognises the empirical and normative value in extending the notion of regulation beyond state-centred and formal rules to encompass non-state regulatory artefacts; but cautions against an approach which leaves no room for differentiation between sources of rules and regulatory action. To do so, he argues, presents an overly exaggerated view of the extent to which traditional legal discourse excludes alternatives, and ‘offers no help in with teasing our differences between one normative order and another.’ (p. 22).

While recognising the potential for this very problem, Julia Black (1997) observes that the use of one definition over another reflects the varying purposes of the researcher. Thus in some contexts, where the inquiry of a researcher concerns a limited set of interactions within a specific institutional setting, the focus on more formal regulations, rules and regulatory agencies may be justified. However, where the question under investigation is concerned with larger system-wide concerns or interactions, then a broader definition, which encompasses less formal rules generated by social actors themselves or the interaction between them, is justified.

The nature and scope of regulatory analysis is broad and includes a range of sources of rules and norms well beyond formal rules. In order to take stock of the variety of institutional forms and regulatory techniques deployed in the regulation of labour markets, we outline a simple conceptual framework drawn from the large literature that identifies itself as regulatory theory or analysis (see Baldwin, Scott and Hood, 1998). It should also be noted that there is a significant, related, literature in sociology, socio-legal studies, institutional economics and institutional theory in organisational studies, with strong conceptual parallels to key themes in the regulation literature.

Baldwin, et al (1998) suggest that three broad definitions of regulation can be identified within the literature: (1) regulation as target rules promulgated by the state (i.e. direct regulation). (2) regulation as including more general state-based regulation of the economy which influences a range of economic and social spheres subject to targeted regulation (i.e., indirect regulation); and (3) regulation as including all mechanisms of social control, both formal and informal, state-directed or otherwise (i.e., non-state regulation).

Direct regulation. The first and narrowest definition, which will be most familiar to industrial relations scholars, views regulation as consisting of ‘the promulgation of an authoritative set of legal rules, accompanied by some mechanism, typically a public agency, for monitoring and promoting compliance with these rules’ (Baldwin, et al, 1998). This definition also appears to inform more recent attempts in industrial relations to conceptualise the ‘complexity’ and ‘congruence’ in Australian labour regulation (Bray and Waring 2005).

This focused definition draws attention to formal rules established by the state or its agencies with clear regulatory purpose, which are able to be assessed on the basis of what they are intended to achieve. It allows for a coherent analysis of the question What are the main characteristics of a “good” or “sensible” regulatory system? For example, to what extent does an unfair dismissal law protect employees from arbitrary and harsh treatment by their employer, or constrain a firm’s capacity to make efficient employment decisions? If intended outcomes are not achieved, then rules can be designed and redesigned to more effectively
achieve their goals and responsible agencies and their office holders can be brought to account (Scott, 2000).

**Indirect Regulation.** The focus on formal rules with a clear target or regulatory objective, however ignores the indirect ways in which regulation may occur. The idea of indirect regulation is unused in a number of ways, sometime ambiguously. Regulation may have indirect regulatory effects through the unintended outcomes they may generate. These effects may be adverse or positive in unintended ways. Regulation may also have indirect effects that were intentional in nature. In this sense, regulation may have more than one aim and target: a regulatory provision may have the procurement of goods and services for the public sector as its primary aim but include conditions on providers intended to ensure that meet acceptable labour standards (Hood et al., 1999).

Regulation may also be indirect in a third sense, namely that it does not emanate directly from government in the form of formal statutory rules. Regulatory agencies or specialized institutions may be delegated with discretionary powers in the interpretation and application of the statutory rules established by the government of the day. Some agencies, the Australian Industrial Relations Commission (AIRC) being the obvious example, may also be delegated the capacity to themselves establish rules and determine appropriate regimes for monitoring and enforcement (Mitchell and Rimmer, 1990).

A further criticism of the narrow focus of the first definition of regulation, which has its origin in the critical legal studies approach to examining law, concerns the extent to which the process of interpretation and implementation may be subject to control, influence or manipulation by regulates or other social actors with an interest in the ways in which rules influence social and economic outcomes (Freeman 2000).

The second definition of regulation therefore extends the scope of regulatory analysis from formal rules established by the state for the direct purpose of regulating a given transaction to include indirect, less formal arrangements and efforts by the state to regulate the economy or some aspect of society.

A further example, which usefully illustrates this more indirect source of regulation of the labour market, can be found in policies directed at privatisation or corporatisation of publicly owned enterprises such as public utilities. Ostensibly, these policies were justified on the ground that by making such markets contestable, production would inevitably be more efficient, and prices to consumers would be lower. In this process, however, this ‘new contractualism’ has been associated with large-scale changes in employment practices.

**Non-state regulation.** The role of internal regulation in the form of company and union rules, together with informal rules that may develop alongside these, suggests the third and broadest definition of regulation employed by regulation researchers, which ‘considers all mechanisms of social control – including unintentional and non-state processes – to be forms of regulation’ (Baldwin et al, 1998).

From this perspective, regulation encompasses all rules or arrangements which shape aspects of labour market transactions, irrespective of their source or whether or not the effects are intentional. The most obvious of these are management’s rules concerning work processes and workplace behaviour. This definition would encompass any non-state mechanism which has a regulative effect, norms which shape the conduct of employment relations at the workplace level and, for instance, that lead to comparisons between workplaces in the wider labour market (Black, 2002).

This definition brings into focus a range of social actors who are not only subject to regulation but become sources of regulatory practice themselves. Unions and professional associations
are the best examples. Employer and industry associations may also have similar objectives in regulating the behaviour of their membership.

There are also a number of additional private agents which have increasingly influenced the nature and dynamics of labour markets in Australia. Most notable are labour hire firms and recruitment agencies.

The ‘regulatory trilemma’ and labour market regulation.

This focus on the ways in which regulation has been reconfigured through sources beyond rules promulgated by state-based institutions has drawn attention to what Teubner (1987) has called the ‘regulatory trilemma’ of simultaneously achieving effectiveness, responsiveness and coherence.

Effectiveness, concerns the extent to which regulation achieves its intended objectives at a socially acceptable cost. Responsiveness, the extent to which regulation is ‘responsive… to the practices and norms of the targets of regulation, including issues of efficiency and practicality of compliance and the extent to which the values represented in regulation and its techniques fit with pre-existing norms and social ordering in the target population.’ (Parker and Braithwaite, 2003). Coherence, concerns the capacity of any regulatory regime to deliver on ‘fundamental legal principles of openness, accountability, consistency, proportionality, and procedural fairness.’ (Parker and Braithwaite, 2003).

These ‘three horns of the regulatory trilemma’ are discernable in debates concerning labour market regulation in Australia over the last quarter century (Bray and Waring 2005). On the one hand, traditional regulatory settings have been criticised for failing to provide a regulatory framework that supports innovation in work, production systems and workplace competitiveness (Mitchell and Rimmer, 2004). On the other hand, the direction of reform has been criticised for failing to preserve traditional protective values associated with labour law and for failing to provide an adequate response to growing inequality (Buchanan and Callus, 1993). Bray and Waring point also to tendency for layering new modes of regulation over traditional ones, and the fragmentation of regulatory rules to contribute to growing horizontal and vertical complexity.

The coherence of Federal labour market regulation has been undermined in various ways: through emerging differences between state and federal systems, the diversity of regulatory mechanisms available to employers, employees and unions for governing wages and conditions, the constraints placed on the AIRC in performing its traditional functions, and the tendency towards fragmented, industry-specific, interventions (Howe, 2005, Dabscheck, 1995).

Organising and Facilitating Labour Market Participation

Having established the scope of what constitutes regulation it is also useful to distinguish between two levels at which regulation acts to organise labour markets and determine the nature of labour market participation. In order to progress the discussion, here we distinguish between regulatory impact at the macro-level and the micro-level – or the external and internal labour market. We take as our starting point the third, most inclusive, definition of regulation. Moreover, it will become evident that even where the focus is on the second definition of labour market regulation, sources of regulation derive from other ‘regulatory spaces’, notably social security law, social welfare policy, immigration policy, and so on.
At the macro-level we refer to the ways in which regulation is used to create or constitute the general labour market or specific occupational, industrial or regional labour markets. In this sense, regulation theory is interested in examining the ways in which regulation serves to segment the general labour market into constituent groups and generate certain dynamics over time through institutionalising employment practices and generating patterned decision making by social actors.

Regulation serves to segment the labour market in a number of ways. First, regulation creates certain occupation groups. Thus, within the scope of our narrow definition, governments play a role in determining the standards which apply for entry into certain occupational groups. Consequently doctors and electricians each need a licence to practice their skills. In some cases the regulation is more indirect, with the responsibility for determining skill requirements and criteria for entry delegated to a board or professional body, such as the Australian National Training Authority. In other cases, where certain levels of skill attainment or experience may not be mandatory, employers may still use experience or educational requirements to determine who gets what job, or as a means of ensuring non-discriminatory employment practices.

Occupational segmentation may also derive from practices at the firm level where unions and employers agree on the distribution of job tasks among workers of varying level of skill attainment. They may also produce gender segmentation where particular jobs are constructed as women’s work or men’s. Segmentation is also generated through firm level decisions over the type of work relationships they will utilise for different types of work. These seemingly uncoordinated decisions often create industry patterns of employment which distinguish one industrial context from another.

These processes by which labour markets are differentiated by occupational, industrial and employment status are an important starting point for understanding the ways in which regulation, whatever its source, structures labour markets and shapes interactions between social actors and between the individual employer and employee.

At the micro level, the focus is drawn to two of the building blocks of the aggregate labour market: the individual employment relation and the internal organisation of the firm. We have already made mention of both these elements in our discussion of what constitutes regulation.

The presumptive starting point is to point to the inherent inequality of bargaining power between an individual employer and employee. This inequality of bargaining power does not imply that employees possess no labour market power. For some categories of worker the nature of their attachment to the labour market implies a very limited dependence on any single employer and a personal capacity to significantly influence, if not determine, the terms on which they work. Even within a structurally unequal relationship, power may derive from the unique attributes of the employment relation; namely that it is in effect a two-staged exchange. The first stage, principally in an external labour market, involves the hiring of employees and the determination of wages and conditions under which work will be performed. However, for the employer, the task of transforming the capacity to labour into actual work effort constitutes a second stage to be achieved within the internal labour market of the organisation. Here both the regulative actions of unions and employers should be evident (Burrwoy and Olin Wright, 1990). Attention should also be drawn to the regulative capacity of individual employees and groups of employees in shaping the terms of the employment relation.

Industrial relations scholars have pointed in particular to the role of work norms of fairness, both within organisations and across organisations, in shaping the employment relation.
Moreover, work groups may take it upon themselves to regulate aspects of the labour process, such as starting and finishing times, the speed of work, even the nature of the work they are prepared to do (Greiner and Hogler, 1991; Steinburg, 2003). This behaviour may be backed by trade union support, although it can equally happen despite trade union objection. Although an examination of the origins of norms and work groups’ behaviour may be beyond the scope of labour law, understanding their interaction with other regulatory mechanisms is not.

Regulating Labour Market Transactions: Techniques, Mechanisms and Institutions.

Drawing attention to the direct and indirect sources of regulation and the levels at which they impact on the labour market draws attention to two final elements in the broad framework presented here, namely the nature of regulatory mechanisms and the institutional arrangements which support them.

Regulation scholars usually draw a distinction between various types of regulatory techniques which might be deployed and become institutionalised in a particular national, industrial or occupational setting. This is equally evident in the labour law and industrial relations literature.

In the Australian context, the use of third party tribunals to regulate industrial disputes, and establish industrial and occupational minimum wages, can be contrasted to the typical mechanisms used to perform these functions in other settings. Some mechanisms of regulatory control may be even less direct or tangible. There are a relatively large number of possible regulatory mechanisms, which widens according to the breadth of our definition of regulation.

Drawing on a number of taxonomies of regulatory instruments within the regulation literature, we distinguish here between a number of alternative instruments or ‘regulative strategies’ commonly utilised by the state in pursuit of its public policy objectives (For a more comprehensive discussion of this taxonomy, see Gahan and Brosnan forthcoming, 2006). While such taxonomies draw sharp distinctions between different instruments, Howe notes that: ‘in practice, these regulatory instruments will not necessarily be mutually exclusive. In any given policy environment… governments are likely to use a combination of overlapping regulatory instruments and strategies to achieve specific policy objectives.’ (Howe, 2005).

Indeed, Hood et al (1999) suggest that various regulatory techniques are typically bundled in complementary ways, thereby creating a tendency towards archetypal ways approaches and regulatory patterns.

The first definition of regulation outlined earlier centres analysis on traditional ‘command and control’ forms of regulation in which formal rules are created, monitored and enforced through orders and sanctions. Drawing on the broad literature in policy studies, Howe links the predominance of this regulatory approach with the rise of the welfare state after WW2. The shift away from command and control types of regulation is therefore located in the decline of welfarism and the emergence of new models of the role state. These, Howe notes, have variously been labelled the ‘contracting state’, the ‘enterprising state’, ‘the regulatory state’ or the ‘enabling state’ (Howe, 2005).

Rather than rely on ‘command and control’ through centralised institutions, a key contention of much of regulatory theory suggests that governments have relied instead on a range of techniques to deliver the social and economic outcomes it wishes to promote. Command and control approaches to regulation have relied on the capacity of the state to exert force and mandate compliance. For various reasons, not least among them a growing complex
regulatory environment, regulation theory has contended that such approaches have been increasingly less effective. Daintith (1989) suggests that governments have increasingly relied on alternative resources of power and influence to secure compliance. The alternatives encompass the resources of: force of law (imperium); the deployment of wealth resources (dominium); and respect and influence (suasion). These three resources are used in various ways and combinations to either increase costs of non-compliance or reduce the costs of compliance. ‘Thus a threat to withdraw government benefits previously enjoyed may discourage undesired behaviour as may a new prohibition; a reduction of taxes, or the relaxation of a prohibition, may encourage a specific course of desired behaviour just as may a financial reward’ (Daintith, 1989).

In addition to traditional command and control forms of regulation, we distinguish between four further types of regulatory instruments. The first encompasses a range of economic instruments. The second category covers a range of instruments typically used in the management of public functions and organisations. The third category reflects the new, ‘process standards’ (Gunningham and Grabofsky, 1998) forms of regulation in which regulatory rules and instruments are co-produced by regulates and government agencies. The final category, which we have labelled market-based regulation, encompasses both the rolling back of regulatory interventions, social insurance and deliberate decisions not to exercise discretion or to engage in neglect of a regulatory arrangement.

Institutions

The final element that needs to be incorporated into our framework is an explicit consideration of institutions. As we have noted, the study of labour market institutions has remained central to the study of both labour law and industrial relations. The prominence of core institutions of conciliation and arbitration has been the centre piece of attention in these two fields of study. Clearly, both state and federal tribunals play a significant role at the macro-level and micro-levels of the labour market, influencing both external regulation and internal rules governing employment relations within the workplace. A number of other core institutions have received attention; such as the National OHS Authority, State Workcover authorities, HREOC, and the Affirmative Action Agency.

To these, we can add the role of trade unions. The Webbs catalogued the ways in which unions have attempted to establish common rules: through the enforcement of union rules, processes of collective bargaining and the establishment of statutory protection through political action. In the Australian setting, unions have played a role through their incorporation into the regulative functions of arbitration, both in terms of playing a role in setting rules, but also in their monitoring and enforcement at the workplace. Tribunals have clearly regulated dimensions of labour market transactions well beyond the determination of award wages and conditions. Through the determination of award coverage and classification systems, tribunals have explicitly regulated the occupational and industrial structure of the general labour market (Wright, 1995). They have also pursued broader policy functions through the way, for instance the issue of wage discrimination has been dealt with historically (Whitehouse, 2004).

Beyond these core institutions a number of other institutions have received very little attention, but have over time played critical roles. We have already made mention of employer associations and professional associations who, like trade unions, seek to influence the terms and conditions on which specific categories of workers are employed.

Even less attention has been paid to those institutions that have as their core function monitoring and enforcement of rules. This observation draws attention to the role of
government departments in determining both how regulatory regimes are configured and reformed, as well as how regulation is monitored and enforced. These decisions extend from determining the appropriate allocation of resources to these functions, and the appropriate means by which these goals should be achieved. On the ground, officers with responsibility for enforcement may become ‘street level policy makers’ as they have some degree of discretion in how laws are interpreted and enforced (Miller, 2004). Government departments clearly play a regulative role beyond the role of monitoring and enforcing. Surprisingly, there remains virtually no published work in either industrial relations or labour law which explicitly examines the role of Australian state or federal departments in regulating labour markets.

Conclusion
Labour markets and labour market institutions are complicated, extending well beyond the workplace and include educational institutions, many government departments, the family, the social security system, as well as statute and the judicial bodies charged with determining wages, conditions or resolving conflict. Moreover, employment and the labour market are regulated in a variety of ways, directly and indirectly by state agencies, but also by unions, employers and employer organisations. These difference levels of regulation, and the large number of actors involved in formal and informal regulation of work and employment, produce considerable complexity. Thus regulation is not always consistent, nor is it necessarily effective, coherent or responsive.

Our contention is that the framework offered here could serve as an analytical tool for better understanding the development of the Australian labour market, as well as conceptualising aspects of the recent federal legislation. Such a task would seriously challenge the maximum length of an AIRAANZ paper; however we intend to attempt such an analysis in a subsequent paper.

A few observations may give some taste of the subsequent analysis:

1. The changes introduced by the federal government are clearly linked to the decline of welfarism and the emergence of the ‘regulatory state’.

2. Worsening social security arrangements are a core component of the federal government’s labour market strategy. They play a role in lowering wages at the bottom of the income distribution, and are used to force the unemployed to accept low-paid and insecure jobs.

3. The new federal legislation, which is ostensibly to produce a simpler system, creates a system where the federal legislation is quite at odds with state systems, making the system less coherent.

4. By reducing some aspect of formal regulation in the federal system, other less formal forms of regulation are less constrained. Thus managerialism is enhanced in the workplace. It will be constrained only by the power of trade unions and informal work groups.

5. The federal government has reduced direct regulation but it is using suasion to encourage employers to lower wages and cut holidays dressing it this in a moral argument about individual choice and relying on the economic argument of ‘pricing-in’.

6. The use of dominium to control employment conditions in universities by linking funding to particular labour market arrangement will be well-known to this audience.

If we are to understand these changes and their complexities, we clearly need to bring regulation back in.
References


Employment Ideology and HRM: An empirical study

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HRM (re-)invented itself some thirty years ago, replacing traditional personnel management, and incorporating a unitarist ideological view of the employment relationship. Traditional personnel management arguably viewed the employment relationship in more pluralist terms. Empirically, however, little is known about the ideological orientation of workers or managers, either generally, or as they view their own workplaces. This study aims to fill this gap. The results show that at the general or societal level, half of the worker group have a pluralist view, but only about one quarter of the manager group do. Thus, unitarism can be considered the dominant general ideology of managers, but not of workers. In interpreting employment relations in their own workplaces, the gap between the predominantly pluralist orientation of workers and the predominantly unitarist orientation of managers is even more pronounced. Ideological orientation appears to be influenced at both the societal and workplace levels by union affiliation.

Introduction

Ideology can be defined as “a connected set of beliefs, attitudes and values held by an identifiable social group which refer to a specific aspect of social reality, which comprise normative, empirical and prescriptive elements and which may be at a general or particular level …” (Geare, 1994:125). In industrial relations, ideology embodies values and beliefs about the employment relationship.

Fox (1966) identified two main managerial ideologies or views – unitarism and pluralism. The essence of unitary theory is that “every work organization is an integrated and harmonious whole existing for a common purpose” (Farnham & Pilmott, 1986:4). The unitarist ideology reflects the view that management have legitimate control over their employees; congruent interests exist between managers and employees; and conflict is an aberration, and if it arises, its source is attributed to external actors (such as an agitator).

Pluralism, on the other hand, sees the organisation as comprising different sectional groups with both “common and competing interests” (Horwitz, 1991:4-5). Hence, there inevitably exists the potential for conflict between management and workers.

Ideology and Human Resource Management

Theoretically the view that employment relationships are unitary has become cemented in the HRM literature (Delaney & Godard, 2001; Marchington & Grugulis, 2000; Guest, 1987). Indeed Keenoy (1999:2) points out that this view of employment relationships is so much entrenched in the HRM literature it is now a ‘taken for granted assumption’ of HRM.

This unitary view has been the subject of much criticism in the HRM literature, with some suggesting it offers a flawed conception of the employment relationship (Keenoy, 1999; Hart, 1993), or an unrealistic image of the world (Farnham & Pilmott, 1986). For example Farnham and Pilmott (1986: 5 & 15) claim the unitary interpretation “… with its emphasis on an orderly and stable community, imbued with common purpose and a value consensus, bears little relation to the reality of everyday social relations.” Furthermore, they claim “… unitary
theory is predominantly managerially oriented in its inception, in its emphasis and in its application.”

Opponents of the unitarist view see pluralism as a more realistic interpretation of employment relationships. Organisations are seen as being comprised of multiple stakeholders (Zinn, Zalokowski & Hunter, 2001; Tsui, 1984), including managers, workers, customers, suppliers and so on, all of whom have sometimes divergent and competing goals and interests.

However, the pluralist conception is also not based on a great deal of substantiated evidence about the true nature of employment relationships. It would seem sensible, therefore, that this situation be clarified through empirical validation, and this paper is a contribution towards that end.

Aims of this Study

This paper reports empirical research on current employment ideologies. Specifically it identifies the current employment relations ideologies of workers and managers at both the general (hereinafter referred to as the societal level) and the workplace level and also assesses the impact union affiliation has on ideological orientation at these levels.

Research Question One: What is the ideological orientation of managers and workers at both the societal level, and the level of their particular workplace?

Both levels require analysis because both definitions of ideology (cf. Geare 1994), and empirical studies (cf. Ramsay 1975) suggest employment relationships are viewed differently by individuals dependent upon whether the concept is being applied more abstractly (i.e. at the societal level) or more specifically (i.e. applying to their own workplace). Ramsay, for example, found that while 79 percent of respondents agreed with the analogy that in general “a firm is like a football team”, only 54 percent agreed with this statement as it applied to their own workplace. Consistent with this research, it was anticipated that this study would also find ideological differences between these levels.

As well as differences between these levels, it was also anticipated that this study would find differences in ideological orientation between managers and workers, and these in turn may reflect, or be reflected in, their role and levels within the organisation. In reality very few people will be ‘pure’ ideologues, with most holding both unitary and pluralist inclinations. However, it was expected that the higher up a person is in terms of both role and level within an organisation, the more likely they would be to hold a unitary view of the employment. Support for these assertions is abundant. For example, Farnham and Pilmott suggest that managers are likely to hold a unitary view of the workplace relationship “because it reassures them of their role as organizational decision-makers and legitimises the acceptance of their authority by subordinate employees” (1986:5).

Indeed, as far as managers are concerned, there is no room for competing ideologies to exist in the workplace as the existence of pluralism – the acceptance of divergent interests – can only serve to weaken worker commitment to the organisation and dilute the benefits to be obtained from implementation of a high commitment management system (‘HCM’). Homogeneity in values (and hence objectives) is what HCM seeks to attain (Horwitz, 1991). This congruence and connectedness between managers’ and workers’ objectives has created a commonly held view that HCM and unions are antithetical (Sisson, 1993), with some going so far as to suggest HCM is affirmatively anti-union (Wells, 1993; Farnham & Pilmott, 1986). This relationship is now explored.

Research Question Two: Is an absence of union affiliation associated with a unitarist employment relations ideological orientation?
Some believe unions work effectively within a unitarist, commitment-based HRM framework (Connor, 1997; Sisson, 1993). Indeed, some suggest its efficacy requires unions because unions foster high levels of employee involvement by providing the mechanism for employee ‘voice’ in the employment relationship (Rankin, 1990; Lawler & Mohrman, 1987). This mechanism for collective and individual voice provided by the union is a factor deemed necessary if employment is to be considered in any way “decent” (Bonnet et al., 2003; Ghai, 2003) and if operating effectiveness is to be maximised. Empirical support for these benefits is evident in the literature. For example, Ichnioskwi, Kochan, Levine, Olson and Strauss (1996:301) report “worker and union involvement in decision making can reduce grievances and other sources of conflict and thereby improve operating efficiencies.”

However, there is a contrary view that has long been endorsed by industrial relations scholars (cf. Bakke, 1946). HCM initiatives seek to foster organisational identification and loyalty amongst employees (Huselid, 1995), and unions compete with management for the commitment and loyalty of workers. This recognition has led other HRM scholars to claim that unions are antithetical to HCM (Wells, 1993; Farnham & Pilmott, 1986). In this view, we would expect to find an antipathy towards unions associated with a unitarist ideology. In the alternative view presented in the previous paragraph, we would expect to find a positive or neutral view towards unions associated with a unitarist ideology.

The research examined the relationships between union affiliation and ideological orientation of both workers and managers at both the societal and workplace level.

Research Approach

The approach to data collection used in this study is the survey. Surveys can be useful for generalising results but are restrictive in terms of their ability to generate theory (Ichnioskwi et al., 1996). The survey has been designed so that it can be answered by both managers and workers. It comprises two sections – demographic details and orientation. A pilot survey was developed and distributed amongst a group that comprised academics, managers and employees. Feedback from the pilot resulted in several changes to statement wording, and the coding for the purpose of analysis was trialled and confirmed.

Respondents were first asked to respond to a range of demographic questions including sex, age, ethnicity, occupation, service, respondent’s level in the organisation and past or present union affiliation. Included with these questions were a number which specifically relate to characteristics of their work and work environment, such as industry, sector, and size.

Various approaches have been employed to measure industrial relations ideology in the past. For example, Osterman (1994) used a single item asking respondents the importance they placed on employee wellbeing; Godard (1997) used a more comprehensive measure, specifically designed to assess values and beliefs related to participation; and Goll (1991) used various questions designed to measure corporate ideology. This study uses a measure developed by Geare (1986) to assess values and beliefs. This measure comprises two parts. The first measures respondents’ societal empirical values and beliefs (i.e. beliefs about ‘what is’ in society), and the second measures their organisation particular empirical values and beliefs (i.e. beliefs about ‘what is’ in their current workplace).

The instrument employs theoretical statements about the employment relationship that reflect the two ideologies. Reactions to the statements indicate an individual’s tendency to prefer a unitary or a pluralist interpretation of the employment relationship. Originally each scale contained 11 items however prior to analysis of the data, reliability of the ideology measure was checked using exploratory factor analysis (principal components). Consistent with a prior
analysis of only managerial data (see Geare, Edgar & McAndrew, forthcoming 2006), these results revealed the same seven of the eleven statements to load substantially (item loadings >0.473) onto one factor (a = 0.651). As a result it was again determined the four items which did not load onto this factor should be omitted from any further analysis.

For each item, respondents were required to select between two dichotomous (binary) statements, the one they most preferred (0 = Pluralist and 1 = Unitarist). A total for the societal level and the workplace level was computed and this composite total was collapsed into the following three categories, to reflect the orientation of the manager: 0-2 = Pluralist; 3-4 = Pluralist/Unitarist; and 5-7 = Unitarist.

In using this approach, as stated previously, it is acknowledged that no person is likely to be a ‘pure’ ideologue, nonetheless it was anticipated respondents would indicate more of a preference for one of the two ideologies studied. The items representing unitarist and pluralist values and beliefs were randomly ordered so that respondents did not fall into a pattern of indicating agreement with, for example all statements marked (a) indicating unitary values and beliefs. In addition, two statements relating to current views on management/employee relations in (1) New Zealand and (2) the respondent’s workplace were included. Again respondents were asked to indicate their view, using a 5-point Likert scale, with 1 being very poor and 5 being very good.

Analysis

Data are analysed using SPSS 13.00. In some instances the analysis uses aggregated data. Differences between manager and worker groups are explored using a t-test for two unrelated samples (which reports chi-square and statistical significance). The relationship between selected variables, such as past or present union affiliation and HCM practice on ideological orientation, as well as the relationship between HCM practice and organisational commitment is tested using Pearson correlation. These comprise the main tests used for analysing survey data in this study. However, where appropriate, descriptive statistics are also reported. Reliability for the various measures is recorded using cronbach alpha.

Sample

First a managerial sample was obtained by distributing a survey in early 2005 to 4,439 organisations, identified in the New Zealand Business Who’s Who (2004), located in the four main centres of New Zealand – Auckland, Wellington, Christchurch and Dunedin. A total of 749 managers returned the survey – a response rate of 17 per cent. Of these, 675 were usable. From this sample of managerial responses, a total of 61 organisations agreed to participate further in this study by providing permission for a representative sample of workers within their organisations to also be surveyed.

These participating employers were then requested to distribute a second survey to members of their workforce, with firms employing less than 51 workers being asked to distribute the survey to their entire workforce; firms with between 51-200 workers to 50 per cent of their workforce; and firms with over 200 workers being asked to distribute the survey to 30 per cent of their workforce. They were also instructed to ensure the recipients of the survey comprised managerial/supervisory and non-managerial employees within their organisation, and distribution was to be made on a random basis (for example, every x person alphabetically) to both of these groups. The total sample obtained from distribution of this second survey to workers was 568. Of these, 537 were usable. Thus when managerial and worker responses are combined, a total sample of 1,212 was obtained, with the final
distribution of responses providing data from 788 managers and 424 workers. The demographics of this sample are presented in Table 1.

Table 1. Total Sample Demographics (Percentages)*

<table>
<thead>
<tr>
<th>Gender</th>
<th>M</th>
<th>W</th>
<th>Length of Service</th>
<th>M</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>59</td>
<td>47</td>
<td>Less than 1 year</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Female</td>
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<td>53</td>
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<td></td>
<td></td>
<td>4 years plus</td>
<td>69</td>
<td>46</td>
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<tr>
<td>Under 20</td>
<td>1</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>21 to 34</td>
<td>18</td>
<td>38</td>
<td></td>
<td>96</td>
<td>89</td>
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<tr>
<td>35 to 49</td>
<td>44</td>
<td>36</td>
<td></td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Over 50</td>
<td>37</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
<td>Level in Organisation</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>NZ/European</td>
<td>91</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Maori</td>
<td>2</td>
<td>3</td>
<td></td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Samoan</td>
<td>1</td>
<td>3</td>
<td></td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td>3</td>
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<td>76</td>
<td></td>
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<tr>
<td>Other</td>
<td>3</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Union Affiliation</td>
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<tr>
<td>Previous Union affiliation</td>
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<td></td>
</tr>
<tr>
<td>Current Union affiliation</td>
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</tbody>
</table>

*Sample: Managerial sample (n=788) and Worker sample (n=424)

The demographics of the managerial and worker sample are similar in terms of gender, ethnicity and hours of work. As would be expected there is some variation with respect to length of service, with a much higher proportion of managerial workers having been employed for in excess of one year; and age, with the managerial sample tending to be slightly older than is the case for the worker sample. Not surprisingly very few of the respondents in the managerial group currently belong to a union, however previous union affiliation across the two groups is fairly evenly distributed. While this sample can be considered reasonably representative of the current employment situation in New Zealand, the proportion of Europeans is slightly higher than that found in the wider labour force.

Results

The first research question addressed the ideological views of managers and workers towards the employment relationship at both the societal and workplace levels. The results presented in Table 2 reveal that, at the societal level, managers predominantly hold a unitarist view towards employment relationships, with the exception of their views on unions and how workers see themselves within the organisation. Workers, on the other hand, at the societal level, predominantly see the relationship as pluralistic. At this level, statistically significant differences are found between the manager and worker groups across all seven statements.
When it comes to the workplace level, differences in managers and workers views of employment relationship across all statements are also found to be statistically significant (see t-test results in Table 2). These differences are greater than those identified at the societal level. This more pronounced difference is not, however, because workers have a more pluralistic view of the employment relationship in their workplaces. Indeed the collective view of workers is more unitarist at the workplace level than at the societal level. The widening gap between workers’ and managers’ views at workplace level appears to be the result of the manager group’s strongly unitarist views of employment relations in their own workplaces being far more unitary than either their own views at the societal level or the workers’ views at the workplace level. This stronger unitary view from managers at workplace level may partly be attributable to the pluralist influence that past or present union affiliation has on ideological orientation. Given that respondents from the worker group are more likely to currently experience, or to have experienced in the past, union affiliation, it seems likely that this factor would weigh more heavily on the views of this group (this relationship is explored in Table 4).

For simplification and ease of interpretation statement data is collapsed so that manager and worker ideological orientations could be classified as either unitarist, mixed or pluralist. The results of this aggregation are presented in Table 3 which clearly shows twice as many managers hold a unitary view of the employment relationship at the societal level (36 per cent) compared to workers (17 per cent). At the workplace level, the data finds nearly four times as many workers (35 per cent) as managers (9 per cent) holding a pluralist view of the employment relationship.

The results pertaining to views about the current management/employee relationship in (1) New Zealand and (2) the respondent’s workplace were consistent with these findings. Some 75 per cent of the manager group considered employment relations in New Zealand to be less than good (giving a rating of 3 or less on a 5-point Likert scale with 1 = very poor and 5 = very good; M = 3.14, SD = .613) and this view is shared by the worker group (80 per cent giving a rating of 3 or less; (M = 3.02, SD = .688). Results of the chi-square reveal there is no statistically significant difference between the views of these two groups ($X^2 = 5.861, p = .210$). However, this view was reversed for views relating to the respondent’s workplace; the difference for the manager group, consistent with the findings observed in relation to ideology, again being greater than those observed for the worker group. Here 85 per cent of the manager group consider the employment relationship in their own organisation to be either ‘good’ or ‘very good’ (a rating of 4 or 5 on the Likert Scale; M = 4.19, SD = .810), with 70 per cent of the worker group (M = 3.84, SD = 1.01) also holding this view. This difference is statistically significant ($X^2 = 45.673, p < .000$).

Next research question two focuses on establishing whether or not union affiliation has an impact on an individual’s ideological orientation. It was posited that previous or current union membership is likely to encourage the development of a pluralist view of the employment relationship. To see if this was the case the aggregated data pertaining to ideological orientation was correlated, using Pearson chi square, with present or past union affiliation. The results for this analysis show a strong statistically significant relationship exists between an individual having had either a past ($X^2 = 46.314, p < .001$) or present ($X^2 = 134.449, p < .001$) union affiliation and holding a pluralist view of the employment relationship; and conversely not having either a past ($X^2 = 30.312, p < .001$) or present ($X^2 = 62.926, p < .001$) union affiliation. Different patterns are evident in the manager and worker samples.

For managers, little difference is found between past union membership and ideological orientation at the societal level (30 per cent holding unitary views and 35 per cent holding pluralist views). At the workplace level, however, it is interesting to observe that 57 per cent
of managers who have had a previous union affiliation consider their own employment relationship to be unitary, with only 12 per cent of this group seeing their own employment relationship as being pluralist. This percentage supporting pluralism is slightly higher than the seven per cent found for the group of managers who have never had any union affiliation. So, managers with no past or present involvement with a union are more likely to hold a unitary view of the employment relationship at both the societal and workplace levels than those who report some affiliation. But the difference is minimal. The results for current union membership are different however. Some 56 per cent of managers who report they are currently union members hold a pluralist orientation at the societal level, compared with only 21 per cent of the group of managers who report never having any union affiliation. Similarly, at the workplace level, 30 per cent of managers who are current union members hold a pluralist ideological orientation, whereas only eight per cent of managers who are not union members share this view.

Data for the worker sample reveal nearly two-thirds of those who have previously been affiliated to a union consider employment relationships at the societal level to be pluralist (61 per cent), with nearly half considering the relationship in their own organisation to also be pluralist (45 per cent). An ideological shift appears evident when these figures are compared to workers whom report having no union affiliation (with only 39 per cent at the societal level and 24 per cent at the workplace level holding this same pluralist view of the employment relationship). At both these levels, nearly all workers who are currently union members hold a pluralist view of the employment relationship (79 per cent – societal level and 73 per cent – workplace level). On the other hand support for this orientation is not so strong from workers who are not currently union members (44 per cent – societal level and 26 per cent – workplace level).

Concluding Remarks

These results show half of the worker group consider employment relationships, at the societal level, to be pluralist, while only a little over a quarter of the manager group have a pluralist view at that level. So while unitarism can be considered the dominant ideology held by managers, this is not the case for workers at a societal level. This ideological gap is even more emphatic, however, when these groups report their impressions of the employment relationships in their own workplaces. Here it is found that three-fifths of the manager group consider this relationship to be unitarist, but only one-third of the worker group see it that way.

Further, ideological orientation appears to be influenced at both the societal and workplace levels by a past or present union affiliation. However, this influence appears to be stronger for present union members belonging to the worker group. Further research and analysis is now required to explore the causal connections and inter-relationships between ideological orientation, commitment amongst organisational members and HCM practice which essentially assumes employment relationships are considered to be unitary.

References


Wal-Mart or Costco: Australia’s 21st Century Choice?

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This paper contrasts the experience of two American companies in the same industry with diametrically opposed approaches to work, employee relations and business —Wal-Mart and Costco. The concept of institutional isomorphism notes a phenomenon amongst organisations with similar environments of adopting similar structures, strategies and practices. Isomorphism is used to explore the influences on Australian businesses in a new industrial relations environment to select either the Wal-Mart or Costco model as their approach to employment relations. It is argued that employers alone will not decide which ‘road’ to take. Coercive isomorphism in particular is argued to hold the key to whether Australian businesses select the ‘high road’ or the ‘low road’ approach.

Introduction

This paper examines the potential impact of the Howard government’s changes to Australian industrial relations (IR) by contrasting two American companies in the same industry with diametrically opposed approaches to work, labour relations and business – Wal-Mart and Costco. These organisations provide examples of the ‘high road’ (Costco) and the ‘low road’ (Wal-Mart) to wages, benefits, working conditions, participation and unionisation for American workers in the retail industry.

Using an institutional theory of organisations, isomorphism (DiMaggio & Powell 1983), the paper explores pressures on organisations to conform to what is acceptable behaviour, structure or practice in their field or industry. This exploration centres on the choice to be made by Australian business of whether to adopt the Wal-Mart or the Costco way and whether this choice is for employers alone to make. It is argued that one mechanism of isomorphic organisational change, coercive isomorphism, is likely to be most influential in the ‘road’ chosen by Australian business. The paper is divided into four central sections to explore: the concept of isomorphism; the companies in terms of their background, labour relations and economic performance; the new Australian IR environment; and the potential interactions between isomorphism and Australian business within the new IR arena.

Isomorphism

DiMaggio and Powell (1983) suggest that traditionally organisational structures were based on the rules of efficiency in the marketplace but have increasingly reflected the institutional constraints imposed by the state and the professions. Conformity with such requirements provides legitimacy and resource support rather than efficiency (Thompson & McHugh 2002:79) and leads to ‘institutional isomorphism’ (Di Maggio & Powell 1983:147) whereby organisations increasingly come to resemble each other. Isomorphism is defined as a ‘constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions’ (DiMaggio & Powell 1983:147). As Clegg, Kornberger and Pitsis (2005:53) note, the effect of isomorphism is to limit an organisation’s operating choices to those viewed as standard or acceptable in its field or industry.

Institutional theories tend ‘to focus on and reinforce national differences. The immediate problem with this perspective is to account for change and the dynamic nature of economies that are global, not nationally bound systems’ (Smith & Meiksins 1995:3). This is especially
true of industrial relations which are increasingly being forged at regional and supra-national levels, rather than nationally as in the past (Howarth & Hughes 2000). This means two things in terms of isomorphism and its potential effect on Australian IR. The first is that globalisation provides avenues for isomorphism (not only for organisations but also in terms of professions and state policy decisions). Thus large global organisations (such as IBM or Macdonalds) or large nation states (USA for example) are the ‘carriers’ of distinct practices which influence others’ operations (Whitley 1987). Secondly, there is always strategic choice within constraints (Warhurst 1997). Whether an organisation responds to national or international pressures may be related to national issues (social, historical, economic) or to the individual culture or philosophy of an organisation, developed by its founder. Thus convergence of the type suggested by Di Maggio and Powell need not be towards only one organisational structure or operational system.

Di Maggio and Powell (1983:148-153) advance three mechanisms of institutional isomorphic change. Mimetic processes occur through imitation and are encouraged by employee migration, consulting firms, and uncertainty. Normative pressures are those generally brought about by professions, especially through norms developed during education where a dominant paradigm exists. These are later reinforced through on-the-job socialisation. Coercive isomorphism results when change is influenced by pressure from other organisations upon which a firm is dependent, cultural or societal expectations, or government mandates or regulation. Although Donaldson’s (1995) review of empirical evidence suggests that only coercive isomorphism receives unequivocal empirical support, DiMaggio and Powell’s construct provides a useful framework for a discussion of its potential effects in Australia, after a consideration of aspects of isomorphism in relation to Wal-Mart and Costco.

The Companies

Background

Wal-Mart Stores Incorporated (Wal-Mart) began in the early 1960s and is now America’s largest private sector employer with a global workforce of approximately 1.3 million employees called ‘associates.’ Its annual revenue of $US256 billion in 2004 (Wal-Mart 2005) amounted to two percent of the American Gross Domestic Product (Miller 2004:3). Through its 5,000 mega-stores and wholesale warehouse club (Sam’s Club) Wal-Mart sells a very wide range of goods including toys, groceries, apparel, furniture, appliances, electronics, sports, baby, and pharmacy, and has even made an application for a bank charter in Utah (Featherstone 2005). Sam’s Club warehouse stores are in direct competition with Costco.

Costco Wholesale Corporation (Costco) began life as the ‘Price Club’ in 1976 and is now the fifth largest retailer in the US with a global workforce of about 113,000 employees and annual revenue in 2004 of $US47.15 billion (Herbst 2005:4). Unlike Wal-Mart, Costco operates wholesale warehouse clubs open only to members and their guests. Costco’s 336 US stores sell a comparable range of goods to Wal-Mart (Costco 2005) but rather than stocking a full range of products from all major brands within each category, Costco carries limited popular product categories along with selected products across each category (Wikiedia 2005). This allows Costco to concentrate more on higher-margin goods and services (finance, phone, travel) that attract a wealthier customer base than Wal-Mart stores (Costco 2005; Herbst 2005:3) and is a bit more ‘upscale’ than Sam’s Club (Nazareno 2005).
Labour Relations

As competitors in the warehouse club industry, both Sam’s Club and Costco share the core strategy of off-setting low prices with high volume turnover to create profit flow. However, when it comes to labour relations, the two competitors adopt diametrically opposed philosophies.

Sam’s Club adopts the central Wal-Mart philosophy that consumer demand for low prices means that not only must goods be produced and sold cheaply but retail wages must also be kept as low as possible (Herbst 2005:1). Wal-Mart demands strict obedience from rank and file employees and has designed ‘an elaborate aptitude test for new employees that is intended to weed out troublemakers’ (Head 2004:6). While screening of this nature appears to be broadly successful it is not totally failsafe and some ‘troublemakers’ do slip through the net.

The Wal-Mart labour relations philosophy is totally anti-union. The company has gone to considerable lengths to prevent its employees from organising (Miller 2004:4). Wal-Mart has issued managers with a ‘toolbox’ that lists ‘warning signs’ that workers may be organising and provides a ‘hotline number’ to company anti-union specialists (Miller 2004:4). Even a cursory search uncovers considerable Wal-Mart anti-union activity, and only a few examples are outlined here. Several former and current Wal-Mart executives faced a federal grand jury investigation over allegations made by a former Vice Chairman that the company authorised fraudulent expense reports to fund illegal anti-union campaigns (Wal-Mart Watch 2005a). In Quebec, Canada the company closed a store after the 190 employees voted for union representation, and is now facing a class-action suit with a claim for Wal-Mart to pay up to $20,000 compensation to each worker (Canadian Press 2005). In November 2004 the Tire and Lube Department at a Wal-Mart store in Denver Colorado won the right to hold a union ballot in February 2005. In the interim Wal-Mart ‘changed the electorate’ by transferring several hand-picked employees into the department to skew the vote against the union (Newman 2005). When meatworkers in a Texas store managed to successfully organise a union, Wal-Mart announced the phase-out of meat-cutting departments and it took the workers three years to win their jobs back and force the company to bargain with their union. Wal-Mart is appealing the decision and refuses to deal with the union (Miller 2004:4).

Possibly reflecting the current CEO and co-founder’s background whose father was a coal miner and steelworker, Costco’s labour relations philosophy is that employees deserve a fair share of the profits they help generate (Herbst 2005:3). The International Brotherhood of Teamsters (the Teamsters) appears to have representative rights at Costco and has around 15,000 members. The chief union negotiator with Costco is quoted as stating that the company ‘gave us the best agreement of any retailer in the country’ (Greenhouse 2005:3). Unlike Australia, when a union wins a representative ballot under US law all employees included in the bargaining unit must either join the union or pay a fee to compensate the union for negotiating on their behalf and enforcing the agreement. Thus, although only about 13 per cent of Costco employees are union members, the ‘union effect’ at Costco stores is much greater as the union must represent non-union employees covered by the agreement.

These disparate philosophies translate into considerable differences in wages and conditions, not only for employees but also for top management. In 2004 the Costco CEO’s total remuneration package was SUS2.7 million (SUS350,000 base salary) while the Wal-Mart equivalent received SUS17.5 million (SUS1.2m base salary) (Graef 2005). For wage employees the opposite holds true as the average pay for Wal-Mart employees is SUS9.68 per hour compared to SUS16 per hour at Costco (Herbst 2005:4), while the average American supermarket employee earns SUS10.35 per hour (Miller 2004:4). In an average 34 hour
workweek many of Wal-Mart’s employees earn less than the 2001 US Federal poverty line amount for a family of three (Miller 2004:4).

The core of the American health care system is employer-based health coverage. Only 48 per cent of Wal-Mart employees are covered by company health insurance and are required to pay between 34 per cent and 42 per cent of premiums, plus an excess ($US350-1,000). In contrast, the Costco health scheme covers 82 per cent of the workforce, employees only pay between 5 per cent and 8 per cent and there is no excess (Herbst 2005:5; Miller 2004:7). The Wal-Mart health plan shifts costs onto the already low paid employees. It is estimated that it would take an $US8 an hour employee, working the average 34 hour week, close to a month and a half of pre-tax pay for one year’s family coverage. Not surprisingly many rely on public assistance for health care and in California alone taxpayers subsidised $US20.5 million in health care for Wal-Mart employees in 2001 (Miller 2004:8).

These different approaches to labour relations also influence the general tenor of employee-management relations. Wal-Mart is facing a sex discrimination class action that dates back to 2001 when six former and current female employees brought an action alleging denial of equal pay and opportunities for promotion (Head 2004:5-7). The lawsuit expanded to potentially the largest in US history to cover 1.6 million current and former female employees when a federal judge ruled the case could proceed as a class action. Wal-Mart has appealed the decision (Karpeles 2005).

The federal US Fair Labor Standards Act and equivalent state laws require that hourly employees be paid for all hours worked, and overtime after a maximum number of hours (usually 40 hours a week). As at December 2002 Wal-Mart was facing 39 class-actions for unpaid working time. In 2001 Wal-Mart paid $US50 million in unpaid wages to 69,000 workers in Colorado and $US500,000 to 120 workers in New Mexico (Miller 2005:5). In 2005 Wal-Mart paid $US11 million in settlement of a federal investigation into their use of illegal immigrants (Wal-Mart Watch 2005b).

Very little evidence of similarly negative labour relations concerning Costco was found. One explanation is the ‘real advantage’ of union representation (Herbst 2005:4). When labour problems arise they tend to be settled in-house through negotiations with the union rather than in the court system. The one court case uncovered (Cloutier v. Costco Wholesale) concerned a female employee’s religious right to body piercing. Despite considerable negotiation and accommodation by Costco following policy changes the employee won a discrimination case, and then sought monetary compensation. The court eventually found that her refusal to accept a reasonable compromise offered by Costco would undermine company policy, and found in favour of Costco (Nixon Peabody 2005).

**Economic Performance**

A familiar mantra in recent decades has been that if a company or an economy wants to stay competitive in a global economy continuous productivity improvements are required. Too often however, productivity increases are confused with cost cutting, in particular the reduction in workers’ take home pay, which may lead to more profits but not increased productivity (Peetz 2005). Contrasting the economic performance of Costco and Sam’s Club highlights the issue.

Although the average hourly full-time wage at Sam’s Club ($US11.52) is higher than the Wal-Mart average ($US9.68) it remains close to 40 per cent less than Costco’s ($US16) (Holmes & Zellner 2004). However, when labour costs are examined as a percentage of sales, Costco records lower labour costs because Sam’s Club employees generate around $US35
billion in annual sales while Costco achieved $US34 billion with one-third fewer employees (Holmes & Zellner 2004). Looked at another way, Costco’s operating profit per hourly employee in 2003 was $US13,647 compared to $US11,039 for Sam’s Club. Costco’s workers sell 50 per cent more per square foot of sales space and contribute almost 25 per cent more to profits than Sam’s Club employees (Bonior 2005).

Costco management argues that its more productive workforce is a direct result of the higher wages and better conditions (Herbst 2005). As labour turnover is reduced (only 6 per cent of employees leave in the first year compared to 21 per cent at Sam’s Club), staff is more experienced and more motivated (Holmes & Zellner 2004), and even theft is substantially reduced (Greenhouse 2005).

In March 2004 Costco exceeded Wall Street expectations by posting a 25 per cent profit gain and a 14 per cent sales hike, but instead of a positive response the market drove the company’s stock down 4 per cent (Holmes & Zellner 2004). The reason for this counter-intuitive response appears to be that market analysts and traders are caught up in the ‘Wal-Martisation’ of the American economy. This school of thought adheres to the belief that shareholders’ needs require employers to minimise costs, including labour costs (Greenhouse 2005; Holmes & Zellner 2004; Hightower 2004). Bill Dreher, an analyst for Deutsche Bank, stated that ‘Costco’s corporate philosophy is to put its customers first, then its employees, then its vendors and finally its shareholders. Shareholders get the short end of the stick’ (cited in Herbst 2005), and ‘At Costco, it’s better to be an employee or a customer than a shareholder’ (cited in Holmes and Zellner 2004). These sentiments are shared by many other stock analysts (Greenhouse 2005; Holmes & Zellner 2004; Shaffer 2005).

Despite the criticisms of Wall Street professionals, Costco shares have quadrupled over the past ten years. Analysts have branded Costco a ‘cult stock’ with the only explanation for the high share price being ‘so many people love the company’, implying this is a negative phenomenon (Herbst 2005).

**Isomorphism and the companies**

Wal-Mart and Costco represent opposite ends of a continuum in terms of their industrial relations philosophies and labour relations practices. Despite the apparent contradiction of having two such divergent models, isomorphism is present. Mimetic processes (imitation) are apparent in the ‘Wal-Martization’ of the US economy. The glorification of Wal-Mart’s labour relations in the US business media as the central reason for its success (Shaffer 2005) results in many executive simply imitating the Wal-Mart low-pay route in search of success. Normative pressures are also apparent in the low wage—high wage dichotomy. Examples of a professional management alliance supporting the Wal-Mart model are evident in most American articles on this topic (Greenhouse 2005; Holmes & Zellner 2004; Herbst 2005; Miller 2004; ARAW 2005). In his examination of media coverage of Wal-Mart labour relations Shaffer (2005) argues that this ideological fusion is reflected relatively equally in both the conservative, business orientated Wall Street Journal and the business section of ‘liberal’ New York Times. However, normative pressures are even more apparent in the sentiments adopted by many ‘professional’ stock analysts as discussed above. The prevailing ‘Wall Street’ belief that shareholders are best served when labour costs are minimised exerts considerable pressure on executives to ‘toe-the-line’ or risk negative assessments and potential stock price falls – particularly important when salary packages are tied to stock performance.
The third mechanism of institutional isomorphism identified by DiMaggio and Powell (1983), coercive isomorphism, is arguably the most influential in determining whether an organisation adopts the Wal-Mart or Costco model. The massive buying power of Wal-Mart allows them to dictate the price they are willing to pay for a product, often forcing suppliers of goods or services to adopt the low-wage model (and in some cases exploit illegal immigrants) (Miller 2004). Wal-Mart’s financial support of political candidates who shared the company’s low-wage philosophy made the company the second highest contributor in the 2004 campaign, with 85 per cent of donations going to Republican candidates (Hopkins 2004). Somewhat ironically, during the same period Wal-Mart was presented with a presidential award, the Ron Brown Award for Corporate Leadership, for outstanding achievements in employee relations and community initiatives. These relationships and the media coverage they generate perpetuate the allure and legitimacy of the Wal-Mart model in the eyes of company executives, investors, customers and even workers.

At present, while isomorphic pressures are favouring the spread of the Wal-Mart model in the US, the environment (and consumer satisfaction) is permitting both models to operate. Whether the Costco model is forced out of the market by these pressures, or can create sufficient convergence of its own remains to be seen.

The New Australian Industrial Relations Environment

The Howard government’s recent IR agenda has been to remove any vestiges of the traditional award system and move to a legislated national minima scheme in which only five minimum standards would be protected. These are minimum wages (set by a new Fair Pay Commission not the AIRC); annual leave; personal/carer’s leave, parental leave (including maternity leave); and maximum ordinary hours of work. As a package, the Australian Government refers to these legislated minima as the Australian Fair Pay and Conditions Standard (the Standard) (Australian Government 2005).

While the actual standards to be established by each minima remain uncertain at this time, the relationships of particular aspects of the system are known. For example, while awards will continue to exist (albeit in an even more simplified form) they will no longer be the benchmark for the no disadvantage test (which itself is removed). The five statutory minima contained in ‘the Standard’ will establish the benchmark (Australian Government 2005). Similarly, while the Fair Wage Commission will not cut minimum wages in nominal terms it is clear that the minimum rate will fall relative to average earnings and most likely in real terms during recessions (Gittins 2005). Further, by drawing on the corporations power of the Constitution these changes will apply to all incorporated companies across Australia, rendering the state IR systems virtually redundant (McCallum 2003:1).

The government argues that these changes are required to maintain Australia’s economic performance and to secure our economic future. Others offer a different perspective. In summarising the concerns of many opposed to the changes, Gittins (2005:1) states the government has ‘five main objectives: to get the states out of industrial relations; minimise the role of the Industrial Relations Commission, get people away from awards, weaken the union movement and discourage collective bargaining.’ One flow-on of these objectives is that the new system will have a bias in favour of the government’s preferred approach, a wide spread shift to individual bargaining through Australian Workplace Agreements.

For the purposes of this paper the pros and cons of the proposed reforms and the specifics of the changes are by and large a moot point. The key point is that the new legislated minima, combined with the shift to individual agreements, will for the first time since 1904 give

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employers the ability to legally choose whether to adopt a low-wage model (Wal-Mart) or a high-wage model (Costco). Is this choice solely the preserve of employers or are there other players across society who can influence the outcomes? Drawing on institutional theory of organisations and the concept of isomorphism discussed earlier, the issue of influence in decision-making of this type is considered in the following section.

**Influence and Isomorphism: the potential and the limits**

While DiMaggio and Powell (1983) argue that organisational structures and practices converge, others suggest that such convergence need not be around a single model or form and this is obvious from the case study organisations. Cultural, historical, economic, national and international factors may influence the pattern of convergence. Undoubtedly, employers will have a major say in the type of model adopted within the companies they manage but other factors may also influence the decision.

Although the omni-presence of the Wal-Mart model has been a greater driver of mimetic processes to date, organisations such as the American Rights at Work (ARAW 2005) are providing alternative role models. ARAW’s Labor Day List, which celebrates partnerships between employers and their employees’ unions, is not only generating publicity but also provides educative case studies (and access to more in-depth information) which interested companies can follow. While hardly competing with the mainstream media’s portrayal of the inevitability of the Wal-Mart model, these alternative approaches could be adopted by concerned interest groups within Australia. They could be a means of educating employers who are uncomfortable with the exploitative aspects of the low-wage approach, or putting pressure on those employers seen as eager to reduce employees’ wages and conditions. These mimetic and normative pressures could lead to convergence around the Costco model.

With the maturing of pension or superannuation investments the share market is no longer the preserve of the elite. According to British social theorist Paul Hirst, pension and superannuation funds represent the largest pool of socially-owned capital in history (cited in Morton 2000:1). While US unions have been using their influence over the $US5 trillion of pension fund investments to improve the lot of their members (Morton 2000:1), Australian unions have been more reluctant to use workers’ ownership of the means of production in a similar manner (Wade 2001). The broad argument is that if union influence on industry super funds was used to encourage ethical investing, especially by not investing in companies that exploit workers through low wages or poor conditions, pressure could be applied across the economy through ethical supply chain requirements. As Wade (2001) argues, ownership in a capitalist system confers the right to legitimate influence but Australian industry super funds are laggards (Morton 2000:9), exercising their proxy votes in less than half of possible occasions (Lampe 2004).

The fiduciary duty of superannuation fund trustees only requires they evaluate ethical investments using the same criteria as traditional investments. Providing such separate ethically based investment options reduces any legal controversy for trustees (Findlaw). It is conceivable that fund trustees could screen a company’s workplace relations record and the adoption of the low wage model, union busting, or other anti-worker policies would prohibit investment. However the presence of employer representatives on Australian industry superannuation funds’ boards could limit the extent to which IR agendas are pursued through this avenue (Trounson 2005).
Other normative pressures emanating from broader society such as church-based think tanks and non-government welfare organisations can highlight the pitfalls of the low-wage model and influence companies through moral suasion.

Successive Workplace Relations Ministers have been critical of businesses’ reluctance to fully adopt the opportunities offered under the Workplace Relations Act 1996. It is hard to imagine that the special briefing on the proposed changes given to business community leaders in October 2005 (O’Brien 2005) was not designed to both reinforce business support on a united front and to ‘encourage’ the adoption of the full package of changes. Since the passing of the legislation in the Senate on Friday 3 December 2005 the Business Council of Australia has been urging employers to move quickly to take advantage of the new laws (Norrington 2005).

In the case of universities the government has attached industrial relations conditions to funding, clearly a coercive move to force a convergence of employment relations to the government’s philosophy. The government has engaged a legal firm to examine each university’s certified agreement, and to specify how that university will comply with its new IR requirements (NTEU 2005). Similarly, companies which may require government intervention for regulatory ‘adjustments’, investment seed money, tax breaks, disaster aid and so forth, may find themselves obligated to implement a non-preferred IR approach in exchange for the resources or assistance they need. However, the government is not the only party that can coerce employers into adopting the ‘low road’. Through supply chain arrangements, sub-contracting and outsourcing large organisations can influence others, forcing them to adopt their methods or lose their business, as in the transport industry for example (Quinlan 2001). Thus, the decision to adopt either a ‘high road’ or a ‘low road’ in terms of employment conditions is not necessarily an individual one.

Conclusion

Isomorphism has been used to consider the adoption of structures and practices by organisations that are considered legitimate or acceptable in their field, industry or region. While Di Maggio and Powell (1983) have identified a convergence of such structures and practices for a number of reasons, there need not be only one model around which the convergence occurs. Thus, while many Australian employers are espousing the need to choose business models that raise profits and productivity at the expense of wages, benefits and working conditions, they need not all adopt the ‘low road’ Wal-Mart model offered by the new IR reforms. Many Australian employers have forged good working relations with unions, are happy with the current system, or are ambivalent about the impact of the Howard government’s changes on their operations.

All three mechanisms by which isomorphism occurs will be evident in the IR outcomes. While mimetic and normative pressures will have some influence on decisions, coercive isomorphism will be a key factor in the extent to which Australian employers adopt the more extreme elements of the IR reforms, and converge on the ‘low road’ approach. How much pressure can be placed on individual employers and industry sectors to adopt the Wal-Mart way remains to be seen, but the pressure being brought to bear on individual universities may be indicative of a wider approach by government to achieve its aims.

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Evolution in the German Vocational Training System

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This paper outlines the key features of the German system of vocational training, the roles of employers, the state and unions in its development and survival and how it fits into the broader German political economy. A range of current problems identified by commentators, particularly with regard to the impact of changes in technology and work organisation on a system of training based on occupations, are addressed. The success of the modernisation process, which has been underway since the 1990s, is evaluated. In the conclusion the need for radical reform of the system rather than more gradual evolution is contested.

Introduction

The German dual system of vocational training has been portrayed by a variety of commentators as having problems with its future viability or is in need of major structural reform (Idriss 2002, Sabel and Herrigel 1999, Wagner 1999, and Deissinger 2000). The nature of these problems include the decline in the number of companies training (Deissinger 2000, Federal Ministry of Education and Research 2005), inability of a rigid craft based occupational system to adapt to the demands of more process oriented and flexible production (Sabel and Herrigel 1999), growing costs to employers of training due to both more time spent in theoretical training away from the workplace and higher apprentice wages (Wagner 1999), inability of students completing the lowest level of high school to cope with the demands of more theoretical training expected by employers (Deissinger 2000, Federal Ministry of Education and Research 2004), erosion of membership of unions and employer associations, which are key institutional supports of the system (Streeck and Hassel 2004), growing attraction of higher education to German students and the related increasing demand by employers for persons with degrees (Deissinger and Hellwig 2005).

In this paper it will be argued that the German vocational training system as an institution, despite comments from the critics, exhibits the ability to evolve rather than needing to be dismantled due to changing economic, social and technological circumstances. The first section introduces key institutional characteristics of the German training system and outlines briefly the role of the state, employers and unions in its development. The following section explains how German training institutions have been embedded in a wider network of social and economic institutions and a production system, which encourages employer commitment to skill formation. The succeeding section discusses problems, raised by critics, facing the German system of vocational training. This is then followed by an analysis of the process of modernisation of the German training system since the late 1980s.

Characteristics of the German Training System

The German dual system of vocational training provides for a combination of workplace and vocational school level training. It also requires joint agreement by the social partners, unions and employer associations, before new training regulations modernising existing occupations and creating new occupations are implemented passed by the state1. However, direct

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1 In 2005 the federal law governing training was reformed requiring that proposals for new and modernised occupations will be implemented within a year if the social partners cannot agree.
supervision and monitoring of training remains the responsibility of the chambers of employers at local level (Thelen 2004).²

A central element of the German training system is the nature of *beruf* or vocational occupation. These are clusters of skills, knowledge and practical capacities, which are defined as separate occupations by agreement of the social partners³. As a result the training is seen as a coherent whole, which is tested by final examination (Deissinger and Hellwig (2005). Unlike the UK and Australian training systems it is not competency based training nor does it consist of modules which can be separately accredited as in the UK (Ertl 2002). The qualification makes the labour market transparent to both young people and employers and the principle of *beruf* is strongly defended by the employer associations and unions (Kutscha 2000). The concept of occupation has a significant impact on work organisation in Germany, because it has tended to provide the building block for job roles in organisations. Training of apprentices in the workplace is from a foreman or *meister*, who has studied the skills to train them in their occupation. The school based element of the training has in the past taken the equivalent of a day a week. However, since the 1980s, time in vocational schooling has increased due to the growing theoretical requirements of jobs (Wagner 1999). An important result of the vocational system is that work organisation in German companies is based less on strict job classifications within an organisational hierarchy and more on the occupational competence of an employee (Maurice, Sellier and Silvestre 1986).

The German vocational training system is divided into two main sectors, the craft or *handwerk* sector and the trade and industry sector. The number of trainees in the trade and industry sector peaked at 882,000 in 1986. In the recession of the 1990s it declined to below 600,000, climbing again from 1997 to 2001 and settling lower again at 670,553 in 2003 (BMBF 2005). In the *handwerk* sector the number of trainees peaked in 1986 at 693,000 and declined to 410,205 in 2003 (BIBB 2005). Of the other two areas of significance the free professions (132,988 trainees in 2003) has remained constant in the last decade and the public service (24,863 trainees in 2003) has declined (BMBF 2005).⁴

Another important structural difference is that between the *mittelstand* companies (small to medium sized companies up to 500 employees) in the industrial sector and the large mass producers. The *mittelstand* companies in 2000 employed almost 70 per cent of the German workforce and 83% of apprentices (Society-General 2004). In contrast to the large industrial companies (mass producers), some *mittelstand* companies in manufacturing make more use of skilled workers to produce customised products (Broadberry and Wagner 1996).

**Skill Formation, Employment System and Economy**

The vocational training institutions in Germany are interrelated with and supported by broader aspects of the employment system and economy. In the literature on training in Anglo-Saxon countries like the UK and the US, it is assumed that employers will provide only firm specific training, because broader training will expose them to poaching of employees by companies that do not train (Thelen 2004). In comparison, in Germany, particularly in what was West Germany, employers exhibit a voluntary commitment to training both of a general and firm specific kind. The willingness of German employers to engage in such training can be explained by a number of factors. First, the central role of the employer chambers in defining

² The two main chambers are that covering the craft or *handwerk sector* and that covering trade and industry, the *Deutsche Industrie und Handelskammertag*.
³ The skills and knowledge required are set out in occupational profiles, which are broken down into a number of elements.
⁴ The free professions consist of occupations like nursing, and dental assistant.
training needs (jointly with unions since 1969) and monitoring the dual system locally has
created trust and a common identity amongst them about the importance of vocational based
training (Culpepper 2003, Wagner & Finegold 1999). This contrasts with the insensitivity to
industry and local needs of a training system directly imposed by the state and funded by
training levies or general taxation (Culpepper 2003). Secondly, factors such as relatively low
apprentice wages, the productive contribution of apprentices, the provision by state
governments of vocational training schools have also underpinned employer willingness to
train. These factors are complemented in medium sized and larger firms by internal labour
markets, which both offer a career to employees and enable companies to further recoup their
investment in training.

Thirdly, from the employee point of view, other aspects of the employment system also presents
incentives to become an apprentice. The existence of a high level of job security and a social
insurance based welfare system, which both guarantees a high level of unemployment benefits and,
until recently, did not require employees to take work in a different occupations at a lower level of
wages, encourages employees to invest in training (Istevez-Abe, Iversen and Soskice 2001). A
further beneficial aspect for employees of the existence of a high level of apprenticeships is that
unemployment amongst young German workers aged 18-24 is lower that other EU countries.5

Fourthly, the German unions have strongly supported a system, which provides a large number of
employees with a mixture of general and specific skills, enabling employees to move between
companies. Through policies of compressing wage dispersion they have also made skilled workers
more attractive to employ (Thelen 2004). Works Councils also provide a mechanism by which
employees can monitor the quality and extent of training (Soskice 1994). Unions, as indicated
above, are also involved in discussions with employers about the content of training, before it is
given to the Federal government for gazetting.

Fifthly, another feature which has supported training is that German firms, particularly
medium to smaller ones have sought funds from local banks rather than equity markets. Such
so called ‘patient capital’ has enabled firms to take a long term view and engage in training
which reaps a longer term reward (Culpepper 1999).

The result has of these characteristics of the German employment system and economy has been to
create what has described as a ‘high skill equilibrium’, which supports competitive strategies of
producing high quality and sophisticated products (Culpepper 1999). Given both high labour costs
due largely to relatively short working hours and strong unions) and high skill levels German
firms had developed by the 1970s a production system, which Streeck (1991) has characterised as
diversified quality production (DQP). In this system of production the high skill levels of
German workers, particularly in the capital goods and metal manufacturing sector, has enabled
German companies to deliver high quality and valued added products often made to customer
specification.

Streeck and Kithschelt (2004) see this system of DQP as working to Germany’s advantage in the
1970s and 1980s compared to traditional Fordist mass production systems. However, the
introduction of versions of Japanese lean production, based on functional flexibility, teamwork and
continuous improvement, has called into question aspects of the DQP production system. In
particular, lean production by both raising the level of quality and the flexibility of traditional
Fordist production systems has forced German companies to compete more on price (Herrigel and
Sabel 1999).

A further dimension to DQP is that it is embedded in production and innovation regimes in
regional economies like that of Baden-Wurttemberg. With the development of high

5 In 2000 8.5 per cent of young workers were unemployed compared to the UK with 12.1 per cent (Pütz 2002).
technology industries in the information and biotechnology sectors, however, these regional economies supported by a research and education infrastructure, which promoted incremental adaptation of medium technology goods, have faced the need to adapt (Heidenreich and Krauss 1998).

In the mass manufacturers during the 1980s there was a tendency to train a large percentage of skilled workers to cope with the requirements of highly automated final assembly technology, which resulted in skilled workers taking assembly jobs6. Skilled workers made up about two-thirds of the automobile producers workforce in 1993, but there was relatively little attempt in the 1980s to utilise them by moving from high volume production of standard models to a more diversified range of products (Jürgens 2004). Since the 1990s the impact of lean production concepts has replaced that of automation as a strategy and the level of skilled employees has reduced, since lean production requires multi-skilling rather than higher levels of technical skills (Jürgens 2004). Another change since the middle 1990s has been the growth in the number of university graduates among white-collar workers in the automobile producers (Jürgens 2004). Thus, the concept of DQP applies to larger automobile makers less than it did in the 1980s. It remains of more relevance for customised producers amongst mittelstand companies, although even here the need for teamwork and flexibility has been argued to be necessary (Herrigel and Sabel 1999).

With the growth of the service sector in Germany there has been the development of new apprenticeships in areas like IT and media and also reform of finance sector apprenticeships. However, there are far fewer certified trades in the service sector compared with the manufacturing sector and it is doubtful whether the competitive advantage of DQP applies in the service sector (Culpepper 1999).

Problems Confronting the German System of Vocational Training

A number of problems about the nature and viability of the German Vocational Training system, which have arisen since the 1980s, are dealt with in this section. These include the decline in both the number of employers training and the number of training places, the ‘rigidities’ exposed by changed competitive conditions and technologies, the changing costs of training for employers and shortcomings in the beruf or occupation based approach to training.

Number of Employers Training and Supply of Training Places

From 1985 to 1994 the number of employers training fell from 34.3 per cent of employers to 23.7 per cent (Deissinger 2000, Federal Ministry for Education and Research (BMBF)1997). However, the number of employers training then stabilised over the next decade with 23.4 per cent of employers still training in 2003 (BMBF 2005). In the secondary sector between 1985 and 1994 training declined from just below 100 per cent to about 63 per cent (using 1980 as the base year), whilst over the same period employment levels declined from 91 per cent to 88 per cent (using 1980 as the base year) (BMBF 2005). After 1995 the level of training stabilised in the secondary sector, whilst employment fell again to about 80 per cent (using 1980 as a base year) (BMBF 2005). Analysis by the BMBF (2005) indicates that, using 1980 as a base year, employment in the service sector has grown by about 50 per cent, whereas training has declined by about ten per cent, although trending upwards since the late 1990s.

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6 In Audi the level of skilled workers remains high, but in the other manufacturers the level has dropped. (Jürgens 2004)
One possible explanation of the decline in employer participation in training is the level of unemployment with higher unemployment being expected to be associated with reduced participation by employers in training. However, the evidence does not seem to support this proposition. The decline does not seem to be correlated strongly with aggregate unemployment levels. In the first half of this period (1985-1990) unemployment in West Germany fell from about 8 per cent in 1985 to just below 6 per cent in 1990 (Siebert 2005). Nevertheless, the fall in the number of companies training (in West Germany) by about five per cent that occurred between 1990 and 1994 did coincide with a rise in unemployment of more than two per cent (BMBF 1997, Siebert 2005). Between 1995 and 2003 unemployment oscillated between just below eight per cent to just below 10 per cent (Siebert 2005), whilst the number of companies training was relatively stable. So unemployment, prima facie, does not seem to have been a strong contributor to the level of employer participation in training.

A poor rate of economic growth is another possible explanation for the fall in the number of employers training. Between the 1980s and the first half of the 1990s average growth in GDP per year dropped by 1 per cent, which could have affected training levels (Siebert 2005). After high growth of over 5 per cent a year in the early 1990s, growth from 1991 to 2003 was low, averaging about 1.2 per cent per year (Siebert 2005). From 1995 onwards GDP growth remained low and relatively stable, which may be related to the stability in the percentage of employers training in that period.

Another reason given for the decline in training participation by German employers is that jobs are being exported from Germany by large firms Dörrenbächer (2004). However, data from the Deutsche Bundesbank and mergers and acquisitions data show that job exports from Germany in the last fifteen years have been rather small. Thus, German multinational corporations (MNCs) are not fleeing the German model to the extent suggested by many critics of Germany as a production location.

The figures for the relationship of demand for and supply of training places for Western Germany from 1992 to 1996 shows demand to have exceeded supply. From 1996 to 2003 the ratio of demand to supply has fluctuated by about 3 per cent, with supply normally greater than demand (BMBF 2005). In 2004 the supply of potential trainees was 3.6 per cent more than demand, this being the equivalent of 17,128 training places. It is true, however, that, whilst supply and demand have been in reasonable balance until recently, the absolute number of training places have dropped from about 504,000 in 1999 to 461,000 in 2004 (BMBF 2005).

The demand for training places from 1992 to 2004 reflects to a considerable extent (with an 17 year lag) the earlier fluctuation in the West German birth rate from only 576,00 births in 1978, rising to 626,000 in 1982, falling again to 583,000 in 1984 and rising again from 1985 to 1988 to 720,00 births a year (BiBB 2005). From these figures it is apparent that the growth in demand for training places by school leavers does not reflect the large upward shift in births in the mid to late 1980s. However, despite this, the recent growth in demand for places is still greater then the increase in training places. If the supply of training places does not increase, on current trends the deficit between demand and supply of training places will continue to grow for several years. Unlike the percentage of employers training, the fluctuation in the supply of training places from from 1994 to 2003 can be seen to largely track the downward and upward shifts in the unemployment rate mentioned above (BMBF 2005).
Cost of Training

The issue of cost of the system to employers and the availability of training places has been a recurrent concern. As indicated above, the system is based on the voluntary acceptance by employers of the need to train, combined with a culture that values training for a high proportion of workers. In analysing this issue it is necessary to draw a distinction between the handwerk sector, where in the early 1990s gross training costs (wages of apprentices, of trainers and related overhead costs) were lower (by about 20 per cent) than in larger companies (Wagner 1999). The reason for this difference is that smaller craft organisations mainly train on the job, whereas larger employers have more off the job training. When net costs (taking out the value produced by apprentices) are considered the difference between the two sectors is about a third less in the handwerk sector (Wagner 1999). Further cost savings for companies include not having the expense of hiring skilled workers and bearing the cost of their adaptation to work. Apprenticeship also provides probation for workers so employers do not hire persons whom they have later to replace. The tendency for skilled workers to stay with larger companies also brings benefits, due to lower wages paid to such workers compared with skilled workers directly recruited from the market. Finally the compressed wage dispersion in German industry means that skilled workers are paid less than their marginal product (Thelen 2004). Wagner (1999) argues that given these offsets that training is almost a break even proposition for German employers in the early 1990s.

A number of factors, since the early 1990s, have affected the balance between cost and benefits (Wagner 1989). These include: reduction in working hours to 35 hours week, leading to less productive time by apprentices, an increase in class time in more companies above 8 hours a week (due to increased knowledge required with new technology), and increase in apprentice wages. However, recent research by the Vocational Training Institute (Bundesinstitut fur Berufsbildung, (BiBB)) through a survey of 2500 companies in 2001 highlighted that, in West Germany since 1991, in the trade and industry sector net costs have shrunk by 1 per cent (Beicht, Herget, and Walden 2005). This is due to training moving back into the workplace from in house training centres, leading to greater returns from apprentices. Overall, if the benefits not measured in monetary terms are taken into account, then the report claims that recruiting skilled workers from the market is more expensive than training in house.

Economic and Technological Change

With regard to the changed economic and technological environment critics such as Herrigel and Sabel (1999) argue that the German training systems blinkers workers by forcing them into occupational silos and renders them incapable of thinking outside the demarcations of their specialist area. They claim that a range of changes have occurred in manufacturing including production systems based on teamwork, flattening of hierarchies, focus by employees on producing a whole product or sub product, and involvement in problem solving (Herrigel and Sabel 1999). As a result they argue that the technical specialisation, inherent in the vocational training system, leads to a lack of effective cooperation between employees in integrated production processes.

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7 Given the scope of this paper no attempt is made here to discuss the situation in eastern Germany, where the state has had to subsidise training costs and provide places in training organisations due to high unemployment and the precarious situation of small to medium business, which find it difficult to train. Culpepper (2003) also points to the relative failure to create cohesive employer organisations in the east, which can lower employer fears about poaching and effective monitor training quality.
However, it can be argued in response that the level of vocational training in automobile mass producers in Germany have changed over to versions of lean production in the 1990s, reducing the number of skilled workers, except in the case of Audi (Jürgens 2004). To argue that the use of skilled workers in mass production operations will lead to demarcations, ignores the fact that lean production arrangements require the combination of simple horizontal tasks, not different functional skills. Further, skilled workers with background skills and understanding are likely to be able to contribute more effectively to problem solving.

Since the reform of the metal trades occupations and curriculum in 1987 there has also been more common training and development overlapping understanding within broad skill areas as well as development of the social skills needed for team functioning. Research by Maurice and Sellier and Silvestre (1986) also points to the polyvalent nature of work organisation in German unit, batch and continuous process manufacturing and lower levels of hierarchy in Germany compared to France.

In smaller organisations a study of the pump industry, by Finegold and Wagner (1999), notes some resistance by skilled workers to the introduction of teamwork and the move to product based cells in, made to order, batch production. Here the shift from functional based machining to combining into a product based cell was seen by employees to degrade their skills in some companies studied. However, in the standardised production sector, with lesser level of skill, multi function groups were created successfully. In the complex customised sector the need to combine workers together into groups would seem to be of less value due to the complexity of each job. Molleman and Stomp (2001), in a study of the use of groups in Dutch firms, also notes that the work of a cell has in some case been combined in machining centres and that the complexity of the work does not make it practicable to multi-skill workers. Finegold and Wagner (1999) also found that some German companies in their survey were developing a new form of German group production, which involved the concept of a plant within a plant with a flat hierarchy, preserving worker skills and autonomy. This finding aligns with the views of Warnecke (1994), who describes this configuration as the Fractal Factory.

**Shortcomings of Vocational Concept**

The inflexibility of the dual system has been the subject of criticism especially by educational experts (Deissinger and Hellwig 2005 and Idriss 2002). A criticism in the past has been that the system is rigid in terms the narrowness of occupations and of the amount of time taken by the social partners to agree on new and changed occupations.

A more fundamental criticism is that an occupation or beruf based training system is too rigid in the context of modern technologies, which have caused the blurring of occupations. These critics argue that a modular, more market driven system based on competencies should be adopted. They argue for greater recognition for school based vocational training and for study undertaken at school to count towards assessment in the dual education system (Hellwig 2005, Ertl 2002, Deissinger and Hellwig 2005) through equal recognition should be adopted.

The certification of parts of training for an occupation, i.e. modularisation, has been resisted by the social partners, because it is seen as undermining the vocational concept (Deissinger and Hellwig 2005). However, proponents of modularisation, like Ertl (2002), recognise that in the UK the failure to have coherent vocational profiles combined with modularisation has

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8 The 1987 training reform required better technical knowledge, interpersonal and diagnostic and problem solving skills, quality assurance skills and cost management.
led to incoherence in training. His argument that modularisation can exist within the vocational framework may well have merit.

In arguing for change the educational experts claim like Herrigel and Sabel (1999), that, due to technical and organisational change, a change is occurring from vocationally based organisations towards organisations based on work processes. It has also been argued that the process of organisation learning should replace occupational based learning through depprofessionalization of know-how imparted by vocational training and the supplementing this knowledge in a non occupationally specific manner (Lisop quoted in Fischer and Robens 2004). However, Fischer and Robens (2004), in their study of organisational learning in chemical firms argue that company based training does not replace vocational training, but supplements it.

An approach to training focussed on assessing competencies can not be based on existing low skill, Taylorist work processes without sufficient depth in knowledge or skill underpinning it (Smith 2002). The potential for this does not seem to be recognised by critics of the rigidities of the German vocational training system.

**Modernisation**

A range of responses have occurred in the German training system in response to the changing situation. In the 1990s there has been a move to modernise in order to develop more overlap between occupations, particularly those which belong to related occupational areas. A common first year, for instance, has been created in occupational areas such as building and metal and electrical trades. In the metal trades after 1987 forty occupations were reduced to six internally differentiated occupations with sixteen specialisations undertaken in the last one and half years of the three and half year course (Kutscha 2000).

In August 2004, further major changes were made to metal working occupations including: elimination of 18 existing specialisations in 5 metal working occupations, and common skills for all metal working occupations being taught for the first 21 months of the apprenticeship (EIRO 2004). These changes will enhance flexibility of employees, their ability to work in teams and respond quickly to changing customer requirements (EIRO 2004).

An important change that occurred in the 1990s, which was prefigured in the metal trades reforms, was a need to match new forms of work organisation. In effect, this involved shifting the focus of training from a Taylorist form of sequential learning, which did not relate to the actual application of skill in the modern workplace, to a more integrated and team based work organisation (Kutscha 2000). This experiential and more problem or project based learning has meant that the trainer becomes an advisor and moderator. Of course, the extent of adoption of such change of work organisation in German industry is variable and this impacts on training.

More emphasis has also been placed on key qualifications such as communication skills, problem solving skills and critical thinking (Hellwig 2005). Further, the lead time to create new occupations has been recently reduced from over seven years to less than two. With the increase in the complexity of technology and changes to work organisation, it has also not been possible for small to medium sized firms to provide adequate training. This need has been met by interfirm training centres, which are funded in part by the firms paying a fee to the Chambers (Kutscha 2000). This has had the impact of moving the dual system to more a pluralist system.
In the building trades time on the job has fallen from 80 per cent to 46 per cent with 26 per cent of time spent in vocational schools and about 20 per cent in joint training schools. The extra costs to companies of apprentices not being on the job was offset by a payment from an industry fund, paid at the rate in 2000 of 2.8 per cent of gross wages by all building companies. The share of apprentices rose to 6.8 per cent of all employees in the construction industry in the late 1990s (Bosch and Zuhlke-Robinet 2003).

Since 1996-97 out of the 350 odd occupations have been modernised and 31 new occupations have been created in new sectors such as information technology (Idriss 2002). In the IT sector commitment was made by the employers to create 60,000 company training places by late 2003 as part of a campaign to reduce the shortage of IT specialists. This commitment was given in the tripartite Alliance for Jobs, Training and Competitiveness on 6 July 19999. At the start of the 2001 training year, more than 70,000 young people were doing training in this field (ILO 2002). The new training structure allows for articulation to technical and university level after completion of the apprenticeship (Steedman, Wagner and Foreman 2003). This ability to articulate is a change from the past and reflects the number of apprentices with a certificate that allows them to get into university (abitur), who are undertaking the IT apprenticeship. These new IT apprenticeships also have greater flexibility than the past, because they allow for the core modules to be followed by optional modules in different areas of specialisation. They are not restricted to one specific functional area and are oriented towards particular work processes (Hellwig 2005). Normal written and oral assessment is supplemented by project work on a problem relevant to the company (Hellwig 2005).

Another area where unions and employers and the state have agreed to change is in the banking sector. The social partners took a number of years up to the middle 1990s to agree upon the changes due questions such as, whether the apprenticeship should cover all types of banks and insurance (Finegold and Wagner 2000). They agreed finally on a single new occupation profile that is common for all types and sizes of banks. The new apprenticeship is more flexible than the previous one and covers four main types of competencies, identified as crucial to competitiveness by the banks. It emphasizes a “business process orientation,” work planning and performance management, and customer service, including the ability both to generate new business and to maintain long term relationships with existing clients (Finegold and Wagner 2000). In 1999 68 per cent of apprentices in banking have completed the abitur, which has enabled them to proceed onto tertiary studies in banking.

The nature of training in vocational training schools is being altered from lecture based to a more experiential and project based approach to learning. This obviously places stress on vocational teachers to remain up to date with new technologies. An aging teaching workforce also presents problems.

More school based occupational training has also been developed, although employers do not rate such employees as high as those trained by the dual system.

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9 In 1998 the new social democratic government set up a tripartite ‘Alliance for Jobs’ with employer associations and unions. The ‘Alliance for Jobs’ had seven working groups including one for initial and further training.
10 The new training structure in IT consisted of four different types of apprenticeship; IT systems electronic apprenticeship, IT specialist apprenticeship, IT Systems business specialist, and IT business operatives apprenticeship. These then articulated to 29 different technical level qualifications and then to four degree level areas and two postgraduate level qualifications (Steedman, Wagner and Foreman 2003).
Conclusion

This paper has shown that the German training system has to be understood in the context of the German labour market, welfare system and economy. Some past supports for the system, such as that given by the employer associations and the welfare system, are in a state of change. Small to medium employers, however, whilst withdrawing from employer associations for bargaining purposes still remain part of their chambers for training purposes. Although not examined in detail above, the role of banks as sources of ‘patient capital’ is also eroding. The advent of lean production and new information technologies is also reshaping the nature of work processes. This had led some educational theorists especially to call for a major reform of the system. The notion of DQP was probably not a totally accurate characterisation of German manufacturing and is being modified, due to changes in competition and technology as Jürgens (2004) explains. Growing imbalances between supply and demand for training places and the smaller coverage of apprenticeships in the tertiary sector continue to be a problem. The number of trainees in the system is also affected by the decline of their number in the handwerk sector since the early 1990s.

However, the dual system and the vocational concept is deeply inbedded in the institutions and attitudes of German employers and unions. It has been shown here that the employers through their chambers have historically remained in control of both the content and supervision of training, only sharing the former with unions since 1969. The role of the chambers has allowed employers to cooperate over training and largely not to poach from one another.

Thelen (2004) has pointed out that institutions are a negotiated order by the parties involved reacting to economic and technical changes. The modernisation of the training system, discussed above, is an indication of how institutions like the German training system can evolve rather than be dismantled by changing circumstances. The stabilisation of the percentage of employers training, after the decline between 1985 and 1995, may well be, in part, a result of the process of modernisation and the creation of new occupations in areas like IT. This is not to say that higher levels of university education, a growing extent of articulation beyond apprenticeship, and a plurality instead of a duality of training sites will become more common.

References

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Many studies in the fields of Law, Sociology and Management evoke a questioning of the bond of subordination between employer and workers. This transformation of subordination is often explained by the triangulation of the traditionally bilateral employment relation between employer and workers, due in large part to the intrusion of the client or their representatives in the operational and organizational conditions of work, without necessarily distinguishing between the various types of clients, nor between the reality and the rhetoric of the role and the weight of the client. The objective of this paper is to propose a classification of the triangular situations between employer, workers and client. Part one proposes an analysis of the triangulation of employment relations through a power paradigm. The second part illustrates each category defined by case studies carried out in various organizations implying a more or less dynamic degree of client intervention on employment relations.

In the European Union, the regulation of employment relations is based on the existence of a legal bond of subordination between employer and workers. This bond justifies the employer’s use of disciplinarily and managerial power, and in exchange grants the workers social protections and guarantees stated in the various norms of labour law. However, many studies in the fields of Law, Sociology and Management evoke a transformation, even a questioning of this bond of subordination between employer and workers, which consequently, is likely to upset the balance of the employment relations regulation model resulting from the Fordist compromise (Supiot 1999; Chauchard & Hardy-Dubernet 2003; Castel 1995; Neuville 1995).

The transformation of subordination is often explained by the triangulation of the traditionally bilateral labour relation between employer and workers, due in large part to the intrusion of the client or their representatives in the operational and organizational conditions of work, without necessarily distinguishing between the various types of clients, nor between the reality and the rhetoric of the role and the weight of the client. The objective of this paper is to broaden the analysis of the actual impact of the clients on labour relations. It proposes a classification of the triangular situations between employer, workers and clients that exist in different companies, or even within a single company. This classification utilizes the power dynamics theories developed by several social science disciplines and articulates them with the concept of subordination in the field of labour relations. This analysis is based more specifically on the diversity of the power relations between the three actors, by highlighting the role of management in mitigating, or on the contrary, reinforcing the effects of the triangulation on labour relations.

This paper is structured in two parts. Part one proposes an analysis of the triangulation of labour relations through a power paradigm. After a presentation of the concept of legal subordination and power theories, it thus establishes a classification of the relations between employers, workers and clients according to the actor or actors who exert power on one or more of the actors involved. It describes the nature of the various relationships that link the three actors, the effects on work and employment and the role of management. The second

1 Research in this field was largely related to the service sector (Gadrey 1994, Ughetto et al. 2002), but also dealt with the industrial sector (Hatchuel 1994, Veltz 2000).
part illustrates each category defined by case studies carried out in various organizations in France and Belgium implying a more or less dynamic degree of client intervention on labour relations. To conclude, this paper will assert the consequences of the diversity and complexity of these transformations on the bond of subordination.

**An Analysis of the Relations between Employers, Workers, and Clients Based on the Concept of Power**

The analysis of the relations between employers, workers and clients based on the theories of power and their connection to the concept of legal subordination is substantiated by several social science disciplines. The fields of Law, Sociology and Management use these theories as a basis to study the relations between employers and their workers, thus making it even more interesting to use them to measure the true impact of the intrusion of various types of clients in this bilateral relationship. Management studies (Pfeffer & Salancik, 1978; Porter, 1980) also use the power paradigm to analyse the relations between a product or service provider and their contractor. By choosing a common conceptual framework to analyse the employment relations between the employer and workers as well as the business relations between the employer and the clients and finally the service relations between the workers and the clients, it indeed becomes easier to identify the bonds and the connections that exist between these three categories of relations and the actors involved.

To clarify this common conceptual framework, it is advisable to define the concepts of power and legal subordination and to specify the bonds entailed. Once this theoretical framework is established, the article then presents a classification model of the relations between employers, workers and clients.

**Legal subordination and power in the relations between employers, workers and clients**

The application of labour laws in European Union countries is conditioned by the existence of a legal bond of subordination between the employer and the worker. The links between this situation of legal subordination and the nature of the power relations are narrow and manifest themselves in two different ways (Supiot 1999, Dockès 2004). To begin with, the use of a de facto power by the employer falls under the definition of the legal bond of subordination that is one of the basic criteria of the labour contract. Thus in France, the Social Chamber of the Supreme Court specified in a decision dated November 13 1996 that the bond of subordination is characterized by the execution of work under the authority of an employer who has the power to give orders and directives, supervise their implementation and sanction the errors of the subordinate. On the other hand, this bond of subordination justifies the employer’s use of legal acts of power within the framework of its disciplinary and managerial power, even if this power is limited and dictated by the labour laws.

The central character of the concept of power in the regulation model of employment relations prevailing in the European Union explains the risk involved with any modification of the power relations between employers and workers on the mere existence of this model of regulation. If, due to the intrusion of the clients, the employer no longer exerts, or is no longer the sole entity to exert a de facto power on the worker, the relevance of the conservation of their qualification as employer must therefore be questioned. Indeed, the labour law considers that what prevails are the actual working conditions and not the legal qualification determined by the actors. It consequently becomes necessary to analyse in greater depth the concept of power and its foundations by using the theories developed by the various disciplines of social science.
The concept of power is generally defined in the social sciences as the capacity to obtain behaviour from others that they would not have exhibited without this intervention (Dahl, 1957). Insofar as it is defined in relation to others, power is exerted within the framework of a "social relation" marked by reciprocity (Weber 1971). Within the framework of the employment relation, the employer exerts a power over the worker who then regulates their behaviour in terms of what their employer asks of them. But in return, the employer will take into account, in order to define the behaviours expected of the worker, the qualifications or aptitudes of the worker as well as the expectations expressed by the worker either individually or collectively. The power relation is thus a reciprocal relation of exchange but by definition, unequal (Crozier & Friedberg 1977). Indeed, if two actors have the same advantages, the exchange is balanced, and therefore neither one exerts power over the other.

The use of this power depends on the resources of which the actor disposes and the extent to which they can be used against others. These resources are related to the context of the action and the characteristics of the person. A person capable of controlling an uncertainty (a behaviour, an event) or possessing a particular expertise relevant to the action involved will be likely to exert power over others. These resources can also be related to the organization. Crozier and Friedberg (1977) thus identify four sources of power: control of a skill that is not easily replaceable (of an expertise); control of the relations with the direct environment of the organization (a worker in direct contact with the company’s clients and with good knowledge of their particularities); control of the flow of information between the members of the organization; and control of the organizational rules. Mintzberg (1986) supplements this analysis with two other sources: decision-making power and the proximity to the individuals that make decisions as well as the legal prerogatives. In the field of labour relations, this last source plays an essential role, both for the employer and the workers. Indeed, if the existence of the legal bond of subordination justifies and legitimises the power exerted by the employer, the labour law also endeavours to compensate for the imbalance between the two parties by imposing basic social guarantees and by providing the means for the workers to defend their interests, in particular through the actions of their representatives.

Sociology and Management thus offer a complementary elucidation to the legal analysis of the power relations that form within the labour relation. This relational conception of power analysed in regards to the relations between employer and worker can also be applied to the relation between company (represented by the employer) and client. As shown by the theories of resource dependence (Pfeffer & Salancik 1978), the company (supplier) can exert a power over its clients if it is able to create a climate of dependence in their favour. This dependence is linked to the specificity and the scarcity of the resources held by the company, to the low substitutability of the products or services provided, and to the high cost involved in changing suppliers (Klein, Crawford & Alchian 1978). Conversely, the client can exert a power over its supplier if they are able to create a form of dependence with respect to their supplier (dependence mainly related to the possibility for contract termination and the competition). As Dupuy (2004) points out, we are transitioning in some sectors from a period where power was on the side of the producer who due to product scarcity could impose their conditions on the clients, to a period characterised by client “scarcity”, which allows the clients to exert power over the producer.

Lastly, the relational conception of power is also relevant in the analysis of the relations between the worker and the client. Research (Gadrey 1994, Jeantet 2003) carried out on

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2 An employer can call upon an organizational rule to obtain behaviour from their subordinate. The rule restricts the subordinate’s freedom in the execution of an action. But in return if the worker knows the rule well and if the conditions under which this rule can be invoked are specified, the worker will be able to use it to protect themselves from their employer.
workers in direct liaison with the clients indeed shows that the client is able to exert power directly over the worker, through their requirements, given their demand in terms of the competition, given their superior knowledge of the nature and specificities of the goods or services provided, and because they are able to evaluate the quality of the service. Conversely, a worker in direct liaison with a client can exert power over the client to which they sell their services due to their expertise regarding the characteristics of the goods and the realization of the service provided, their control of the temporality of this service, and because they are able to reformulate the client’s demand.

The theories of power thus constitute a relevant base on which to analyse the bilateral relations between employer and workers, between company and clients and between workers and clients. However they also make it possible to highlight the triangulation between these three actors and the consequences of reconsidering the bond of subordination.

**Analysis model of the employer-worker-client triangular relation**

Based on the analysis of the theories of power, we propose a model of the triangular relations between the three actors: the employer (E), the worker (W) and the client (C). According to the specific situations, the client can be an individual client or a client company, including thus situations of subcontracting. This distinction does not fundamentally modify the analysis of the power relations. These three actors are represented by the points of a triangle whose sides represent the types of relations maintained between them [diagram 1]:

**Figure 1. Model of the employer-worker-client relation**

- The employment relation qualifies the relation between the employer and the worker. The manager will be considered in the analysis alternatively as an agent of the employer or as an individual actor defending their own interests and with the ability to intervene between the three actors.
- The business relation exists between the company (represented by the Employer) and the client.
- The service relation is established between the worker and the client, directly or indirectly. This relation does not only relate to the agents in direct liaison with the clients,
but also to the company workers who work for the client. The terminology of service relation is used here to express the idea that the worker is at the service of the client (in a generic way). The action of the worker (whether they are in direct or indirect contact with the client) is directed towards others (Jeantet 2003). For this same reason, this qualification applies at the same time to service activities and to industrial activities. It concerns the provision of goods and/or services destined for others. It is based on a "functional" bond that is established between the worker and the client when the latter intervenes in the work situations.

Each of the three relations is subjected to a different legal regulation. If the employment relation is subjected to the norms of the labour law, the business relation is governed either by the commercial law for the client companies, or by the consumer laws for the individual clients. The consumer laws are based – as are the labour laws - on the observation of a de facto inequality between the two parties of the relation and endeavours to compensate for this by an ensemble of protections for the benefit of the client, considered as the weaker entity of the business relation (Ferrier 1997). On the contrary, the commercial law maintains the principle of the equality of the two parties and generally disregards the de facto power relation between the company and its clients seeing it rather as a weak public regulation and granting more significant weight to the autonomy of the parties. Lastly, the service relation between workers and clients frequently is, most of time, governed by the common regulation based on the principle of the equality of the two parties and then which mentions any specific protection for the worker.

Depending on the situation, one or two actors can exert a power over the other or the two others. Thus, for example the employer can exert a power over both their workers and their clients (situation 1, where the employment relation is dominant). Another alternative (situation 3), the employer and the client both exert a joint power over the worker (in this case, the business relation is dominant). Six situations were thus identified [see diagram 2]. They are considered as ideal types (Weber method), that is to say that based on real situations observed during investigations of companies or actors’ testimonies, relational configurations are constructed whose features are accentuated to facilitate their comprehension. Several of these ideal typical situations can thus be found in the same company, in connection to different products or services.

**Figure 2. Schematic representation of six ideal type triad actor relationships**
For each one of these situations, it is possible to analyse: the way in which each relation evolves according to the organizational configuration by defining the actor or actors and the relation that dominates the others; the effects on the nature of the work performed by the worker (nature of the skills, degree of autonomy, person in charge of evaluating the work, the working conditions); the effects on the employment relation (stability of the relation, conditions of remuneration, employment statute); and the role of management (support of a specific actor - employer or worker - or mediator between two actors).

This model of analysis thus offers the means to specify the diversity of work and employment situations in the companies of today and to examine if and in what way they translate into a transformation or a reconsideration of the bond of subordination.

Diversity of the relational situations

The six configurations of the client - employer - worker triad described in the model developed above are illustrated by field situations resulting from several research projects on the evolution of work relationships in France and Belgium, the legal framework of both countries being very similar in the field of employment and labour relations. These empirical and qualitative studies were carried out through monographs of companies strongly committed to customer relations and presenting various degrees of permeability in terms of client influence. The data collected, in certain cases, was supplemented and enriched by meetings between actors confronted with the same situations, either within the framework of round table discussions, or within the framework of seminars organized around company management testimonies. The monographs are based mainly on three techniques of data acquisition: visits to the work sites and passive observation of the work situations, semi-directive interviews with representatives from the three relational poles, and document analysis (contracts, charters, company regulations, etc).

Situations where the bond of subordination is maintained

The first two situations correspond to the preservation of the bond of subordination between employer and worker. In spite of the intrusion of the client, it is the employment relation that structures the relationships between the triad actors.

In a first configuration, the worker remains subordinate to the authority of their employer who manages to limit the interference of the client.

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3 This research was carried out between 2001 and 2005 by two research teams. The first team is a part of Lentic, Laboratory for the study of new technologies, innovations, and change (www.lentic.be), of the University of Liege (Belgium). The second is a French team from Audencia Nantes School of Management (www.audencia.com).
LeaderCall is a multi-client call centre organized into teams dedicated to large accounts. The work conditions and organization vary from one team to another according to the clients' demands, their degree of intervention and the type of contract concluded (subcontracting or co-contracting). One of these teams, Team TELTIC, is in charge of the fulfilment of a subcontracting contract with an IT manufacturer who delegates all of their customer service management ("computer hot line", customer support, general information, complaints, repair questions, etc.) to the call centre. This client acknowledges the expertise of the call centre with whom they have been doing business for almost ten years. Although the quality standards required are very high, the client has a relation of confidence and allocates a great deal of operational autonomy to the members of the designated team who are allowed to make decisions without prior warning or authorisation necessary (honouring the guarantee, compensatory offers, etc). As in most call centres, the work is organized and regulated in a precise manner by the software programs "Predictive Dialogue", which directs the calls to the first available agent and "Workhouse Management", which streamlines the use of resources and avoids down time. The quality of the service is constantly monitored by various tools developed by the internal department of Quality Development (call recording, side by side monitoring, etc). However, contrary to what takes place within other teams, the members of TELTIC, with their high level of qualifications that combine both technical and interpersonal skills, are relatively autonomous in the execution of their job. The client is not present at the call centre and only monitors the quality of the service provided through the intermediary of the KPI (Key Performance Indicators) as stipulated in the contract. Team TELTIC is led by two on-site managers, a "Team Leader" responsible for the management and allocation of the centre resources, and a "Delivery Manager", responsible for client relationships. The call processing is not constrained by an obligation to follow scripts pre-established by the client, the call centre management provides guidelines to which the agent can refer when necessary.

The trust that characterizes the business relation between LeaderCall and its client keeps the latter from intervening directly in the management of team TELTIC. While working exclusively for one client, the personnel of TELTIC are still considered to have a "traditional" employment relation, where the principal dependence is expressed with respect to the employer. The employer manages to limit client interference and retain control of work regulation and supervision. The business relation is balanced, or even slightly dominated by the supplier, due to the authority and power conferred upon them by the possession of an acknowledged expertise in management of consumer relations, the significant information regarding consumer behaviour and the needs of TELTIC product users. LeaderCall provides a service whose added value is appreciated and sought by the client. This service is built on the skill development, both technical and behavioural, of the agents. The establishment of a "two-headed" on-site hierarchy (Team Leader and Delivery Manager duo) protects the worker from a service relation dominated by the client, who in principle deals with their own interlocutor, the Delivery Manager. This representative is in charge of protecting the clients’ interests while at the same time protecting those of the call centre, and intervenes as a mediator in delicate situations. Quality requirements imposed by the clients through the KPI force the call centre to adopt a strict standardization of work procedures, direct supervision and constant quality control of the agents’ work, which results in the maintenance of a tight relationship of subordination. The employment conditions are favourable for the sector, the personnel of whom the employer requires a high level of qualification and the ability to consolidate hybrid skills, benefit from open-ended contracts, job training and internal career mobility.

In the second situation, the employment relation dominates even more: the client is the "weak entity" both in the business and the service relations.
Districolis is a subsidiary company of a public postal operator created in 2000 to ensure the distribution of parcels to specific clients. The shipping clients are mail order companies, SME, artisans/store owners or private individuals. This sector has very little competition from private operators and is subject to the public utility obligations. This obligation has two consequences: first, the company must deliver all parcels under 20kg to any individual client regardless of the associated costs – for this reason, the services offered are relatively standard although the company, in a marginal way, develops some value added services for their shipping clients; secondly, this obligation authorizes the hiring of workers under the civil servant statute. Indeed, the majority of the company workers are civil servants or workers recruited under open-ended contracts having a certain job security and protected by a Statute or collective labour agreement relatively advantageous for the workers. The work of the agents primarily consists of sorting the parcels by distribution zones and delivering them to the receiving client. The task of sorting is done manually but requires the knowledge of the distribution route organization, which results in the specialization of agents to specific distribution zones. In addition, the agents are autonomous in their distribution routes. Client relations are limited due to the fact that most parcels are delivered to a mailbox. Quality control is carried out by the on-site management based on client complaints (sending or receiving). Lastly, the workers are well represented by trade unions and are thus able to exert pressure on company management. In this case, the employment relation remains dominant compared to the service and business relations. Indeed, the service relation is reduced to a minimum since the worker seldom comes in direct contact with the clients and any client complaints are made directly to the company who then relays them to the worker. It should be noted that complaints are the only way for the client to express their dissatisfaction given that there are few alternatives due to the lack of competition. Indeed, the business relation favours the company, who has little competition in their sector and who offers universal services (under the terms of the principle of public utility equality). Conversely, the employment relation is balanced. Only managers representing the employer monitor the quality of the work, and the worker has a certain amount of power to be able to “balance” the subordination relation. The source of this power lies in part in their specific knowledge relative to the distribution network, and also in their ability to lead collective actions through the intermediary of their trade union representatives. The balance in the power relation particularly manifests itself through the accordance of employment rules (Civil Service Statute or Collective agreement) advantageous for the workers and protects them from the instability of employment. Employment stability is reinforced by the quasi-monopoly of the company. 

Situations where the bond of subordination is weakened

In situations 3 and 4, the bond of subordination between employer and worker is profoundly modified by the intrusion of the client and the business relation dominates the triad. These two situations differ according to the nature of the business relation between the company and the client.

In case 3, the triad is clearly dominated by the client. Drawing from their power in the business relation, the client exerts such an influence on the worker that the bond of subordination shifts in their favour to the detriment of the employer.
In an industrial cleaning and facility management company, the workers spend the totality of their working hours at the clients' sites. If the size of the facility warrants it, the cleaning teams are led by a team leader in charge of supervising the work and verifying the application of the extremely precise cleaning procedures established by management. The team leader is in charge of assigning tasks to the various workers based on the employer's specifications (cleaning procedures) as well as those of the user firm. In the case of smaller job sites, the workers are integrated into the clients' work teams. The personnel must respect the work procedures and a "mobile" team leader regularly visits the job site to ensure the conformity of the work to the established procedures and verifies that the terms of the contract are being respected. Normally, the nature of the tasks to be accomplished is specified in the commercial contract linking the employer to the user firm. In reality, the clients' foremen frequently ask the cleaning staff to carry out tasks not specified in the contract. They are often unpleasant jobs that the user firm's workers balk at doing. The user firm is also involved in worker selection as well as their evaluation; they determine the workers' work schedules and times, along with the employer. The client's involvement is more limited in regards to training, particularly in the area of work safety. Often, the cleaning staff have progressively developed a strong loyalty to the user firm whose logo and uniform they wear. They more readily turn to the personnel representatives of the user firm than to their own representatives when a problem arises on the job.

The business relation between the client – user firm – and the supplier of the cleaning services dominate the relationships between the various actors of this triad. The asymmetry that characterizes this relation (abundance of cleaning offers, logic of domination by costs, the competition, the interchangeability of the cleaning staff, etc.) places the client in a position of power both in terms of the employer who resists poorly to the client’s intrusion as well as the worker who posses neither the strategic resources nor the skills necessary for their marketability. The relationship of subordination between the worker and their employer weakens or shifts in favour of the client who exerts their authority over the worker without an intermediary and dictates the majority of the working conditions (work schedule, content of tasks, work pace, special requests, etc.). The company’s management takes a back seat to the client’s hierarchy with whom the worker is sometimes directly subjected. The worker thus evolves within the framework of a "subordinate" service relation with the client, of whom the requirements and regulations are respected. The quality of their work is monitored and assessed at the same time by the client, and the employer who verifies the conformity of the services to the procedures and client’s demands. The employer does not have a specific human resource management policy, and treats the low skilled and easily replaceable personnel with rationality and economy. The employment relation is related to the business relation of which the risks must be accepted (a rupture of the second being likely to cause a break of the first). The employment instability that characterizes this situation is such that the labour law intervened to protect the workers. The Community directive on company transfers dated March 12 2001 thus imposes that in the event of a change of supplier the new provider must keep on the personnel assigned to the facility and maintain their individual work contracts. However, this legal regulation does not compensate for the fact that the dependence in regards to the client and the necessity to maintain the activity in terms of cost benefit logic exerts a significant pressure on the employment statutes.

The business relation also dominates the fourth configuration, but the employer shares the use of power with the client.
In the call centre mentioned previously (LeaderCall), a team of telephone operators are assigned to a contract (Infoline) of co-contracting involving a regional public administration. The latter decided to outsource the management of their citizens' initial inquiry telephone service but wishes to keep close control over this activity deemed sensitive. The contract is significant and concerns the activities of five regional ministers and one public transportation company. The contract with Infoline leaves minimal room to manoeuvre; civil servants assigned to the call centre site by the government control everything. A hierarchy mirrored with that of the call centre was put into place to manage and monitor the satisfactory execution of the contract. Administrative personnel (Admin managers) representing their specific departments (Ministry of Finance, Civil Planning, the Environment, etc.) ensure the operational management of the project and train the telephone operators on the specific characteristics of the public utility departments involved. A Contract Manager, assigned by the purchasing department, follows the execution of the outsourcing contract (respect of KPI, contractual changes, etc.) These two levels of management collaborate with the on-site call centre hierarchy, whose intervention is limited to the financial management of the contract, and to the articulation of the operations with the various call centre support services (Information technology, Quality Development, management control). The telephone operators of the teams assigned to the Infoline contract, renamed “citizen advisers”, are therefore subject to a double hierarchy, that of the contractor and of LeaderCall. The work is much more standardized and normalized than that of the team working on the TELTIC contract. The agents, generally low skilled workers, are required to conform to scripts developed by the client. The latter frequently monitors the work quality (listening to recorded calls, side by side monitoring, review of performance indicators, etc).

In this team, the employment relation is strongly influenced by the interference of the client who intervenes alongside the employer in the prescription and control of the work. While the business relation dominates the triad, it however appears more balanced than in the preceding case. The outsourced activity assumes a strategic character, the supplier proposes services that are differentiated and organized in an "a la carte" manner, which enables them to resist a client who does not completely delegate the activity. For various reasons, (lack of confidence, innovations in outsourcing procedures, possession of know-how, etc), the client intervenes in the employment relation, but the marketable assets that favour the supplier prevent inequality in the relation. In this case, the worker, who has few specific skills, is faced with a double hierarchy and in a position of subordination or dependence in regards to both the employer and the client. The client expresses its demands directly, while at the same time coming up against the presence of the call centre hierarchy whose role is to limit or attenuate the client’s influence. The working conditions are generally the result of a compromise between the client’s requests and desires (opening hours of the telephone lines, number of calls treated, call distribution, etc.) and the operational procedures put in place by the call centre. However, the frequent presence of the client at the call centre increases the pressure on the agents and on the work pace which can lead the worker to break the employment relation. This risk results in a more significant turnover rate in this team than for example in team TELTIC. However, with the establishment of a durable business relation, stability sets in, the relations evolve, and some agents even consider continuing their careers with the client.

Situations where the bond of subordination is inverted

Situations 5 and 6 illustrate an inversion of the bond of subordination between employer and worker. The service relation dominates the triad.

In this fifth configuration, the worker partners with the client to exert a power over the employer.
A subsidiary company of a large consulting firm, Comptapro responds to the shortage of endemic labour in the Luxembourg market by providing accounting and financial personnel to banking houses. Comptapro reinforces the back office activities of the clients (account management, transaction follow up, reporting, title management, etc.) by assigning workers with an accounting degree recruited at the end of their studies. In theory, the missions are short term and vary from 4 to 6 months in length. In the event of an extension, Comptapro tries to replace the person or persons assigned to the mission in order to avoid any significant attachment to the client. Comptapro requires that their workers conform and adapt to the client’s organization and fulfill all requests or regulations emanating from the client. The work schedules, the hours worked, the days off, and the working conditions in general significantly vary from one mission to another, as well as the level of autonomy allotted to the accountants. Generally, the accounting and banking procedures are relatively standardized and familiar to the personnel whose work is not directly supervised by Comptapro. The client strongly intervenes in Comptapro’s human resource management. They select the worker on the basis of CV sent by the consulting firm, they are involved in the ongoing training of the workers who are evaluated according to their own standards as well as a form provided by Comptapro. Comptapro’s management uses client feedback to establish the objectives to be attained by the accountants the following year as well as any suggested trainings. In order to retain their personnel, who are highly mobile given the shortage of workers in the Luxembourg market, Comptapro has set up a career management policy comprised of four levels (junior, senior, manager and senior manager). The administrative staff is minimal and is comprised of a director (an associate from the consulting firm) assisted by a manager and a secretary.

The service relation dominates this triad where the worker possesses a strategic resource that enables him to evolve into a relationship of mutual dependence with the client. While the skills that the workers possess are common, their scarcity and direct correspondence to the clients’ requirements enable them to exert a strong countervailing power over their employer. The employer is thus eclipsed given the collusion between the worker and the client. The company’s desire for flexibility and the ability to meet the demands of a changing market renders it extremely frail and easily permeable in regards to external influences. The Comptapro management has only a weak influence over their worker and its principal role is limited to continual skill training. The bond of subordination is thus significantly weakened and the workers remain solely responsible, using their own judgement, for the responses given to the client. The complicity stemming from the proximity between the worker and the client is sometimes "opposable" to the employer whose interests do not necessarily correspond to those of the client. The business relation is symmetrical (mutual dependence) since the state of the labour market renders the services offered by the consulting firm, invaluable in the eyes of the client despite an extremely narrow core business. Since it involves a rare resource, the work done represents a valuable commodity for both the client and the employer. The employment relation is stable and protected both from the risks of the transactions (the duration of the employment contracts is in no way related to the duration of the commercial contracts) and of opportunist behaviours (the changing of the assigned worker when the contract is renewed prevents any attraction exerted by the client). The risk of employment instability shifts to the employer who at any moment can be confronted with "freelance" behaviour or with client or labour market hiring away.

The sixth situation is more rare: in this case, the worker dominates the triad and exerts power over the other two actors.
ITC is a multinational company active in several areas of the IT market (software, hardware, equipment, systems and consulting), with a strategy of differentiation and innovation. This diversification enhances their competitiveness for they are able to offer a series of solutions that combine systems, applications, services and financing. Their consulting and service activities make up a significant share of their business. This is a strategic division for ITC because it distinguishes them from their primary competitors and enhances their brand name status and reputation. The company primarily assigns long-term consultants to clients for IT management projects. The company rarely intervenes with the consultants' work and grants them a great deal of freedom to determine the conditions for the execution of their mission (setting of schedules, definition of tasks, monitoring of performance indicators, etc.). Their activity is however guided by a "business system": a type of methodological framework created by ITC that each consultant is encouraged to respect and apply in the execution of their mission. In theory, the work organization is based on the pursuit of equilibrium between the procedures set out by the business system and the autonomy of the consultants involved. Each consultant is responsible for the application and respect of the procedures, determines alone their margin of manoeuvrability and develops the rigour and the self-discipline necessary for their mission.

The client accords a great deal of autonomy to the consultant who manages the project and the team according to the parameters and the materials available at ITC. Neither the client nor the employer dictates the working conditions. The consultants determine their own hours and work schedules based on the specifications and constraints of their mission. The consultants negotiate their employment conditions with their employer according to the specificity or the difficulty of the mission and their marketable personal resources (cutting-edge skills, unique expertise, etc.).

This last situation is characteristic of employment relations marked by a high level of autonomy for workers who, to some extent, "impose themselves" on their employer and their client due to a level of qualification and expertise that is rare in the employment market. The possession of this strategic resource for the employer, (who uses this as their primary selling point) and for the client (on which the success of their IT business project rests), enables the worker to solely control the object of the transaction between the employer and the client. The business relation is thus completely subordinate to the service relation. If the latter dominates the relationships of the triad, it is however asymmetrical and in favour of the worker whose skills are highly specific and adequately meet the client’s needs. The client calls on a consultant to exercise a trade of which they know little and are not able to control. They do not intervene in the monitoring or the prescription of the work of the consultants, who are allotted full autonomy. The subordination relation is greatly weakened given that the worker is solely responsible for the execution of the mission as well as the establishment of the conditions involved. The employer resists the external influences and their hierarchy has a role of methodological support for the consultants’ activities. Given the strong value of their work for both the employer and the client, the worker is thus able to negotiate their employment conditions in a relationship that they can terminate at any time, provided that the demand continues to be favourable in the job market.

Conclusion

The model proposed here seeks to account for the diversity and the complexity of the work and employment situations created by the intrusion of the client. The concept of power makes it possible to better understand, according to the actual configurations, up to what point the client, the employer or the worker exerts alternatively or jointly an influence on the other actors. This model built around six static ideal-typical situations can also be considered from a dynamic perspective. Indeed, when the relational or environmental contexts change, the triangular configuration can alter in favour of one or two actors. The loss of a monopolistic situation can lead the employer to modify their behaviour with respect to the client and induce an accentuation of the triangulation of the work relationships. The obsolescence of the skills
of a worker, who is able to dominate by using the service relation can result in a reversal of the power relationships and subject them either to a relation of subordination or to the interference of the client.

This model also begs the question of the regulation of work relationships. It leads to the question of whether the employment relation should be regulated independent of the bond of subordination or at the very least in reference to the other bonds of dependence. While a certain number of works converge to question the relevance of the current model of regulation, inherited from Fordism (Morin, 2001; Supiot 1999), the contours of a new paradigm of regulation remain dubious. The need to deal with the great diversity and the increasing complexity of field situations questions even the relevance of the emergence of a single model intended to replace which prevailed for over half a century. Consequently, two prospects seem to open up which constitute questions for future research. On the one hand, our cartography highlights the importance of the working conditions and underlines the efficiency of a refocusing on labour regulation and not on employment regulation. On the other hand, while at the same time guaranteeing a base of fundamental social rights, it would be advisable to consider the evolution of a positive or substantial regulation that would dictate the content of the social norms towards a reflexive regulation which would be limited to setting a framework and procedures for the decentralization to the best of their ability the elaboration of substantial norms (Ladeur 1996).

References


This paper uses individual-level data from the New Zealand Election Study surveys to analyse trade union membership decline between 1990 and 2002. The abrupt decline in union density during the first two-and-a-half years of the ECA was concentrated almost entirely in the private and mixed/non-profit sectors, and was sharpest amongst workers in the secondary labour market. Across 1990–2002, compositional change (change in the structure of the economy and workforce) and attitudinal change, as captured in our analysis, had little impact on union density. Most of the decline in density explained in this analysis can be attributed to within-group behavioural change, especially in the secondary labour market. This finding is consistent with the thesis that the sharp decline in union membership under the Employment Contracts Act 1991 was largely due to receding union reach, resulting in the representation gap observed elsewhere.

Introduction

New Zealand’s experience during the 1990s provides a unique case in union decline. The starting point at the beginning of this period represents something of a ‘perfect world’ for union recruitment, in that most private sector non-managerial workers (and many managers) had to join a union that would at the least bargain on their behalf, albeit at a remove. Union membership plunged after the advent of the Employment Contracts Act 1991 (ECA), as unions were stripped of most of the considerable advantages that they had enjoyed under the previous legal regime and union membership, for most of the previous 100 years compulsory for most workers, became entirely voluntary. The purpose of this paper is to map out the individual-level processes of union membership decline in New Zealand over this period.

Recent research points to much higher levels of unsatisfied demand for unionism among younger and lower paid workers in smaller organisations in the business services, hospitality and primary industries, suggesting that the sharp falls in union density in the secondary labour market in the 1990s resulted not from demand factors but from diminishing opportunities to organise (Haynes et al. 2006). Our data allow us to test this hypothesis against two other hypotheses commonly put forward to explain union decline in advanced industrial countries: compositional change (i.e., change in the structure of the economy and workforce) and change in employee attitudes towards unions. We argue that neither of these factors accounts for more than a small proportion of union decline over this period; the effects of the ECA on specific portions of the labour market dominate.

Our study comprises descriptive and multivariate analyses of a data-set new to industrial relations research: the New Zealand Election Study (NZES). While there have been comparable empirical analyses of union decline in Britain (Green 1992; Machin 2004; Bryson & Gomez 2005; Charlwood 2005a) and the USA and Canada (Riddell & Riddell 2004), this is the first time that these questions have been investigated in the New Zealand context. These data also allow us, for the first time, to calculate accurate union density figures for 1990–2002 based on responses to a nationally representative social survey. Previous estimates of union density in New Zealand have been based on unions’ own membership records, which are known to have been inaccurate, particularly at the beginning of the period of interest to us. Nor is it possible to disaggregate union membership by workforce characteristics with those
data. Consequently, prior to this paper, it has not been possible to gauge precisely the complex effects of the ECA on union membership and density.

**Union decline in New Zealand**

A high degree of compulsion in union membership was a feature of the arbitration-based labour market law prior to the ECA, resulting in artificially high levels of union density. Shortly before the ECA came into effect in 1991, around 49.9% of New Zealand wage and salary earners belonged to trade unions (Table 1). New Zealand unions fared badly under the ECA. Union density halved over the first five years, having declined by 25% in 1990–1993 and then by a third in 1993-1996 (Table 1). There are a number of possible reasons for the decline in union membership during the 1990s. Many of those with little or no interest in belonging to unions undoubtedly took advantage of the newly voluntary legal regime to leave their applicable union in the early years of the ECA. Some may have felt unable to join or continue membership of their union because of real or perceived employer pressure. Others may simply have found themselves beyond the reach of their union.

Analysis of changes in membership at the level of the union allows us to make some partial conclusions about the relative impact of demand and supply for union membership over the period. The dramatic shift in the first years of the ECA from collectively negotiated occupational and industry awards to individual contracting and enterprise bargaining impacted most severely on those unions whose members were widely scattered in small workplaces and/or in lower paid work with atypical hours (Boxall & Haynes 1992). Such unions simply did not have the resources to service and negotiate on behalf of these workers. Concentrated in the less-skilled private sector services, they had clearly benefited most from the tripod of union rights at the heart of the award system: exclusive jurisdiction, compulsory membership, and blanket coverage. They reported the highest membership losses, estimated at the time at around 20% to 40% in the first year of the ECA (Boxall & Haynes 1992; Harbridge et al. 1994).

The New Zealand Worker Participation and Representation Survey 2003 (NZWRPS) indicates that, at the end of the period of interest in the present study, lower-paid workers in smaller workplaces were to a greater extent than their peers beyond the reach of unions, resulting in higher levels of unsatisfied demand for union membership for these workers (Haynes et al. 2006). Unsatisfied demand for union membership was found to be much greater for lower income earners, younger workers and those in smaller workplaces and in business services, hospitality and primary sectors than for higher income earners, older workers, those in larger workplaces and those in the public and manufacturing sectors (Ibid.). Further analysis of the causes of the younger-older worker union density gap using the NZWRPS data found that younger workers’ disproportionate location in smaller workplaces and those industries where union reach is lowest accounts for a substantial part of their lower union density, rather than inter-generational attitudinal change (Haynes et al. 2005). The NZWRPS data also suggest that one factor found to be important in the US, management resistance to unionisation, is unlikely to have been a major factor in the steep union membership decline of the 1990s: of those NZWRPS respondents who felt able to say (15.9% did not know), only 35.0% reported that their managers were opposed to unions (Haynes et al. 2006). However, in the absence of individual level data from the early 1990s on opportunities to unionize and worker preferences, it is not possible conclusively to determine the relative importance of receding union reach and other factors such as declining preferences amongst workers or structural change in explaining union membership decline.
Data

Since 1990, the New Zealand Election Study (NZES) has surveyed persons aged 18 years and over at each triennial general election using self-completion postal questionnaires and telephone survey top-ups. The data-set contains detailed information over a twelve-year period on personal attributes and occupational characteristics as well as attitudes to a small range of union-related issues. All respondents other than those in paid work were excluded from the present analysis. The number of respondents in full-time or part-time work in each survey were 1009 (1990), 1003 (1993), 3201 (1996), 3008 (1999), and 2166 (2002). A combination of weighting and high sample sizes in this survey series ensures a very high degree of representativeness of the total population. Further details of the surveys are reported in Vowles et al. (2004) and can be found at www.nzes.org.

A limitation of the NZES data is the omission of some variables which may have explanatory power. In particular, the lack of a measure of the opportunity to join a union means that it is not possible to determine the extent to which resource constraints or organising decisions by unions resulted in frustrated demand for union membership. In addition, employer resistance, employee tenure, size of organisation or establishment and age of organisation have been shown by prior research to be important factors explaining secular union density decline elsewhere (e.g., Freeman & Rogers 1999; Bain & Elias 1985; Machin 2003). The absence of these variables may account for a significant part of the unexplained variance in our analysis, and should be borne in mind when interpreting the results reported here.

Nonetheless, our analysis includes a number of potential factors of union decline. The variables investigated and the categories employed are conditioned by availability for the years considered. They are listed in Table 1, except for the attitudinal variable, which is based on responses to the question, ‘Do you agree with the following statement? ... Trade unions are necessary to protect workers’ using a 5-point Likert scale from ‘strongly agree’ to ‘strongly disagree’. Industry is further aggregated to four categories for the decomposition analysis: agriculture and fishing; manufacturing, private sector services and public sector services. We follow Disney et al. (1998) in looking at the birth cohort of a worker rather than the age of a worker. Further details of the derivation of variable categories are available from the authors.

Patterns of decline in union density: what the NZES tells us

The NZES data-set allows us, for the first time, to sketch the broad changes in the composition of union membership over the period beginning with the demise of the arbitral system in 1991 through the first two years of the Employment Relations Act 2000. Table 1 reports the descriptive statistics for each year that the survey was conducted. The first row shows that union density declined rapidly between 1990 and 1996 (from 49.9% to 24.5%), but much less swiftly between 1996 and 2002 (from 24.5% to 20.8%). This pattern shows the sizeable one-off adjustment associated with the move from a largely compulsory to entirely voluntary union membership regime, which occurred between 1990 and 1996, and the relatively stable situation thereafter.

At the outset of the period, the picture presented reflects the near universality of union membership in established non-managerial occupations. Categories of workers often found in other countries to have lower density rates are found to have high rates in 1990. In particular, of those groups where the differences between categories are statistically significant, women and hospitality industry workers are found to have higher density than men and those in other industries. Union density in 1990 is also found to be higher for public sector, full-time, non-managerial and working class workers than their private sector, part-time, managerial/professional and middle class counterparts, and negatively related to educational
qualifications attained. These differences reach acceptable levels of significance in all cases, whereas those for age cohort, ethnicity and rural/urban residence do not.

The abrupt decline in union density during the first two-and-a-half years of the ECA (i.e. to November 1993) was concentrated almost entirely in the private and mixed/non-profit sectors, where density fell 36.4% and 40.1% respectively compared to 2.7% in the public sector and the average across the work force of 26.7%. Density fell fastest amongst non-managerial workers (40.4% and 22.2% respectively for other non-manual and manual workers as opposed to 2.8% for managerial and professional workers), women (34.6% against 18.7% for men), those who entered the work force after 1980 (39.9% compared to 22.0% for those who entered the work force before 1980), those with no or school-level educational qualifications only (33.4% and 36.1% respectively against 16.6% for those with tertiary qualifications), part-time workers (50.6% against 20.8% for full-time workers), ‘other ethnicities’ and New Zealanders of European descent or Pakeha (43.7% and 28.0% respectively against 13.5% for Maori), in the town and country areas (33.7% as opposed to 24.3% in the major cities), and those who identified themselves as working class (22.8% against 11.4% for middle class respondents). The fall in union membership was also fastest in the private sector services, where the hospitality industry, retail and wholesale, and financial and business services unions sustained 71.4%, 50.0% and 39.1% falls in union density respectively.

This pattern continued throughout the 1990s. Across the work force as a whole, density fell by 53.1% over the nine years to 1999, fastest in the private sector (62.4% against 29.4% in the public sector), amongst non-managerial workers (65.9% and 47.0 % respectively for other non-manual and manual workers against 22.3% for managerial and professional workers), amongst those entering the work force in 1980 (64.0% compared to 48.0% for those entering before 1980), and amongst those with no or school-level only educational qualifications (66.5% and 38.4% respectively compared to 41.5% for those with tertiary qualifications).

On the other hand, female unionisation having fallen to about the same level as for males by 1993, the gender gap has remained below the bounds of statistical significance ever since. Likewise, the differences in unionisation rates for the various ethnic groups, subjective social classes and supervisory/non-supervisory groups had converged to such an extent by 1999 that they too, had lost statistical significance. At no point has the unionisation gap between town/country and major cities been statistically significant.

Table 1. Union density rates by selected characteristics, 1990–2002

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<td>0.25</td>
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<tr>
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<td>0.41</td>
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<tr>
<td><strong>Occupation (p value)</strong></td>
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<td>.058</td>
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<td>&lt;.001</td>
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<tr>
<td>Managers, professionals, etc</td>
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<td>0.35</td>
<td>0.26</td>
<td>0.28</td>
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</tr>
<tr>
<td>Other non-manual</td>
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<td>0.33</td>
<td>0.24</td>
<td>0.19</td>
<td>0.18</td>
</tr>
<tr>
<td>Manual</td>
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<td>0.42</td>
<td>0.24</td>
<td>0.29</td>
<td>0.24</td>
</tr>
<tr>
<td><strong>Age cohort (p value)</strong></td>
<td>.273</td>
<td>.146</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
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<tr>
<td>Cohort1</td>
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<td>0.382</td>
<td>0.263</td>
<td>0.277</td>
<td>0.255</td>
</tr>
<tr>
<td>Cohort80</td>
<td>0.534</td>
<td>0.321</td>
<td>0.222</td>
<td>0.205</td>
<td>0.192</td>
</tr>
<tr>
<td>Cohort91</td>
<td>-</td>
<td>-</td>
<td>0.128</td>
<td>0.109</td>
<td>0.096</td>
</tr>
</tbody>
</table>
Education (p value)  <.001 .065 .103 <.001 .009
No qualifications  0.61 0.41 0.23 0.21 0.18
School qualifications  0.49 0.31 0.22 0.21 0.17
Tertiary qualifications  0.46 0.38 0.26 0.27 0.23

Employment status (p value)  .010 <.001 <.001 <.001 <.001
Full-time  0.52 0.41 0.27 0.27 0.24
Part-time  0.42 0.21 0.16 0.13 0.16

Ethnicity (p value)  .069 .005 <.001 .511 .664
NZ European/Pakeha  0.49 0.35 0.23 0.23 0.20
Maori  0.65 0.56 0.34 0.26 0.23
Other ethnicity  0.57 0.32 0.29 0.25 0.20

Industry (p value)  <.001 <.001 <.001 <.001 <.001
Agriculture, forestry & fishing  0.24 0.12 0.10 0.07 0.14
Manufacturing mining & utilities  0.57 0.40 0.27 0.37 0.23
Construction  0.31 0.21 0.14 0.14 0.18
Wholesale & retail trade  0.32 0.16 0.08 0.07 0.08
Accommodation, cafes & restaurants  0.63 0.18 0.08 0.07 0.05
Transport & communication services  0.59 0.49 0.33 0.31 0.22
Business & financial services  0.46 0.28 0.17 0.16 0.10
Government admin & defence  0.64 0.58 0.51 0.30 0.35
Education  0.57 0.51 0.49 0.47 0.40
Health & community services  0.64 0.44 0.36 0.31 0.31
Other services  0.25 0.27 0.18 0.20 0.18

Urban/rural (p value)  .264 .646 .125 .139 .832
Town/country  0.53 0.35 0.25 0.26 0.21
Major city  0.49 0.37 0.23 0.24 0.21

Subjective class (p value)  <.001 <.001 .002 .161 .029
Working  0.63 0.49 0.31 0.27 0.20
Middle  0.40 0.36 0.25 0.26 0.24
None  0.49 0.31 0.23 0.23 0.19

Supervisory responsibility (p value)  .004 .286 .158 .594 .872
Yes  0.45 0.35 0.24 0.23 0.21
No  0.54 0.38 0.27 0.24 0.21


Compositional change or behavioural change?

Methodology

In this section of the paper, we attempt to measure the extent to which union membership decline can be attributed to compositional change compared to within-group behavioural change. The methodology employed is a well established one within the field of industrial relations. Compositional change refers to the decline in union membership that took place as a result of employment decline among highly unionised groups of workers and/or the growth of employment amongst lightly unionised workers. To do this, we utilise the multivariate shift-share methodology employed in the North American context by Riddell and Riddell (2004) and in the UK by Green (1992), Bryson and Gomez (2004) and Charlwood (2005a).

The first step is to estimate a regression model on the determinants of individual union membership:

\[ Y_{it} = X_{it} + \beta_{it} + e_{it} \]  \hspace{1cm} (1)
Where \( Y_t \) is an individual’s probability of being a union member at time \( t \), \( X_t \) is a set of workplace, job and demographic characteristics for individual workers, \( \beta \) is the vector of the parameters, which can change over time, and \( e_t \) is an error term. It is assumed that errors will be randomly distributed and so will sum to zero. The coefficients from the results of this analysis can then be used in multivariate shift-share analysis:

\[
\Delta U = (X_{t2} - X_{t1})\beta_{t1} + (\beta_{t2} - \beta_{t1})X_{t1} + (X_{t2} - X_{t1})(\beta_{t2} - \beta_{t1})
\]

Where \( U \) is an individual’s probability of union membership, \( \beta \) is the vector of the coefficients from the regression models from each time period \( (t1 \text{ and } t2 \text{ respectively}) \) and \( X \) is the sample mean from each time period. The first term \( (X_{t2} - X_{t1})\beta_{t1} \) is the effect of compositional change if union membership behaviour is held constant at the levels of \( t1 \). The second term \( (\beta_{t2} - \beta_{t1})X_{t1} \) is the effect of changing behaviour if the composition of the workforce is held constant at the levels of \( t1 \). Since in reality neither union membership behaviour nor composition are held at the level of the base year, the results of the two terms will not sum to the observed decline in individual unionisation probabilities, the third term \( (X_{t2} - X_{t1})(\beta_{t2} - \beta_{t1}) \) balances the equation so that the results are consistent with the observed decline in the samples (Green 1992: 454).

There are a number of problems with this approach which we need to be aware of before we consider the results. An employee’s union membership status is the result of inter-related decisions of the employer and the employee. Employees will decide whether or not to unionise based on their assessment of the costs and benefits. Costs and benefits include direct individual and collective costs and benefits. For example, on the benefits side are the private goods provided by unions to their members and the union wage mark-up. On the cost side are union membership payments, lost earnings as a result of participation in collective action and potentially discrimination by employers. There is also the additional threat of social sanctions for not complying with group norms, and the benefits of group approval for conforming to those norms (Booth 1985; Klandermans 1986; Naylor & Cripps 1993). For the employer, costs and benefits are likely to be determined by the power of workers and their unions to impose costs on the employer, the level of demand in both product and labour markets and the wider ideological and public policy environments (Godard 2004; Bryson et al. 2004; Charlwood 2005b). Under the ECA, the decisions of employers about whether to bargain with a union were of critical importance to the individual in weighing up the costs and benefits of joining, as the benefits of membership to the individual will be greater and the costs less in such a situation (Bain 1967; Millward et al. 1992; Disney et al. 1995). The ERA requires employers to bargain with unions that represent workers in their workplaces.

However, the development and estimation of a single simultaneous equation that fully captures both the determinants of the employer decision and the determinants of the individual decision is a formidable task that is impossible given the data available for secondary analysis. Further, Freeman (1988) and Metcalf (1991) have argued that such an approach, even if it were possible, would not be appropriate for advancing causal understanding of the complex social processes that bring about union membership change. Consequently, it is necessary to estimate a reduced form equation, where workplace and employee characteristics act as proxies for the costs and benefits. However, such a model may be subject to omitted variable bias. In the case of the NZES, there are no measures of employer attitude, workplace size or age of workplace, all of which have been found to be important determinants of union membership in other countries. A second issue relates to the form of regression equation used to estimate the determinants of unionisation. The results below are based on the linear probability model, a form of ordinary least squares (OLS) analysis used when the dependent variable is categorical. The problem with this technique is that the results can produce a probability of membership that is less than zero; something that
is impossible in the real world. Maximum likelihood estimated (i.e. probit or logit analysis) would be more appropriate. However, the results of probit or logit analysis do not lend themselves to use in multivariate shift-share analysis. Disney (1990) argued that estimates of the determinants of union density using linear probability or maximum likelihood (i.e. probit or logit analysis) estimation will be biased because they fail to take into account the selection process through which workers come to be in a union job where they are then in a position to choose whether to unionise or not. Instead, the bivariate probit method allowing for partial observability is technically appropriate (Poirier 1980). However, we lack the data on union coverage that is needed for this methodology to be used, and even if we possessed it, we would again run into the problem that the results do not lend themselves to use in multivariate shift-share analysis. Even if more comprehensive data and more ‘technically appropriate’ econometric methods could be used in the analysis, results could still be subject to measurement error and omitted variable bias. As it is, the results should still tell us something interesting about the nature and processes of union decline in New Zealand.

Results

Our analysis reveals that union decline can be broken down into two distinct periods. Between 1990 and 1993 there was a sharp drop in membership and density. After 1993, density continued to decline gradually until 2002. We therefore concentrate on these two periods. We have omitted, due to space restrictions, the regression results and means of the variables used in the decomposition analysis (available from the authors). For this stage of the analysis, we followed a two-step approach, estimating the effects of the industry, workplace and personal characteristics on the likelihood of union membership in the first step, and then adding the attitudinal variable that measures agreement with a statement that unions are necessary to protect workers. Adding a further attitudinal variable designed to measure collectivist leanings and based on a question asked in each NZES survey between 1993 and 2002, ‘How much do you agree with the following statement: Trade unions in New Zealand have too much power’ (5 point Likert scale, strongly agree/disagree), made no difference to the probability of union membership over the period 1993-2002. The $R^2$ statistics, 0.20, 0.24 and 0.21 for 1990, 1993 and 2002 respectively for the second model, show that a large amount of variance is not explained by our models. They are, however, of the same order as those reported by Green (1992) and, for the US, by Riddell and Riddell (2004).

The compositional change columns in Tables 2 and 3 show that, in 1990–1993, the proportion of total change in an individual’s probability of being a union member attributable to a change in the mean proportion of workers with a given characteristic was negligible, and thereafter, compositional change (mainly the decline of the public sector’s employment share and the increasing proportion of young workers) explained a little under a third of the decline. Further, in both periods we find that changes in attitudes towards unions account for little of the union decline. Although attitudes towards unions had become slightly less positive by 2002, with the percentage of those who disagree with the statement that trade unions are necessary to protect workers increasing from around 12.7% to around 19.3%, this trend was easily counteracted by an increasing probability of union membership among those with positive attitudes towards unions. We therefore find no evidence for compositional or attitudinal change as a major explanatory factor in union decline in these periods.

The results in the within-group columns can be interpreted as the proportion of total change in an individual’s probability of being a union member attributable to a change in behaviour among workers with a given characteristic. For 1990–1993, within-group behavioural change was the overwhelming driver of union membership decline. In fact, decline would have actually been slightly steeper were it not for changes in attitudes about union efficacy and
compositional change (predominantly the growth of the employment share of public services). Within-group behavioural change was particularly significant among private sector service workers, non-manual occupations below managerial level, women and those with no educational qualifications. After 1993, decline was spread more evenly across the labour market. Overall, we conclude that behavioural change in the secondary labour market mainly explains union decline between 1990 and 2002.

Table 2. Decomposition of union membership decline, 1990–1993

<table>
<thead>
<tr>
<th></th>
<th>Compositional change</th>
<th>Within-group behavioural change</th>
<th>Interaction term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes towards unions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agrees</td>
<td>-0.0101</td>
<td>0.0020</td>
<td>-0.0004</td>
<td>-0.0085</td>
</tr>
<tr>
<td>Agrees</td>
<td>0.0030</td>
<td>0.0047</td>
<td>0.0006</td>
<td>0.0083</td>
</tr>
<tr>
<td>Disagrees</td>
<td>0.0002</td>
<td>0.0081</td>
<td>-0.0002</td>
<td>0.0082</td>
</tr>
<tr>
<td>Total</td>
<td>-0.0069</td>
<td>0.0149</td>
<td>&gt;0.0000</td>
<td>0.0080</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-0.0004</td>
<td>-0.0333</td>
<td>0.0113</td>
<td>-0.0224</td>
</tr>
<tr>
<td>Private services</td>
<td>0.0052</td>
<td>-0.0236</td>
<td>-0.0031</td>
<td>-0.0214</td>
</tr>
<tr>
<td>Public services</td>
<td>0.0256</td>
<td>0.0160</td>
<td>0.0037</td>
<td>0.0453</td>
</tr>
<tr>
<td><strong>Job characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manual</td>
<td>-0.0135</td>
<td>0.0084</td>
<td>-0.0022</td>
<td>-0.0073</td>
</tr>
<tr>
<td>Non-manual</td>
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<td>0.0002</td>
<td>-0.0349</td>
</tr>
<tr>
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<td>0.0005</td>
<td>0.0001</td>
<td>-0.0071</td>
</tr>
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<td>Supervisors</td>
<td>0.0007</td>
<td>0.0328</td>
<td>0.0027</td>
<td>0.0361</td>
</tr>
<tr>
<td><strong>Personal characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>0.0001</td>
<td>-0.0393</td>
<td>-0.0003</td>
<td>-0.0395</td>
</tr>
<tr>
<td>Work age before 1980</td>
<td>0.0004</td>
<td>-0.0227</td>
<td>0.0008</td>
<td>-0.0214</td>
</tr>
<tr>
<td>City dweller</td>
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<td>0.0016</td>
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<td>Maori</td>
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<td>0.0001</td>
<td>-0.0013</td>
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<tr>
<td>Other non-Paheka</td>
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<td>0.0001</td>
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</tr>
<tr>
<td>No qualifications</td>
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<tr>
<td>Higher edn qualification</td>
<td>&gt;0.0000</td>
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<td>-0.0516</td>
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<tr>
<td>Total</td>
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<td>-0.1446</td>
<td>0.0128</td>
<td>-0.1287</td>
</tr>
</tbody>
</table>

**Notes:** Results rounded to 4 decimal places. Reference groups: neither agree nor disagree (attitudes towards unions); agriculture/fishing (industry); managerial & professional (occupation); male (gender); attained working age between 1980 & 1991 (age cohort); rural or provincial town (rural/city); Pakeha (ethnic origin); full-time (work status); high school qualification only (educational achievement); non-supervisory (supervisory status).

Table 3. Decomposition of union membership decline, 1993–2002

<table>
<thead>
<tr>
<th></th>
<th>Compositional change</th>
<th>Within-group behavioural change</th>
<th>Interaction term</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitudes towards unions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agrees</td>
<td>0.0007</td>
<td>0.0003</td>
<td>&gt;0.0000</td>
<td>0.0012</td>
</tr>
<tr>
<td>Agrees</td>
<td>-0.0060</td>
<td>0.0213</td>
<td>-0.0029</td>
<td>0.0124</td>
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<tr>
<td>Disagrees</td>
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<td>0.0058</td>
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<tr>
<td>Total</td>
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<td>0.0267</td>
<td>-0.0009</td>
<td>0.0192</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.0019</td>
<td>0.0091</td>
<td>0.0017</td>
<td>0.0127</td>
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<tr>
<td>Private services</td>
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<td>0.0028</td>
<td>-0.0199</td>
</tr>
<tr>
<td>Public services</td>
<td>-0.0187</td>
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<td>0.0107</td>
<td>-0.0487</td>
</tr>
</tbody>
</table>
### Job characteristics

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<th>-0.0015</th>
<th>-0.0218</th>
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<tbody>
<tr>
<td>Manual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-manual</td>
<td>-0.0004</td>
<td>-0.0205</td>
<td>0.0030</td>
<td>-0.0178</td>
</tr>
<tr>
<td>Part-time</td>
<td>-0.0009</td>
<td>-0.0139</td>
<td>0.0008</td>
<td>-0.0140</td>
</tr>
<tr>
<td>Supervisors</td>
<td>0.0002</td>
<td>0.0080</td>
<td>0.0004</td>
<td>0.0085</td>
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</table>

### Personal characteristics

<table>
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<th>-0.0008</th>
<th>-0.0146</th>
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<tbody>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work age before 1980</td>
<td>-0.0011</td>
<td>0.0080</td>
<td>0.0050</td>
<td>0.0118</td>
</tr>
<tr>
<td>Work age after 1990</td>
<td>-0.0160</td>
<td>0.0000</td>
<td>-0.0161</td>
<td>-0.0321</td>
</tr>
<tr>
<td>City dweller</td>
<td>0.0023</td>
<td>-0.0069</td>
<td>0.0029</td>
<td>-0.0017</td>
</tr>
<tr>
<td>Maori</td>
<td>-0.0003</td>
<td>-0.0027</td>
<td>-0.0008</td>
<td>-0.0038</td>
</tr>
<tr>
<td>Other non Paheka</td>
<td>-0.0002</td>
<td>0.0018</td>
<td>0.0004</td>
<td>0.0019</td>
</tr>
<tr>
<td>No qualifications</td>
<td>-0.0008</td>
<td>0.0001</td>
<td>&gt;0.0000</td>
<td>-0.0006</td>
</tr>
<tr>
<td>Higher edn qualification</td>
<td>0.0026</td>
<td>0.0125</td>
<td>0.0025</td>
<td>0.0176</td>
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<tr>
<td>Constant</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
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<td>-0.0744</td>
<td>0.0023</td>
<td>-0.1031</td>
</tr>
</tbody>
</table>

**Notes:** See notes to table 2 above.

### Conclusions

From near universal union membership amongst non-managerial workers at the close of the arbitral system of wage determination in 1991, union density in New Zealand halved over the first five years of the ECA and continued to fall thereafter, albeit at a slower rate, until the advent of the ERA. We find that the decline during the first two-and-a-half years of the ECA was concentrated almost entirely in the private and mixed/non-profit sectors, and fell fastest amongst non-managerial, female, younger and less well-educated workers, and especially amongst those in the private sector services. We also find that this pattern continued as union membership continued to fall.

What light does our analysis shed on the causes of this decline? As in North America (Riddell and Riddell 2004) and Britain (Machin 2004; Charlwood 2005a), a principal finding is that very little of the decline in union density in New Zealand over the period 1990–2002 can be attributed to changes in the structure of the economy and work force. The decline in the proportion of workers who think that unions are necessary to protect workers vis-à-vis those who think that they are unnecessary accounts for one-fourteenth of the decline in union density, with within-group behavioural change explaining the remainder. The vast majority of the decline in union density accounted for by our analysis was due to within-group or behavioural change, particularly in the secondary labour market.

We must caution that the relatively small amount of variance explained by our regression models indicates that important variables have been omitted from our analysis. Overseas research suggests the most likely candidates are employer resistance, employee tenure, size of organisation or establishment and age of organisation.

The analysis presented here advances our understanding of the nature and causes of union membership decline in the period following the introduction of the Employment Contracts Act 1991. We may discount structural factors as causes of union decline during this period. When we combine the findings of the present study with those based on the NZWRPS survey – the only other large-scale survey conducted at the level of the individual for which appropriate analysis has been published – we can discount employer resistance, structural change and attitudinal change as major causes of union decline in New Zealand. Whilst not definitive, this is consistent with the thesis that it is movements on the supply side – the
changes to the supply functions of unions resulting from the ECA – that explains most of the union decline in NZ in the 1990s.

References

Bain, G.S. 1967, Trade Union Growth and Recognition, Royal Commission on Trade Unions and Employers Associations Research Papers no. 6, HM Stationery Office, London.


Nine ‘Til Three? Not Likely! A Study of Teachers’ Workload

Julian Howe
Griffith University

The popular perception is that teachers only work school hours, 9 ‘til 3 o’clock. This paper challenges that notion and argues that school teachers work long hours and have a heavy workload. Large workloads have a negative effect on teachers’ health, well-being and work-life balance. The findings of the study indicate that regardless of gender, role, sector and employment fraction, the majority of all teachers work long hours. Further, many teachers are dissatisfied with their workload and balance between work and personal life. In light of the findings, it is argued that policies need to be developed to restrict teachers’ workloads. Without such policies, the flow of teachers out of the profession will continue.

Introduction

Ten weeks of paid holidays, short working hours, Monday to Friday, nine ‘til three. Sounds like the perfect job! The public perception of school teachers’ work could not be further from the truth. The workload of teachers is of significant concern, which when coupled with inadequate compensation, a lack of resources and low professional status, is forcing teachers out of the profession. A forecast teacher shortage within the decade renders workload one of the critical issues facing teachers in the modern workplace. This paper examines the workload of teachers and explores how it influences their lives. The article first outlines existing research in the area and then details how the study was conducted. Following this, the findings of the study are presented, along with the implications of the research for policy.

The paper is primarily interested in the workloads of primary and secondary school teachers in Queensland public schools, not early childhood or vocational education teachers. It does not enter the debate on public versus private education nor attempts to draw distinctions between workloads for private and public school teachers as existing data does not allow this comparison. These issues will be addressed in a later paper.

Existing Workload Research

Over recent decades, a trend towards longer working hours and an increase in pace and content have been the result of fundamental changes to work. Workload change for school teachers is no different. In the public education system, waves of reform and restructure have put employees under immense pressure, the outcome of which have been increased workloads for many teachers (ACIRRT, 1999; Hargreaves, 1994).

In Australia, there has been a gradual shift toward longer working hours since the 1980s. Research has shown that average weekly working hours have increased from 38 hours to over 41 hours in the twenty years to 2001 (Campbell, 2002: 93). Moreover, the proportion of workers who now work long hours (in excess of 41 hours per week) has increased to account for almost one-fifth of the Australian workforce (Campbell, 2002: 95). These trends are the result of labour market deregulation and strong organisational cultures, among other factors (ACIRRT, 1999; Skinner, 2002). ACIRRT (1999) identify an ‘overtime culture’ in which employees take as much overtime as possible to maintain their desired living standards. Wooden (2000) claims that the majority of long hours are therefore driven by employees’
own preferences. However, empirical evidence suggests that long working hours may more likely be the result of perceived job insecurity or lack of job alternatives, rather than growing consumerism, as additional working hours are often sought in an attempt to avert the risk of income loss (Figart & Golden, 1998).

Existing research has also established links between large workloads and a number of other issues, such as difficulty managing work-life balance, increased stress, problems with health and general well-being and sleep deprivation. Pocock (2003) suggests that increased workloads have a detrimental effect on individuals, families and the broader community; individuals feel overworked and find it difficult to have interests outside of work, families suffer through conflict and time pressures, and as its members are unable to participate in community activities, communities suffer. Allan (1997) argues that difficulty managing work-life balance can be a significant source of stress and other work-related health problems. Further, large workloads manifest in fatigue, which presents significant occupational health and safety risks (Dawson, McCulloch, & Baker, 2001). The following paragraphs explore some of these issues in the teacher-specific workload literature to set out the scope and identify the research question for this study.

Teachers' Workloads

In the modern workplace, school teachers are also experiencing the effects of being overworked. Hargreaves (1994) argues that the popular perception of teachers’ work is that which is performed only in classrooms, consisting of the tuition of children, the marking of work and correcting of mistakes. This contention, also noted by the findings of the Senate Inquiry into the Status of the Teaching Profession (Parliament of Australia: Senate, 1998), is spurious as teaching involves and has always involved significantly more tasks, many of which have remained invisible as members of the public view teachers’ work from the child’s perspective (Hargreaves, 1994). This does not suggest that the actual role and workload of teachers has merely been overlooked and remains unchanged over recent years. Indeed there has been an increase in the volume and complexity of work required of teachers, along with compacted timelines and a broadening of the range of tasks that teachers are expected to perform (Burchielli, Pearson, & Thanacoody, 2005; Churchill, Williamson, & Grady, 1997). Rapid change in education occurs through reform and restructure (ACIRRT, 1999). These changes are often poorly resourced and can result in increased workloads for many teachers. Similar to an ‘overtime culture’, research suggests that large workloads are often driven by teachers’ own perception of their work: a professional career with considerable responsibilities (Hargreaves, 1994).

Many teachers in Australia and internationally work long hours. Findings from two notable studies suggest that teachers work well in excess of the hours specified in their employment contracts. From their study of teachers in American elementary schools, Drago et al. (2000) found that those contracted to work a certain number of hours actually worked two hours in excess of those per week. Further, in their study of Australian school teachers, Probert et al. (2000: 37) found that on average, classroom teachers worked 48 hours per week, while administrators worked an average of 54 hours per week. Probert et al. (2000) argue that as the result of large and increasing workloads, teachers are finding it increasingly difficult to manage work-life balance. Additionally, as the result of large workloads many teachers experience increased stress levels and often exhibit symptoms of burnout (Rudow, 1999; Thomas, Clarke, & Lavery, 2003).

There is little doubt that teachers work long hours. This paper addresses the question: How does workload affect teachers’ lives? The study aims to examine the working hours, the
activities on which time is spent, and how workloads have changed over recent years for
teachers in Queensland public schools. In addition, to pinpoint sources of variation, the study
aims to analyse explanatory demographic variables that contribute to workload. Finally,
using qualitative data, the study aims to explore, in-depth, other workload issues and the
impact that large workloads have on teachers’ lives. In the next section the paper explores the
methods used to address this research question and outlines how the study was conducted.
Following this, a summary and discussion of the results is presented.

Methods
The study adopts a multiple method approach, utilising two distinct research methods
(Buchanan, 1999). First, an existing large scale dataset, including time-diary data, gathered
from Queensland public school teachers by the Queensland Teachers’ Union (QTU), and
second, data collected in focus groups. The dataset is used to assess teachers’ actual working
hours and explore any differences between teachers in terms of role, gender, sector and
employment fraction. It also explores how those hours have changed over recent years. Data
collected from open-ended questions in focus groups is used to examine workload issues in
more depth and explore how workload influences teachers’ lives.

Triangulation of methods was deliberately used to complement the strengths and weaknesses
associated with individual methods (Neuman, 2003). Without the use of different methods of
data collection and analysis it is often difficult to ensure the validity of the results, as a
problem is best considered from several different perspectives (Buchanan, 1999; Neuman,
2003). Through the use of multiple methods, research can therefore draw on different types
of information that produce different insights (Buchanan, 1999; Strauss & Whitfield, 1998).
Both quantitative and qualitative data was useful to address the research problem of this study
and facilitated the interpretation of results, which are presented in the next section.

Findings
The findings of the research are presented in two parts corresponding with the methods
outlined in the previous section. First, analysis of the QTU dataset provides details of actual
working hours and time spent on individual activities. It also explores how workload has
changed for teachers in recent years. In each case the data is disseminated by gender, role,
employment fraction and sector. This analysis provides for a detailed understanding of the
actual hours that teachers work, and how those hours are divided among a number of key
work activities. Further, the analysis traces changing workload in the key activities, as well as
generally, to illustrate that teachers’ workloads are increasing. Second, qualitative data
gathered in focus groups is presented to explore teacher workload issues in more detail.
Findings from the focus groups demonstrate how teachers’ work has changed, and how these
changes are influencing teachers’ lives outside of work.

QTU Dataset
The demographics of the QTU sample were characterised by a large proportion of females
and an equally large proportion of classroom teachers, concentrated in primary schools. The
majority of respondents were in full-time employment. There are four main teacher roles:
principal, associate administrator, classroom teacher, and specialist teacher. The vast majority
of respondents in the sample were classroom teachers. A greater proportion of women were
classroom teachers; more men were in executive positions such as principal and associate administrator.

**Table 1. Demographics of the Sample (percentage)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Male (n=512)</th>
<th>Female (n=1219)</th>
<th>Total (n=1731)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender (n=1731)</td>
<td>30</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>Employment Fraction (n=1730)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time</td>
<td>98</td>
<td>85</td>
<td>89</td>
</tr>
<tr>
<td>Part-time</td>
<td>2</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Roles (n=1718)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>9</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Associate Administrator</td>
<td>21</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Classroom Teacher</td>
<td>60</td>
<td>73</td>
<td>69</td>
</tr>
<tr>
<td>Specialist Teacher</td>
<td>10</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>Sector (n=1731)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>44</td>
<td>70</td>
<td>62</td>
</tr>
<tr>
<td>Secondary</td>
<td>56</td>
<td>30</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: QTU Dataset

**Actual Working Hours**

Adopting working hours categories established by Watson et al. (2003), the study found that the majority of teachers in the sample worked either long or very long hours (see Table 2). The paper now turns to examine these hours in more detail to explore how demographic characteristics influenced working hours, and how hours were divided among key work activities. Multiple regression was used to identify the key demographic variables that influenced working hours. Chi-square analysis was used to analyse differences by gender, sector, employment fraction and role, in time spent on key work activities.

**Table 2. Distribution of Total Weekly Hours Worked**

<table>
<thead>
<tr>
<th>Hours</th>
<th>Percentage of Sample (n=1729)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short P/T (1-15 hours)</td>
<td>1</td>
</tr>
<tr>
<td>Substantial P/T (16-34 hours)</td>
<td>18</td>
</tr>
<tr>
<td>Standard hours (35-40 hours)</td>
<td>20</td>
</tr>
<tr>
<td>Long hours (41-49 hours)</td>
<td>35</td>
</tr>
<tr>
<td>Very long hours (50+ hours)</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: QTU Dataset

**Regression Analysis – Teachers’ Working Hours**

A multiple regression was conducted to explore the relationship between the key demographic variables and the number of hours worked per week. The regression identified the extent to which the variables role, sector, gender and employment fraction were determinants of working hours. The following equation was used:

\[
\text{WORKING HOURS} = \beta_0 + \text{ROLE} + \text{SECTOR} + \text{EMPLOYMENT FRACTION} + \text{GENDER} + e
\]
The dependent variable in the equation was total actual hours worked per week (continuous, as calculated from the time-diary). Independent variables in the equation were role, sector, employment fraction and gender. Each of the independent variables were categorised using dummy variable coding.

The results, shown in Table 3, reveal that role was a significant determinant of working hours with principals working, on average, over 11 hours more per week than a classroom teacher (constant). Similarly, the associate administrator variable was positively correlated with working hours. As might be expected, employment fraction was negatively correlated with working hours. On average, part-time teachers worked nearly 16 hours fewer per week than full-time classroom teachers. Finally, gender was positively correlated with working hours, indicating that female teachers worked slightly longer hours per week than male teachers, controlling for other variables. No other significant differences were found.

### Table 3. Regression of Total Working Hours

<table>
<thead>
<tr>
<th></th>
<th>Unstandardised Coefficients $B$</th>
<th>Std. Error</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant – Classroom Teacher)</td>
<td>43.259</td>
<td>.564</td>
<td>0.000</td>
</tr>
<tr>
<td>Principals</td>
<td>11.431</td>
<td>1.196</td>
<td>0.000</td>
</tr>
<tr>
<td>Associate Administrators</td>
<td>6.480</td>
<td>.784</td>
<td>0.000</td>
</tr>
<tr>
<td>Specialist Teachers</td>
<td>-1.315</td>
<td>.711</td>
<td>0.065</td>
</tr>
<tr>
<td>Sector (Primary=0; Secondary=1)</td>
<td>-3.59</td>
<td>.539</td>
<td>0.505</td>
</tr>
<tr>
<td>Employment Fraction (F-T=0; P-T=1)</td>
<td>-15.694</td>
<td>.795</td>
<td>0.000</td>
</tr>
<tr>
<td>Gender (Male=0; Female=1)</td>
<td>1.623</td>
<td>.552</td>
<td>0.003</td>
</tr>
</tbody>
</table>

Source: QTU Dataset; $R^2$=0.274; N=1731

Time Spent on Individual Activities

The workload diary in the questionnaire asked teachers to apportion their time among eight activities during the census week. This data was analysed to identify the activities on which teachers spent the majority of their time. The items in the workload diary included key activities (teaching, administration and management, and planning and assessment1); and other activities (professional development, student supervision, extra curricular, travel time, and other). Only the time spent on key activities is discussed here as they constitute the majority of hours worked per week. Time spent on the activities was divided into categories to summarise and present the data in a simple table. Chi-square tests were used to examine differences by role, gender, sector and employment fraction.

Respondents spent the majority of their time on planning and assessment, administration and management, and teaching (see Table 4). As might be expected, a chi-square test revealed principals and associate administrators spent more time on administration and management than did classroom and specialist teachers ($\chi^2 (12) = 276.109 \ p<.001$). Similarly, classroom teachers spent more time on planning and assessment and teaching-related activities ($\chi^2 (12) = 466.996 \ p<.001$; $\chi^2 (12) = 872.298 \ p<.001$).

---

1 According to the QTU time-diary, teaching is considered to be all teaching duties performed in or out of class (contact hours). Administration and management is time spent on staff supervision, budgeting and record keeping. Planning and assessment is preparation for teaching, testing, marking and development of work programs.
Table 4. Time Spent on Activities by Role (percentage)

<table>
<thead>
<tr>
<th>Item</th>
<th>Prin. (n=75)</th>
<th>A.Ad. (n=207)</th>
<th>Class. (n=1192)</th>
<th>Spec. (n=244)</th>
<th>Total (n=1718)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Teaching Time</strong>* (n=1715)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>43</td>
<td>24</td>
<td>-</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>1-5</td>
<td>21</td>
<td>17</td>
<td>1</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>6-15</td>
<td>12</td>
<td>56</td>
<td>17</td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>16-25</td>
<td>24</td>
<td>3</td>
<td>78</td>
<td>46</td>
<td>62</td>
</tr>
<tr>
<td>26+</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Admin/Mngt Time</strong>* (n=1717)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>-</td>
<td>2</td>
<td>42</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>1-5</td>
<td>-</td>
<td>6</td>
<td>50</td>
<td>44</td>
<td>42</td>
</tr>
<tr>
<td>6-15</td>
<td>17</td>
<td>32</td>
<td>7</td>
<td>30</td>
<td>14</td>
</tr>
<tr>
<td>16-25</td>
<td>20</td>
<td>22</td>
<td>1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>26+</td>
<td>63</td>
<td>38</td>
<td>-</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Planning/Assess. Time</strong>* (n=1716)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>37</td>
<td>23</td>
<td>1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>1-5</td>
<td>27</td>
<td>30</td>
<td>12</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>6-15</td>
<td>36</td>
<td>36</td>
<td>55</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>16-25</td>
<td>-</td>
<td>10</td>
<td>27</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>26+</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: QTU Dataset; *** p<.001; Note: Errors due to rounding

While there was statistical difference in time spent on activities disseminated by gender and sector, these differences were more likely associated with diverse role requirements (similar to those identified using regression analysis for total hours), rather than differences associated purely with sector or gender. However, females did spend slightly more time teaching than males ($\chi^2 (4) = 35.290$ p<.001; possibly explained by a female skew in the classroom teacher role). As might be expected, differences in hours spent on individual activities by employment fraction were statistically significant, however when interpreting the data it is important to take into account the relatively small proportion of part-time teachers in the sample. Overall, despite differences in the working hours of different types of teachers, and the make up of those hours, the majority of all teachers worked long or very long hours. Working hours are long and have been increasing in recent years as the result of changes to the nature of teachers’ work. The following section explores some of these changes and examines the impact on teachers’ workloads.

How Workloads are Changing

When asked to identify how their workload had changed over recent years, many teachers indicated that it had increased. The findings, presented in Table 5, reflect this change. The activities on which teachers spent more time were overwhelmingly administration and management, and planning and assessment-related. This is the result of increasing accountability and a broadening of the tasks that teachers are expected to perform. Interestingly an equal proportion of respondents indicated their teaching time had decreased as had increased. This could be the result of a number of factors, including more time spent on other tasks at the expense of teaching time, or the shift of teachers into more senior roles with different role requirements. Overall, some two-thirds of respondents reported that they
were spending more time in general on their work, while very few teachers reported spending less time on tasks compared to three years before. This data indicates a marked increase in workload in recent years that has implications for teachers’ lives outside of work.

### Table 5. Time Spent Compared to Three Years Ago (Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Teaching. n=1668</th>
<th>Admin/Management n=1628</th>
<th>Planning/Assessment n=1673</th>
<th>Total hours n=1553</th>
</tr>
</thead>
<tbody>
<tr>
<td>More time</td>
<td>16</td>
<td>54</td>
<td>64</td>
<td>68</td>
</tr>
<tr>
<td>Same time</td>
<td>61</td>
<td>22</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Less time</td>
<td>13</td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>N/A</td>
<td>10</td>
<td>20</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: QTU Dataset; Note: Errors due to rounding

A one-way analysis of variance (ANOVA) revealed that compared to classroom and specialist teachers, principals and associate administrators reported spending less time on face-to-face teaching (F=19.360, p<.001) and more time on administrative duties (F=24.735, p<.001) compared to three years previously. Increased workload for teachers in terms of administration and management was especially marked in the secondary sector, while primary school teachers reported increased time spent on planning and assessment (though an independent samples T-test confirmed they were not statistically significant). Interestingly, changes in workload for both full- and part-time teachers were almost identical, indicating that the workload of teachers in general had increased. This represents a fundamental shift in the nature of work for all teachers. When asked to report how their workload had changed generally, an overwhelming proportion of all teachers indicated their workload had increased (see Table 6). Furthermore, a significant proportion suggested their workload had increased substantially. The following section reports data collected in focus groups to examine some of these issues in more depth, and considers the work-life implications of large workloads.

### Table 6. Overall Workload Change

<table>
<thead>
<tr>
<th>Change in Workload</th>
<th>Percentage (n=1690)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased a lot</td>
<td>59</td>
</tr>
<tr>
<td>Increased a little</td>
<td>28</td>
</tr>
<tr>
<td>Stayed the same</td>
<td>7</td>
</tr>
<tr>
<td>Decreased a little</td>
<td>1</td>
</tr>
<tr>
<td>Decreased a lot</td>
<td>1</td>
</tr>
<tr>
<td>N/A</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: QTU Dataset; Note: Errors due to rounding

### Focus Group Findings - Workload Issues

An increase in workload over recent years has been the result of changes to teachers’ work. Increased workloads not only result in teachers having to do more, but they also influence work-life balance. Using qualitative data, this section identifies the most common explanations for workload change, as reported by teachers, and examines the impact of large workloads on teachers’ lives. Focus groups were conducted to explore three key aspects of workload, including: how workload has changed; why it has changed; and, how changing workloads impact on work-life balance.
A significant number of focus group participants reported that changes in planning and assessment, and administration and management accounted for workload increases. In relation to this, one teacher noted:

Paperwork! Simple two hour excursions need six pages of detailed information.

Further, as one teacher added, increased planning, assessment and administrative responsibilities came at the expense of quality lesson preparation and represented a significant source of increased workload for many teachers.

A number of explanations were given for increasing workload, the most common included constant changes in curriculum, policies and changing role responsibilities. One teacher explained that schools are increasingly being expected to offer more subjects and options while using the same staffing formula as before. Another observed that these and other policies accounted for increased workloads:

Education Queensland produce too many policies at once and expect schools to implement [the policies] as well as teach. This filters down to classroom teachers doing more and more.

As the result of these changes, many teachers worked longer hours. This trend was confirmed by one teacher:

We can’t really get into paperwork during the day. We start at 4pm, so that necessitates us staying back to 6:30-7pm at night to get these things done. It’s just impossible.

The changes also influenced teachers’ lives outside of work. Many teachers cited problems with relationships, sleep and less social time. One teacher noted that they were often too tired to enjoy social functions, were participating less in hobbies and spent more time working at home. This problem was reiterated by an administrator:

My Husband still cannot understand why I can’t get everything done at school. My sons tell me I should ‘get a life’… My friends are cautious in their invitations and ask ‘are you busy?’… Teaching is exhausting!

Teachers work long hours, many are dissatisfied with their workloads and often have difficulty managing the balance between work and personal life. These problems are of significant concern for the education industry. In light of these findings a number of policy implications need to be considered to help reduce teachers’ workloads.

Policy Implications

The retention of quality teachers is a significant issue for public education. A forecast shortage of teachers within the next decade, due to high labour turnover, is an impending crisis that needs to be addressed (Dept. of Education Science and Training, 2003; Webster, Wooden, & Marks, 2005). A significant factor influencing the retention of school teachers is workload. In light of the findings presented in this paper, several policy options should be investigated that aim to reduce the workload of teachers.

First, at a macro level, several European countries have implemented working time regulations that limit the number of hours an employee can work per week. Regulations have realised a marked downward shift in average full-time working hours for workers in these countries (Campbell, 2002; OECD, 2004). Teachers in this study agreed that an upper limit should be placed on hours. These findings indicate that a cap on hours may reduce teacher burnout and reduce labour turnover.
Second, initiatives to reduce ‘long hours’ cultures (Pocock, 2003) may be useful for the industry. Methods used to limit the number of hours, or discourage long hours, should be investigated. The inclusion of effective overtime provisions in the collective agreement, along with a phasing out of unpaid overtime (among other methods), could provide some disincentive for long hours (Pocock, 2003). While previous attempts to do this in the Queensland public education system have proved problematic, teachers in this study suggested there is clearly a need to find ways of reducing their workload.

Finally, public education in Australia is under-resourced and under-funded. Many teachers in this study cited poor resource support as one explanation for large workloads, as a significant proportion of their time was spent doing paperwork in addition to lesson preparation and teaching. Funding for adequate staffing to cope with workload demand created by administration and growing public accountability would be helpful and would demonstrate a more effective use of human resources.

The implementation of these policies would represent an important development for the public education sector. These initiatives may help reduce labour turnover, providing part of the solution for the teacher retention crisis. Further, a reduction in teachers’ workload would allow for more effective work-life integration which would have a positive influence on the life of teachers and on the broader community (Pocock, 2003).

Conclusion
The popular perception of teachers’ work is that which is performed only in classrooms, consisting the tuition of children, the marking of work and the correcting of mistakes. This paper argued that this perception is incorrect; teachers’ work has always included far more diverse responsibilities that extend beyond traditional school hours. In recent years, the work of teachers has undergone change. Teachers are now required to take on additional tasks and perform a broader range of functions. These responsibilities have added to teachers’ already large workload. The paper also discussed how increased workloads can influence stress and tiredness, cause problems with relationships and make it more difficult to manage work-life balance. Unless teacher workload issues are dealt with at the policy level, the retention of quality teachers will remain a significant issue for the education industry as more and more teachers leave the profession.

Acknowledgements
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Reference List


Perceptions of the threat of terrorism in Australia have a significant impact on many aspects of life. Chief among these is the effect on working people especially those in organisations in large cities. The terrorist attacks in New York, Madrid, and London did not incidentally target the employed population; they were victims by design. As such a significant effect is experienced in organisations in major cities throughout the world. Of particular importance amongst these is that of psychological damage, increased discrimination, and changing technology and organisational culture. Through many workplace changes since September 11 organisations are becoming increasingly security oriented in cultural focus. This has a number of ramifications for employee well-being, motivation, satisfaction, occupational stress, and workplace diversity management. Using data collected in interviews conducted in organisations in inner city Melbourne from the retail, administrative, legal, and financial sectors it is concluded that the threat of terrorism has a significant impact on people at work.

**Introduction**

Terrorism is viewed by many to be an inevitable occurrence in an Australian city (Michaelsen, 2005). Whilst it is often noted that terrorists target civilians, innocents and noncombatants, it is less frequently noted that the employed populations are frequently the victims of such attacks. In New York on September 11, terrorists targeted organisational infrastructure and the employed population in what is a primary business zone comprising organisations and professionals from a variety of sectors. Similarly in Madrid and London, employed people were targeted when bombs were detonated on commuter trains at peak hours. Of the many impacts on business resulting from the threat of terrorism, the transformation of organisational culture is the most problematic. Organisational cultures in large cities in the post-September 11 world are changing to the detriment of employee well-being. Whilst no universally acceptable definition of terrorism exists, a preliminary one is offered. According to Williams (2004: 7), terrorism is defined as ‘politically [including ideologically, religiously or socially – but not criminally] motivated violence, directed generally against non-combatants, intended to shock and terrify, to achieve a strategic outcome’. In this paper, the impact of the terrorist threat on people at work is examined. It is argued that the most significant impact of the threat is reduced psychological well-being, increased discrimination, and changing technology and culture to be security oriented. The literature examining the threat of terrorism and the impact on business is examined to understand how these effects occur. Preliminary research findings from interviews conducted in firms operating in inner city Melbourne are presented to demonstrate the impact that the terrorism threat has on people employed in inner city Melbourne.

**Tracking the Impact from New York to Melbourne**

A distinction exists between those who are victims of terrorism and those who are victimised. This distinction is important in understanding the threat of terrorism to Australian cities. The events of September 11 had a devastating impact on the psyche of New Yorkers. People were shocked that an organised group of religious radicals were able to exact such terrifying force.
on an American city. People outside of New York were bombarded with media images of the most prominent organisational infrastructure in the world being destroyed along with the lives of 3000 civilians. The employed populations in large cities throughout America were suddenly aware of their vulnerability and that the world had changed forever.

These feelings spread to cities in Australia, albeit to a lesser degree, as security experts, politicians and academics hypothesised the likelihood of similar attacks occurring on our homeland. The attacks in Bali in 2002 realised this fear where 88 Australians died. The attacks in Madrid were a further devastating blow for the psyche of the working population and rail commuters in particular. The attacks on public transport systems in London confirmed the attractiveness of such locations to terrorists. The most recent attacks in Bali that targeted a restaurant district proves to Australians that extremists in neighbouring Indonesia remain motivated and capable of carrying out large scale acts of terror at a time when Melbourne is preparing to host one of the worlds’ targets sporting events with the 2006 Commonwealth Games.

Terrorism has a persuasive impact on Australian lives. Since September 11, many Australians believe that terrorism is an inevitable occurrence. In a poll conducted by the *Sydney Morning Herald* found that 68% of adults believe terrorists would strike in Australia before too long (Michaelsen, 2005: 330). In a study conducted by *The Lowy Institute* (Cook, 2005), ‘international terrorism’ is viewed as the third most worrying outside threat behind nuclear proliferation, and global warming and ranking ahead of international disease, population growth, and China’s growth. These are surprising findings considering Australians, unlike Americans, Spaniards, the British, and all people’s that endure terrorist violence, only experience the threat indirectly. Indonesian extremism is often cited as a possible source of terrorism in Australia, however the publicly available information is incomplete and does not suggest a specific threat (Wright-Neville, 2004). The threat is described by Michaelsen (2005: 330) as a ‘general assumption’ that terrorists are trying to carry out attacks in Australia.

According to Michaelsen (2005: 321), in the aftermath of the September 11 attacks Australians did not perceived the threat as a significant concern due to Australia’s geographical ‘insulation’. It was not until the attacks in Bali, when terrorism arrived on ‘Australia’s doorstep’, that this ‘ill-fated perception’ was exposed. September 11 had a far greater effect than Michaelsen (2005) identifies albeit decisively different from that felt in the United States.

**Researching Terrorism and the Human Consequences at Work**

The existing research of the examining the impact of terrorism on business is limited in a number of ways. It is general, economically focused, and providing of surface descriptions of related problems rendering it mostly uninformative for workplace study. However, a detailed examination of both research and journalistic writing provides an effective basis form which Australian research can be conducted. In this section, the literature examining the impact of terrorism on people at work is presented. The literature, which refers mostly to the United States, is tested through research conducted in organisations in Melbourne. This research is the result of interviews conducted in inner city Melbourne from December 2004 – January 2005 and further interviews conducted in July 2005 following the terrorist attacks on transport infrastructure in London.

Forty-two people participated in the interviews from five organisations in inner city Melbourne. Two organisations were located on street level in prominent shopping zones and
three occupied levels in tall buildings. The organisations were in the financial, legal, retail, and administrative sectors. Eight of the respondents were management employees. Respondents were recruited through purposive sampling and were chosen based on their location in prominent positions in the Melbourne central business district. Eighteen interviews were conducted and through snowball sampling another 24 respondents were recruited. The author conducted the interviews in a semi-structured format. Respondents were encouraged to freely discuss all aspects of the terrorist threat and their workplace. General questions were asked to facilitate this. Respondents were asked to describe what terrorism meant to them and how it affected their working and personal lives. Once a specific theme was identified more probing questions were asked. All interviews took 30 to 40 minutes. The respondent population comprised of 26 males and 16 females, 32 respondents were aged between 21 and 35 and the remaining ten were aged between 36 and 50.

Terrorism, Work and People

Three studies from the United States have provided some findings that relate to workplace relations. These studies examine the impact of the threat of terrorism that remained following September 11. This research is relevant in any city where the threat of terrorism is perceived to exist as it measures the attitudes and beliefs of those who perceive a threat. Four key influences are apparent; a damaging psychological impact, increasing discrimination, and technological and cultural change.

Psychological Impact

Alexander (2004) uses September 11 and the anthrax attacks of 2001 as illustrative of the threat posed to organisations. Interview data is used to argue ‘Any prospective terrorist attacks in the United States or abroad will victimize labor’ (Alexander, 2004: 124). Alexander (2004) argues the threat of terrorism perceived following an attack has a negative effect on the health and well being of employees and managers. These effects can take months to years to subside and have a disastrous impact on satisfaction and productivity. Those affected will change organisations and professions, move house, and reprioritise life goals placing less importance on employment and more on family and leisure. Others will continue to work through and may be asked to perform to a higher level to return operations to a pre-terrorism threat state. These people experienced high levels of stress and anxiety that may manifest as depression and other mental illnesses, the most damaging of which is Post Traumatic Stress Disorder. According to Alexander (2004: 128) in the months following the Oklahoma City bombing people were absent frequently, took leave as soon as it accrued, left their jobs, and engaged in reckless behaviour such as alcohol and narcotic abuse and excessive smoking. Organisations effected on September 11 shared these experiences. Other effects include a desire to join social organisations such as trade unions, lower demand for high profile positions in prestigious organisations especially when they are housed in large cities, and job insecurity as economic impacts are felt. This creates a significant workplace relations management problem as these effects often lead to decreased productivity.

Mainiero and Gibson (2003) provide survey data from 5860 respondents regarding the ‘emotional fallout from 9-11’ conducted in December 2001. Similar studies exist yet fail to draw significant conclusions. Mainiero and Gibson (2003) argue;

The terrorism of September 11th, 2001, unleashed primal emotions in the minds and hearts working in corporations all across America. The magnitude of the violence and the relative randomness of those who were affected left us feeling traumatized and horrified.
People in organisations throughout the United States experience trauma as a result of the attacks. Three emotional responses were exhibited by respondents: fear, denial and anger. Respondents reported profound fear and described themselves as ‘dumbfounded and scared’, denial manifested as being dismissive of co-workers who claimed trauma as a result of September 11 and expressing the view that it ‘should not affect’ their working life, and anger which was directed at employers who were perceived as being unsympathetic to the emotional ramifications (Mainiero and Gibson, 2003). Such feelings create conflict and reduced wellbeing in workplace relationships and lead to decreased satisfaction and increased stress resulting in absenteeism, turnover, and lower productivity. The study additionally concluded that proximity of workplaces to the World Trade Towers is a factor where a greater distance led to less negative emotional responses. Women were found to be more affected, and both genders were more affected if they were married and had children. The authors theorise that women are more willing to express feelings and people with families are more likely to reprioritise the importance of work and be more sensitive to risk.

The anecdotal and journalistic literature provides some interesting insights on the psychological impact of the threat of terrorism. Such impacts include feelings of vulnerability and anxiety leading to high occupational stress and low job satisfaction (Summers, 2001). This has a flow-on effect in workplaces disrupting culture, harmony, productivity, and causing interpersonal and industrial disputes, absenteeism and turnover. Sullivan and Anderson (2004) identify five specific fears that employees experience since September 11; working in tall or symbolic structures, business air travel, working in industries or regions perceived as vulnerable, working in industries not perceived as vulnerable due to ‘graphic news coverage’, and a heightened awareness of mortality leading to a reassessment of priorities away from work to family and leisure. Poe (2001: 46) notes that the attack on the World Trade Towers is particularly fearsome as office workers were not incidental victims but targets by design. Office workers all over America likely feel vulnerable. Conditions of high stress and fear make effective workplace relations difficult.

Preliminary research findings from interviews conducted in organisations in inner city Melbourne also illustrate this effect. Respondents reported an increase in occupational stress attributable to their perceptions of the terrorist threat. The increase was considered minor yet significant enough to effect job satisfaction, motivation and propensity to attend work. Several respondents at the same retail firm explained an event that occurred. At the beginning of a work day there was a power outage that resulted in a workplace wide power outage and the activation of an alarm. In the brief panic that followed there was yelling, screaming and apprehension. A respondent explains this event;

…people just freaked out. Even when only a fire alarm goes off people think the worst. It is like there is a ranking in peoples minds where you may have fire first (the first potential cause of the disruption), terrorism second and something else third. It is funny that it would even rate a mention. And that’s the thing. If they were going to carry out an attack it wouldn’t be here.

(Respondent 7, interview in financial firm, January 6, 2005).

Others reported waiting for someone to announce that it was terrorism (Respondents 8, 9 and 10, interviews in financial firm, January 7-10, 2005). In the aftermath of this event, respondents reported a reduction in satisfaction, motivation and willingness to attend work.

The threat of terrorism has worsened feelings of anxiety and fear in workplaces in inner city Melbourne. The attacks in New York, Madrid, and London have created perceptions of a riskier world. Many believe that they would be safer at home; ‘no-one dies of terrorism in the home’ (Respondent 1, interview in retail firm, December 2, 2004). Heightened anxiety and
fear are not compatible with a happy, satisfying and stress-free working environment. People working in inner city Melbourne believe traveling and attending work is when they are most vulnerable to a terrorist attack. Alleviating anxiety and fear looms as a challenging task.

**Discrimination**

The terrorist threat has uncovered many xenophobic feelings held by many Australians. The most recent counterterrorism legislation that provides widespread powers to law enforcement and security agencies to detain and interrogate suspected terrorist or those who may have information will necessitate the profiling of potential terrorists. Such profiling will likely include Muslims and people of Arab descent (Howie, 2005: 21).

Workplace diversity management has proved difficult since September 11. Racist sentiments, misunderstandings, rage and suspicion aimed at Muslim co-workers have been reported in the United States upsetting workplace dynamics causing alienation and emotional ramifications. Investigations by Mourtada (2004: 24-6) and Healey (2004: 25-7) have discovered when this occurs mistrust, bigotry and violence, discrimination, workplace bullying, a collapse of work teams, low motivation, high absenteeism and turnover, low morale, and decreased satisfaction and productivity ensues. Failure to prevent discriminatory behaviour can have significant legal consequences. Sixel (2003) reports on an Egyptian worker who successfully sued for unfair dismissal from an upmarket restaurant in the United States when discovering that managers had attributed bad performance post-September 11 to having a Muslim employee. The Equal Employment Opportunity Commission won $1.4 million USD in the two years following September 11 from employers for similar discriminations.

Considerable discrimination occurs in Melbourne workplaces as a result of the terrorist threat. Many describe feelings of fear and anxiety when working or conducting business with those perceived to be Muslim.

I certainly treated people differently. As soon as an Arabian, a Musso, as soon as a Muslim walked in, what I classify as a Mussi, I would genuinely try to stay away from them only because I didn’t want to come into contact or have to deal with people like that. It sounds a bit racist, but, just the mentality after September eleven and what you see on TV does make me have this kind of…feeling…When you see things like big headlines, things in Iraq. They take this particular person, execute them, suicide bombings. Then you go off to work and you think to yourself f*%#! Something like that could happen today. As soon as you see that race of people you think to yourself, what have they got planned next? What are they doing? What are they conspiring to do? That’s it.

(Respondent 2, interview in retail firm, December 5, 2004)

A number of respondents expressed feelings of distrust and apprehension towards those perceived to fit the stereotype of a ‘terrorist’. In their view, a terrorist is determined by race and skin colour, accent, dress, country of origin, religious and political views, and the ability to speak a language other than English. Respondents with these views often felt they were irrational. As one describes;

…I took a different view of people when they came in (coworkers and clients/customers) after September eleven. It’s is not something I deliberately took upon myself to do… And it may be that they are as Aussie as you or I, but at the same time, if they look a certain way, I judge them straight away

(Respondent 6, interview in retail firm, December 30, 2004).
Despite such acknowledgements discrimination became a workplace diversity management problem in most situations manifesting as conflict, poor service, and decreased job satisfaction. Conflict arises when foreign coworkers are questioned about their political and religious views and ‘who’s side’ they are on, and through an unwillingness to work in the vicinity of some people. Poor service is evident, particularly in the retail sector, when employees expressed an unwillingness to serve those perceived as Muslim or Arab. In one instance, an entire staff refused to serve those fitting this perceived description. Job satisfaction reduction is felt by those who perceive that the threat of terrorism is high and who work in proximity to people perceived as Muslim or Arab.

Technology and Cultural Change

Organisations may adopt technology quicker to limit the need for commuting, business travel, and boardroom style meetings. It has been estimated that there is a 50% increase in the use of electronic conferencing in the United States since September 11 amongst companies that would otherwise require employees to travel frequently (Summers, 2001). According to interviews conducted by Summers (2001),

...58 percent of travel managers surveyed said that company trips will be curtailed over the next several months and only 19 percent said that business travel would proceed as planned...these findings reveal a future workplace with much heavier reliance on the flows of digital information.

Fewer expatriate staff is needed if with sophisticated communication methods (Tahmincioglu, 2001: G-1). Email, video conferencing, and ‘telecommuting’, where work communities exist almost entirely in an online format, will be used in preference to face to face meetings, staff exporting and business travel (Mahmud, 2003). According to Mahmud (2003), it is a matter of ‘working smarter, not harder’ in confronting the terrorism threat. Technology change is often resisted. However, linking the change with addressing the terrorism threat will lead to greater acceptance. A greater challenge may present in unionised workplaces or where technological innovation has never formed part of culture. Employers need to be wary of abruptly changing traditional work conditions.

Surveillance technologies are an effective method to maintain security and enhance a security oriented culture. Many employers are hesitant to implement such measures for fear of legal ramifications for privacy breaches but MacDonald (2004: 34) argues ‘The law creates few barriers for employers installing video camera’ for surveillance in the workplace’. A greater concern is undermining employee trust and creating authoritarian management control methods.

Organisations have increased physical security at perceived vulnerable locations yet it is insufficient if not accompanied by the fostering of security awareness and the development of a security oriented culture. People are encouraged to participate willingly in security procedures, be aware and alert to strange behaviour and to report anything unusual, and to receive security training mainly in using security equipment. Often, security personnel will be hired to perform these tasks. Improved physical security is often implemented sceptically by employers to fulfil occupational health and safety obligations and to make employees feel safer. No real improvement can be realised in these situations. St. John (1991) argues that in some airports security upgrades are often understaffed with underpaid and untrained workers. According to Alexander and Alexander (2002: 55), ‘Some have likened investment on security measures to funds allocated to reducing pollution in that they are both socially helpful but economically unproductive’. This is a dangerous assumption. The September eleven hijackers were able to exploit lax security at airports to carry out their acts of terrorism.
The commercial air travel sector has subsequently devoted time and money to improving security through physical security upgrades and fostering security awareness.

A respondent from a legal firm describes concern regarding the use of a ‘swipe-card’ system at major doors throughout their workplace (Respondent 15, interview in legal firm, January 15, 2005).

It just worries me that whilst the technology is designed to provide safety and better security, it can be used for other reasons. Like, how do I know that when I swipe my card management is not watching where I am. I guess I have to assume they are. What right do they have to do that? I am not a suspect. I couldn’t be a terrorist. But I am being watched like I am? It doesn’t seem right.


This ability to monitor potentially all employees is considered a breach of privacy and a corruption of the trusting relationships management seeks to foster with employees. ‘They obviously don’t trust me. Why should I trust them?’ (Respondent 15, interview in legal firm, January 15, 2005).

Others believed that technology that allows for long distance communication is a positive development and should replace some work days, face-to-face meetings, and business travel. Respondents believe that work-from-home days result in lower risk of becoming involved in a terrorist act carried out in Melbourne or on the public transport network. Fewer face-to-face meetings reduces the need for business travel and for large gatherings of people from the one organisation. According to a manager in a financial service firm, ‘Organisational meetings gather all of a companies important people in the one place at the one time. Were a bomb to go off near one of these meetings the company is finished’ (Respondent 4, interview in financial firm, December 6, 2004). Business travel reduction is seen as superfluous in modern business. Air travel, in particular, is no longer a reasonable risk especially for high profile firms. One such firm instructs employees who travel not to wear company insignia as this may inadvertently lead to their targeting by terrorists (Respondent 4, interview in financial firm, December 6, 2004).

Respondents reported the fostering of greater security awareness in their workplace. This is encouraged by both management and the federal government’s ‘Be Alert, Not Alarmed’ campaign. This creates a security oriented culture. Management in organisations in large buildings are considering many methods to improve security including employee training, bomb detection technology and sniffer dogs, improved security screening, the use of permanent security staff instead of contractors, and close liaising with government authorities. Such improvements are not successful in improving security without the full and informed support of employees (Respondent 4, interview in financial firm, December 6, 2004). At the recent Safeguarding Australia Summit in July several speakers promoted the need for security professionals to take part in strategic level decision making in susceptible organisations and recommended the creation of a Chief Security Officer (CSO) to work alongside the Chief Executive Officer (CEO).

**Conclusion**

The threat of terrorism affects many aspects of life in Australia. Australians empathise with people subjected to terrorist violence and are grateful that their homeland has not been targeted. This possibility, however, is a constant source of anxiety. This anxiety manifests at work and has damaging consequences for individuals and organisations. Employers responding to the impact must be wary of this duality and assist individuals with the knowledge that productivity will return. Respondents in organisations in inner city
Howie

Melbourne report many concerns as a result of the terrorist threat to Australia. Many have elevated stress, reduced satisfaction, and decreased motivation. Greatly increased discrimination is evident as directed against co-workers, customers, and clients who are perceived to be Muslim. Technological and cultural change directed towards protecting people and companies from the threat of terrorism can serve to worsen the impact. People will often resist change especially at times of uncertainty. Terrorism to Australians is exemplified by September 11, the Bali bombings, and the attacks in Madrid and London. Information about these events arrive in a mediated format intent on sensationalising the threat for economic gain whilst simultaneously providing terrorists with an unnecessary victory. This victory is most evident in the workplace where perceptions of the terrorist threat lead to widespread discrimination, increasing occupational stress, and significant cultural change.

References

Workplace Bullying – A Complex Issue Needing IR/ HRM Research?

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Workplace bullying encompasses a wide array of targeted, persistent and destructive behaviours, usually by managers towards their subordinates. It is an extensive and seemingly growing phenomenon which is costly to individuals, workplaces and organisations. The costs for organisations include productivity loss, turnover, and increased legal and insurance costs. There are also considerable costs to individuals and the ethical capital of organisations, but this is more difficult to measure. Curiously IR and HRM scholars have rarely undertaken systematic investigation or analysis of the issue, despite the fact that it appears to be an issue squarely within the purview of these disciplines. The paper concludes that further research from IR/HRM perspective would benefit transdisciplinary investigation and analysis of bullying in ways that might assist in devising organisation and public policy and practices which, in turn, could reduce the extent and impact of bullying.

Workplace Bullying: Researching a complex phenomenon

A deadly combination of economic rationalism, increasing competition, "downsizing," and the current fashion for tough, dynamic, "masoch" management styles have created a culture in which bullying can thrive, producing "toxic" workplaces. Such workplaces perpetuate dysfunction, fear, shame, and embarrassment, intimidating those who dare to speak out and nurturing a silent epidemic (MacAvoy and Murtagh, 2003).

Workplace bullying is a growing problem which is costly for organisations and individual victims. The costs for organisations, not only come from the loss of productivity but also from insurance costs. As the levels of stress claims rise, increased payouts generate concomitant rises in premiums, while outcomes of bullying such as staff turnover, redundancy costs and management of grievances have led the Workplace Bullying and Violence research team based in the Department of Management at Griffith University to calculate bullying costs in Australia to be between $17b and $36b per annum (McCarthy and Mayhew, 2004; See also e.g. Millar 2005; (Anon, 2001; Aldred 2003; Wojcik, 2005; Breslin, 2005). Workplace bullying encompasses a wide array of targeted, persistent and destructive behaviours mostly by managers to their subordinates. It is an extensive and seemingly growing phenomenon which is costly to individuals, workplaces and organisations.

It is not only in the private sector that bullying is increasing. While the health sector demonstrates long-standing patterns of bullying, evidence suggests that it has become particularly apparent across many public sector activities in recent years, including education and the public service. (Mayhew and McCarthy, 2005; Lewis, 2004; Lipsett, 2005a) This is perhaps not surprising. Public sector organisations are dealing with multiple pressures and strains as never before. Frequently they are required not only to uphold and advance their traditional service roles, but also to meet increasingly stringent financial and productivity requirements, and even expand their income-generating roles in new and entrepreneurial ways.

This paper seeks to understand the nature of bullying from the perspectives of scholars and practitioners in different fields of study in order to identify the strengths of each area of study. It will be argued that while there is extensive empirical and analytical research, further
research from scholars in HRM and IR could provide insights which may achieve greater effectiveness in dealing with this costly issue. The paper will begin by first discussing the nature and extent of bullying, followed by a brief overview of the different approaches to bullying. The paper concludes that further research from IR/HRM perspective would benefit transdisciplinary investigation and analysis of bullying in ways that might assist in devising organisation and public policy and practices which could reduce the extent and impact of bullying.

**Defining Bullying: Nature and extent**

Regardless of the disciplinary origins of researchers there is a great deal of similarity in the definitions of workplace bullying. For example, Salin specifies

Repeats and persistent negative acts including social isolation, silent treatment, rumours attacking victim’s private life or attitudes, excessive criticism or monitoring, withholding information, depriving responsibility, verbal aggression (Salin, 2003).

while in Australia, the well-known bullying research group at Griffith University delineates workplace bullying as

Repeated, unreasonable efforts to humiliate, offend, slander, exclude, show lack of support or threaten recipients … (McCarthy et al., 2003).

and lawyer Joe Catanzariti, draws on state OHS agencies and particularly the NSW Law Society definition of

Unreasonable and inappropriate workplace behaviour includes bullying, which comprises behaviour that intimidates, offends, degrades, insults or humiliates a worker, possibly in front of co-workers, clients or customers, and which includes physical or psychological behaviour (Catanzariti, 2003; see also Catanzariti, 2004).

It is the same with definitions from scholars and practitioners from other disciplines. They vary in the nuances but bullying is seen to encompass a large number of behaviours with the core descriptors of repeated, unreasonable and destructive. Generally researchers follow their definition with a range of examples of bullying behaviours.

Some researchers have sought to identify bullying by exploring the attributes of victims or targets. Thus far this has been of mixed success since it appears that, unlike school bullying, there are few clear and agreed target typologies, except that women are more likely to be targets than men and that targets tend to be non-confrontational and unlikely to ‘fight back’ (Lehoczky, 2004). As Namie (2003) has noted of bully targets in the USA “The attribute common to all targets is that they are unwilling or unable to react to unwarranted aggression with aggression … any more than sexual harassment targets invite undesirable assaults” (Namie, 2003; see also Wornham, 2003; jfo; Einarson et al, 2003).

On the other hand, in recent years the focus has turned to some extent to the characteristics of bullies and bullying behaviours which may provide insights for policy-makers. The gender difference is not great - men and women are bullies, and in a majority, but not all, cases bullies are the targets’ supervisors or managers. Other characteristics are not clear, perhaps because self-reporting of bullying by bullies is rare, and while co-workers are generally aware of who are the bullies, they are unlikely to report on the bully’s attributes. It is notable that while the careers of targets are frequently disrupted or terminated, bullies rarely experience suffer career setbacks because a bully’s supervisors have been found either to side with the bully or to ignore the evidence (Namie, 2003; Lutgen-Sandvik, 2003 ). As McAvoy and Murtagh (2003) have noted, ‘tough’ management can become a euphemism for bullying.
More specifically, recent bullying research has sought to explain bullying by the types of behaviours practised by bullies. For example, clinical psychologist Keryl Egan suggests that bullying behaviour moves along a continuum with three clearly identifiable types marking differences in bullying behaviours. The basis for the typology reflects the motivation, intentionality, responses to challenge and capacity for coaching. Thus, Egan notes

Accidental bullying includes insensitive, aggressive and demanding behaviours which have as their aim some ‘higher good’ such as … reaching high standards, beating the competition or the financial survival of the company. … they regard tough, insensitive and driven behaviour as normal in a pressured workplace. The health and well-being of others is … secondary to primary business goals. Such people are often shocked when they are made aware of the consequences of their attitudes and actions (Egan, 2005a).

Narcissistic bullying is further along the continuum of severity. It is often evident in highly motivated or talented individuals, and is characterised by “destructive, self-absorbed attitudes and behaviours, a lack of empathy, blaming, nitpicking, devaluing others, lies, boasting and taking credit for others’ work.” (Egan 2005b).
The most destructive behaviour is that of the psychopathic bully who deliberately seeks to destroy others through fear, whisper campaigns, marginalisation and destabilisation. Egan notes that psychopathic bullies have considerable capacity to engender widespread confidence in their abilities and are highly effective at managing upwards. This means that their destructive behaviours do not become apparent for some time. It is also unlikely that they will change their behaviours (See also Clarke 2004; Lutgen-Sandvik, 2003; Clarke, 2004; ABC 2005). As was shown in Table One the different kinds of bullying behaviour will tend to generate different responses to accusations of bullying, with some bullies highly amenable to changing behaviours with appropriate coaching. By contrast, while psychopathic bullies will resist efforts to begin behavioural changes. This very complexity is one reason why there needs to be greater understanding, awareness and analysis of bullying if effective organisational and public policies are to be developed.

The extent of bullying

It is difficult to measure the extent of bullying in a workplace or organisation because it depends to a fair extent on self-reporting, and the definitions or attributes of bullying used in employee surveys. For example Salin (2001) found that different perceptions of the levels of bullying depended on the criteria or definition applied by the researcher. Professional employees who were given a general definition of bullying and then asked if they had been bullied indicated much lower level of bullying (8.8 per cent) than those who were provided a list of pre-defined negative acts and then asked which they had experienced (24 per cent). Moreover, some researchers believe bullying is greatly under-reported, perhaps for the reasons noted by Egan (2005a) and others (see e.g. Lipsett, 2005a; Lutgen-Sandvik, 2003) that targets withdraw perceiving that they are at fault or that there is no possible redress (see e.g. Wornham, 2003). Reporting on a major newspaper survey of bullying in higher education in the UK, Lipsett (2005b) noted that a major finding was that “Respondents saw university HR departments as protecting institutions and helping bullies rather than victims”. In these respects, approaches to bullying may be likened to earlier approaches to other forms of relationship deviance such as domestic violence and racial or sexual harassment, insofar as the lack of wider recognition of the nature and extent of the phenomenon limits early recognition or acceptance. Moreover, if unrecognised, ignored or accepted bullying can become embedded in a workplace culture as spiralling fear and copycat behaviours develop so that under-reporting occurs simply because employees accept bullying as the norm (Shallcross, 2003; Lutgen-Sandvik, 2003).

In a recent UK survey of nurses, (Sweet, 2005) seventeen per cent reported having been bullied in the previous year, yet this is lower than other surveys such as that by Cusack (2004) who results showed that not only had 38 per cent had experienced bullying but a higher percentage (42 per cent) had observed co-workers being bullied. These latter results are similar to those found in New South Wales nursing where Rutherford and Rissel (2004) reported that, taking a broad definition of bullying, fifty per cent had experienced one or more forms of bullying in the previous twelve months. Nor is bullying confined to the health sector. A recent survey of bank workers in New Zealand found that 43 per cent of employees had experienced bullying, while in the UK a survey of personnel / human resources managers found that an impressive 87 per cent had experienced bullying. (Anon, 2004) In a broad survey of householders in Michigan, USA in 2000, 16.7 per cent of respondents reported having experienced severe disruption at work from bullying behaviours in the previous year. Clearly the evidence of bullying depends on the breadth and specificity of definition, but as Namie (2003) notes it can be extrapolated that about one in six employees experiences
bullying in the USA and other research suggests this proportion is understated. In other
words, while difficult to measure and to compare, there is clear evidence that workplace
bullying is extensive enough to be of concern to researchers, managers, non-managerial
employees, unionists, and policy-makers. Moreover, the changing nature of work and
increasing demands on organisations to meet relentless pressures for reduced costs, especially
in the form of increased labour productivity, act to boost the likelihood and acceptance of
bullying. In this respect rigorous research is important for raising awareness and influencing
public and organisation policy and action.

Research into Workplace Bullying

Most research and practical development into workplace bullying has been done by
researchers and professionals in four areas – the bullying professionals, lawyers,
psychologists and trade unions.

The bullying professionals are those individuals and organisations established specifically to
develop resources and research on workplace bullying. It seems likely that the founding
father was Heinz Leymann who began a work trauma clinic in Sweden in the 1980s and has
published his extensive research since then (Leymann 1990). Others have included bully
professionals such as Ruth and Gary Namie in North America. They have counselled several
thousand targets and published articles in business journals and popular media alike in order
to highlight the effect of bullying, and more recently forms of preventing and treating it
(Namie, 2003). In the UK the Andrea Adams Trust has been highly effective in publicising
bullying, while bully professional Tim Field developed a large database on bullying,
published popular books and provided public seminars and training courses over nearly a
decade (Bullying survey, Bullyonline). In New Zealand, Hayden Olsen and Andrea Needham
are well-known for their work treating targets and advising on workplace bullying. (see
e.g.Olsen, 2005) In Australia much of the work of bully professionals has been undertaken by
public organisations such as the Employee Ombudsman in South Australia and by
occupational health and safety agencies.

Not surprisingly the focus of lawyers has been on ways of introducing or using legislation to
prevent bullying, punish bullies or compensate the targets. In Australia, New Zealand and the
United Kingdom, aspects of bullying can be taken up indirectly through occupational health
and safety legislation. Acts. Catanzariti (2003, 2004), for example, shows how OHS
legislation, regulations and guidelines in NSW, Victoria and Western Australia emphasise
employers’ duty of care to make a workplace wholly safe for employees. Indeed, asserts
Catanzariti, such a duty of care may now extend to individual directors ‘where the employer
has failed to take all reasonable steps to prevent it from occurring”. He goes on to point out
that it is unnecessary to prove an employee has sustained psychological or physical injuries,
but only that employees were at risk and employers failed to take reasonable steps to prevent
that risk. (Catanzariti, 2004, p.17)

It seems likely that most scholarly research and much of the practical research, has been
undertaken by psychologists. In part this reflects psychologists’ roles in counselling targets.
As well, psychology is rigorous in its processes of quantifying and measuring psychological
outcomes, so that to a fair extent their work is characterised by certainty in measuring change.
Traditionally psychologists have taken a medical and individualist approach to bullying. That
is, whether dealing with individuals or workplaces, they have used terms such as “preventing
psychological injury”. In this respect, psychologists such as Peter Cotton and Peter Hart have
initiated proactive programmes which draw on the notion of organisational climate as a means
to enhance organisational health. For these practitioner scholars, the term *organisational climate* refers to ten core dimensions of workplace or organisational attributes including employee perceptions and evaluations of leadership practices, decision-making processes, working relationships among employees, appraisal and recognition, as well as roles and goals. Organisational climate reflects the way things are done in a particular work environment …[it] reflects the surface features of organisational culture. Climate can be measured and changed in organisational development whereas culture is extremely difficult to directly measure and change in a desired direction (Cotton, 2004).

For Cotton and Hart however, it follows that organisational ‘health’ is dependent on organisational climate, so that strategies of prevention, early intervention and injury management, and developing leadership ability will improve organisational climate and health. Rather than focussing on particular kinds of behaviours such as bullying or harassment, they are seeking to, and focusing, on climate improvement as a means of dealing with these kinds of deviant behaviour, especially in smaller workplaces (Cotton, 2004, 2005).

In recent years *trade unions* have moved from dealing with reported bullying on a case-by-case basis toward developing processes and systems of responding to workplace bullying. In Australia the Dignity at Work Charter was launched in 2004, while in the UK the giant union AMICUS has launched a comprehensive Dignity at Work Program funded by the Department of Trade and Industry and under the auspices of the Andrea Adams Trust. Bullying scholars are involved in working with major companies and employer associations in undertaking research, training and evaluation of the program. With its multi-party involvement and commitment to thoroughness, the Dignity at Work program is a model for other countries. (Dignity at Work website)

There is thus extensive research and analysis from a number of disciplinary areas (see also Kelly, 2005). Each of these brings particular insights which have the potential to illuminate aspects of bullying and so lessen or mitigate its incidence, but to a fair extent they are quite separate from each other, with very little cross-fertilisation. Thus Catanzariti’s thoroughgoing legal research has been presented to law conferences, while that of Cotton and Hart, for example, has been circulated among psychologists. Not only is the research fragmented, but there is minimal research in disciplines most relevant to workplace bullying, those areas most concerned with employment, that is human resource management (HRM) and industrial relations (IR)

**HRM and IR and the dearth of bullying research**

Barring the occasional foray there has been almost no research into bullying by IR or HRM scholars. Despite its close links with organisational psychology, it is perhaps less surprising in HRM where research has tended to focus on activities which are seen to have direct effect on employee effectiveness and workplace efficiency. Thus while a bullying workplace has negative effects on effectiveness and efficiency, it has not been identified in the HRM literature as an issue of direct concern. In part this reflects the unitarist assumptions of much HRM research in which conflict is not an inherent aspect of the workplace, and managerial rights are wholly legitimate. As well, in recent years, the focus on commitment and performance has meant that measurements of good or best practice are defined in terms of short-term outputs (see e.g. Laverty, 2004; May et al., 2003). It is curious that bullying is also common among human resource managers, and yet at the same time managers tend to demean the extent or effect of bullying. A recent survey of bullying in higher education in the UK found that 75 per cent of academics and researchers had observed bullying while 40 per cent
claimed they were experiencing bullying. The response of one HR manager was, “There is a fine line between bullying and managing underperformance: how often does action taken to address a person's failure to adequately carry out his/her duties result in a claim of harassment?”, (THES, 2005), a view with which other personnel managers concurred in an informal survey. Such approaches perhaps explain the dearth of concern by HR scholars and practitioners.

It is less clear why there has been little or no research in industrial relations, the study of all matters pertaining to work, (Adams, 1993) or the study of job regulation. (Flanders, 1975) Industrial relations scholars and professionals generally lay claim to assumptions of social justice, equity and fairness for employees in their research and practice. As Edwards (2003) notes “IR research has been predicated on the assumption that the [employment] relationship is one of conflict, power, and inequality”. Unlike HRM which is ideologically tied to a pro-business approach, IR is researched from multiple ideological viewpoints, although it is probably safe to assert that a majority of IR scholars give primacy to employees’ interests. A foundation for many IR scholars draws from the Webbs’ definition of a trade union “… maintaining and improving the conditions of … working lives” (Webb, 1965, p.1).

At first sight, then it would seem that bullying, especially that by superiors which research suggests constitutes over 70 per cent of events, would be a prime target for industrial relations research (Rayner and Cooper, 1997; Glendinning, 2001; Wornham, 2003). On the other hand, the focus of much IR research is on institutions and the structures, rights and processes of those institutions. In recent years industrial relations research has continued to consider questions pertaining to job regulation, perhaps because it has become more important with the decline in collectivism, the individualisation of employment and the move away form fairness to employees as a significant principle in public policy. However, not all research has focused on institutions and processes of regulation, with particular kinds of issues-based research having always been apparent. In particular industrial relations research has taken up issues of disadvantage, such as that for women and migrant workers, or those affected by low pay or employment insecurity. More recently attention has been paid to family-friendly workplaces. These are clearly issues which relate to the conditions of working lives. What differentiates them from issues such as workplace bullying is that in the main there is a definable group – women, young workers, parents. Moreover these labour market groups are readily definable for policy-makers, so there is an opportunity to use research to influence public policy.

By contrast bullying is not only relatively diffuse in its conceptualisation, it is also not confined to any particular section of society – a plethora of empirical research shows that employees in many industries and at all levels are subjected to bullying. Because the nature and effect of bullying are diffuse and not widely understood its importance and negative effects are perhaps under-estimated by employers and researchers.

Moreover, the ‘ownership’ or the organisational responsibility, of bullying varies considerably. In some cases it is through the HR manager, or the manager responsible for design and administration of grievance procedures, while in others it is OHS or other departments such as EEO which take responsibility for bullying policies and procedures. A review of the websites of Australian universities for example, revealed that in the great majority, workplace bullying was placed under the auspices of EEO / Diversity sections, despite the fact that bullying is not necessarily an EEO or diversity issue. The lack of natural champions perhaps explains further why bullying is not being addressed effectively. In many ways the lack of ownership or widespread concern over bullying is similar to approaches of professionals and researchers to sexual harassment and racism before legalistic responses were developed. While such deviance still exists in the workplace, it has arguably been
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lessened greatly because there are, on the surface at least, legal remedies and social and political mores which reject overt sexism and racism.

Yet as was shown above, bullying across a continuum of behaviours is widespread, destructive and costly to individuals and organisations. As the nature of work and employment continue to change in response to increased competition and decreased public protection, (Marchington, et al., 2005), the potential for bullying will increase. In order to avoid the ‘low road’ of workplace bullying, greater awareness and more effective responses must be developed. At present, while there is considerable research from several fields of study, there is little integration of that research, further reinforcing the low profile of bullying. The near absence of IR and HRM scholars is of further concern. Such scholars with a strong understanding of core aspects of employment – of management structures and cultures, of workplace and organisational communication, employee orientations to work and motivation, employee rights and the nature of conflict, cooperation and unequal power relations, – can provide insights which are not well explicated in legal studies or psychology. It is the same with the absence of research from scholars with expertise in ethics. It is arguable that bullying is wholly unethical, but there has only been marginal research into this, although there is considerable potential to add insights. (See e.g. Provis, 2004) Thus while organisations such as trade unions have important insights, their effect would be strengthened if augmented by rigorous research from scholars in a variety of fields.

Conclusion

This paper has explored the nature and extent of workplace bullying and the nature of research into this destructive phenomenon. It was shown that bullying can take multiple forms, and that for some forms of bullying the bullies can be coached to alter their bullying behaviours. Other forms of bullying however, reflect psychopathic behaviours which are unlikely to change, regardless of coaching. Moreover, because of the costs of bullying, there is much gain in changing behaviours, climates and cultures so that bullying is de-legitimised. Workplace bullying only rarely kills bullied employees, but there is a wealth of evidence to show that it highly destructive, costly and unethical. Besides the consistent work of bullying professionals and scholars, one of the most important responses to the growth of bullying appears to be the UK multi-party integrated approach where business, AMICUS, Department of Trade and Industry, scholars and professionals are working together to introduce Dignity at Work. In Australia, greater integration of research and practice, closer links between practitioners and researchers, and greater involvement of scholars from other fields of study, particularly industrial relations and human resource management could have a positive influence in reducing the incidence and impact of workplace bullying.

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Risk Management, Player Welfare and Privacy: Player Development Managers and Dilemmas for Employee Relations in Australian Football League Clubs

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This paper reports on one aspect of a research project that was funded by the Australian Football League (AFL) to explore the emergence and evolution of a ‘professional identity’ for AFL footballers. The research was informed by Foucault's later work on the care of the Self to focus on the ways in which player identities are governed by coaches, club officials, and the AFL Commission/Executive; and the manner in which players conduct themselves in ways that can be characterised as professional - or not. The paper explores the roles of Player Development Managers (PDMs) in emerging processes of risk and player management. These roles increasingly involve PDMs in risk management practices and processes that can be seen as intrusive in players’ lives. These risk management processes raise a number of concerns about player privacy and the rights of Clubs to know what their employees are up to away from the workplace.

Introduction

In this paper we discuss some of the findings of a research project funded by the Australian Football League (AFL) titled: Getting the Balance Right: Professionalism, Performance, Prudentialism and Playstations in the Life of AFL Footballers. The research was conducted during 2004. The research explored the following issues: the emergence and evolution of a ‘professional identity’ for AFL footballers – an identity that has many facets including the emerging ideas that a professional leads a balanced life, and has a prudent orientation to the future, to life after football: the idea that this ‘professional identity’ isn’t natural, and must be developed through a range of ‘professional development’ activities (a common link to all other ‘professions’).

In this presentation we discuss the roles of club Player Development Managers (PDMs) in the forms of risk management that clubs recognise as being important in the processes of list and player management that they engage in as a consequence of current AFL regulations. The research produced evidence of tensions between the paternalistic, profiling and reporting elements of various risk management practices at the Club level– in an environment where what it means to be a professional footballer is taking on new forms. The AFL sports entertainment business is more than a game, and the key participants in this business are more than athletes. They are professionals whose contemporary job descriptions have widened beyond the physical and character attributes necessary to the tasks of running, jumping, tackling and kicking. Character traits indicating capacities to handle celebrity, relative wealth, free time, demands from sponsors, clubs and the industry, assume more prominence in deciding who to recruit, who to keep on the list, who to spend time, energy and resources on developing.

In turn, these capacities, or the character traits that indicate the potential to develop these capacities via a variety of professional development (PD) activities, become important elements of risk management discussions in recruitment and development processes in clubs. Development of a professional identity, of a capacity to adopt a prudent disposition to life after football, and of a capacity to achieve balance between different aspects of your life,
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proceeds through a career that has its origins in these discussions and processes. The paper explores the roles of Player Development Managers (PDMs) in emerging processes of risk and player management. These roles increasingly involve PDMs in risk management practices and processes that can be seen as intrusive in players’ lives. These risk management processes raise a number of concerns about player (employee) privacy and the rights of Clubs (employers) to know what their employees are up to away from the workplace.

The AFL Sports Entertainment Industry

In an increasingly globalised media-sport-marketing nexus Sports are much more than a game (Hess and Stewart 1997). Highly profitable TV, WWW and print based media corporations seek to establish relationships with elite sports competitions to provide content – content that is attractive to various demographics and which can establish and maintain financially lucrative marketing and sponsorship associations with various products. These relationships have, over the past 30 years, dramatically increased elite player incomes from playing contracts and sponsorships. These mass mediated associations between individuals and teams, and highly visible products and brands create a range of rewards and responsibilities. These brand management issues rest largely on public perceptions of individual and team behaviours (Goldman & Papson 1998; Westerbeek & Smith 2003).

At the start of the 21st century the AFL is a significant sports entertainment industry in Australia. The sixteen team national competition has a short recent history. Australian Rules football has, however, a much longer history as a series of State based competitions. The AFL, while successful in managing the business of sport (Buckley 2002), is very much a regional brand in this globalised marketplace of brand associations - limited by the attractiveness of an indigenous game not readily understood by outsiders. The AFL industry has an annual turnover in excess of $400 million dollars. Corporate partnerships (with companies such as Toyota, CUB, NAB, Telstra), broadcast and Internet rights, merchandising, membership and gate receipts make significant contributions to this turnover. Individual clubs have turnovers that range from $12 to $30 million (Buckley 2002; Grant 2004; McGuire 2004).

AFL players, while being well paid by wage and salary earner standards, are in the minor leagues of global earning and celebrity stakes – although celebrity status in regional markets does create a range of issues for the development of a professional identity (Voss 2004). A major influence on the level of player payments is the cap on total player payments (salary cap) that the AFL enforces as part of its; 'commitment to a policy of equalization that promotes an even and exciting competition' (AFL 2004a). In 2004, for example, most clubs have a total player payment ceiling of $6.2 million (with some variations due to regulatory requirements, AFL 2004b). Under this equalization policy clubs are also limited in the number of players (44) that they can have on their lists. Player recruitment by clubs is also regulated by a draft process based on an allocation of selection priorities determined by the finishing position in the competition each year. The draft of beginning players is complimented by a process of trading established players - for other players, or for selection order in the draft. The draft and trading processes are highly regulated and take place at particular times of the year. The details of these mechanisms are complex and have created new forms of expertise in the pursuit of competitive advantage.

In addition the AFL and the AFL-Players’ Association (AFL-PA), as the organisation (union) that represents player interests, have a recent history of collective bargaining that has produced a number of Collective Bargaining Agreements (CBAs) since 1993. These CBAs have produced a number of outcomes including:
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- a series of minimum pay scales within the overall salary cap that specify minimum annual salaries dependent on experience, and a scale of minimum match payments;
- designated periods of annual leave in the off season, and a mandated one day off a week during pre-season and the season proper;
- an annual contribution of $1.5 million by the AFL to the AFL-PA for various Education and Training activities and grants to support player development and welfare;
- a condition that all AFL clubs must have on their Football Department staff a designated Player Development Manager (PDM).

This last outcome is a condition of the latest CBA finalised between the AFL and the AFL-PA:

Condition 24.7: The AFL Clubs shall advise their Players and the AFLPA of the name of the person within the AFL Club who shall be responsible for Player development.

The PDM is meant to provide a position in the Club with direct responsibility for meeting the diverse development and welfare needs of players. Later sections of this paper will discuss this position and some of the tensions associated with the activities of the PDM in managing risks and players in this sports entertainment industry.

Professionalisation and the Care of the Self

The emergence of the idea of the ‘professional AFL footballer’ – as a relatively recent phenomenon – is not without its tensions. A professional identity as a footballer does not come naturally. It is something that needs to be developed, and different authorities have different responsibilities for facilitating this development. It is, also, not stable. New demands and responsibilities emerge all the time. It also means different things to different individuals and groups within a team, to different individuals and groups within a club, to different authorities within the industry.

The research and methodology were framed by a reading of Michel Foucault’s ideas about the ways in which we develop a sense of Self, and the ways in which Others seek to govern us in relation to ideas about the particular characteristics that this Self should exhibit (2000a; 2000b). In his later work Foucault’s concern was to situate the ‘imperative to “know oneself” – which to us appears so characteristic of our civilization – back in the much broader interrogation that serves as its explicit or implicit context: What should one do with oneself? What work should be carried out on the self? How should one “govern oneself”? (Foucault, 2000b: 87). Foucault’s later genealogies of the Self, and the literature that is indebted to these genealogies, can provide a powerful analytical and methodological approach in a number of fields allied to the sociology of work (for example, organisation and critical management studies). Particularly in terms of understanding the ways in which employees are encouraged to recognise themselves, their interests, and their aspirations in a variety of workplace practices and programs. Programs that promise to produce in employees a desire to practise their freedom in ways that will make their organisations more productive, efficient and competitive.

From this perspective the formation of a professional identity can be understood as the development of a specific relationship to oneself and others. To be a professional is to be a
person who must do certain, quite specific work on oneself so that one can be considered to be professional. To be professional as a police officer, or teacher, for example, means different things, requires a different relationship to oneself and others, requires the individual to do different work on the self, than to be professional as an AFL footballer.

To be a professional invokes, also, a sense of asceticism, a certain disciplining of the Self so that one might be, or become, more professional. This is a key element in considering the sorts of ‘sacrifices’ individuals are prepared to make to become ‘professional’. Foucault (2000a: 282), in a discussion of the ways in which people make choices about the sorts of person they wish to become, suggests that processes of self formation can be understood as ascetic processes – ‘not in the sense of a morality of renunciation but as an exercise of the self on the self by which one attempts to develop and transform oneself, and to attain a certain mode of being’.

What it means to be a ‘professional footballer’ is a product of the negotiations between different individuals and groups about why players should adopt this identity, and the forms of work necessary to produce this identity (Foucault 2000a; Foucault 2000b). Identity is also many faceted and produces different outcomes, rights and responsibilities at different times and settings. In this research two, closely related, aspects of a professional identity are important.

**Being professional: Preparing for life after football**

Contemporary ideas about PD for AFL footballers include an encouragement to develop a prudent orientation or disposition to the future - in an occupation that can 'cut you off at the knees' (or the groin, or ankle, back…) at any time without warning. An ability to adopt a prudent, risk aware relationship to present and future circumstances is a particular issue for AFL footballers who - at an age when other young professionals might imagine a career that stretches 40 years into the future - have to develop a future oriented disposition to a career that might span 10 years. In this context the AFL and AFL-Players Association invest over $1.5 million p.a. in various education and training activities undertaken by players (AFL-PA 2004; Burgan 2002; Brereton 2003).

**Being professional: Doing something to fill your day**

AFL footballers are increasingly encouraged to develop balance in their life – a balance that would enhance their effectiveness and performance, and thus contribute to their club/team performance. Footballers are being encouraged to develop an orientation to themselves, and their team/club, that requires them to undertake some form of training or education, get a job, do community based activities - almost anything to counter the ‘Playstation Syndrome’ that witnesses players struggling to fill their days with activities other than training and video games (Oakes 2003). It is claimed that developing this ‘duty of care’, as an aspect of what it means to be a professional footballer, would then contribute to improvements in individual, team and club performance.

The primary means of data collection in this research involved face to face interviews with some of the key stakeholders involved in the development of professional identities for AFL players. At the heart of the qualitative methodology is an invitation to understand the lived experiences of others through their own perspectives. Taking an industry perspective we constructed our investigations to incorporate the perspectives of AFL participants across three different, but interacting, layers of involvement. The first layer comprised representatives
from those involved in the management and regulation of the industry, the second layer took in the perspectives of club level coaching and football department staff, while the third layer involved the players themselves. We conducted a series of 60 to 90 minute interviews with 36 players, 24 staff (coaches, PDMs, etc) of the Football Departments of 3 Clubs, and 8 officials of the AFL and AFL-PA Executives, in which we sampled a cross section of perspectives and opinions about what it means to be a professional AFL player and how this identity is best managed.

**Player Development Managers and Player Profiles: PDM expertise and issues of privacy and responsibility**

An area of significant change in the AFL in the last 10-15 years is related to the provision of pastoral care at the Club level. Up until relatively recently coaching and support staff were almost exclusively dedicated to maximizing the on field performances of players. However, the fact that all clubs, under the new CBA, are required to identify an official who is responsible for player development is evidence of an industry shift.

The research indicated that there are differences in the roles of PDMs at different Clubs. Some PDMs, for example, also act as forward scouts or perform various other functions on match days. Media commentary on relative inequalities among AFL Clubs also indicates that some wealthier Clubs are able to afford to employ multiple support staff to assist player development, welfare and performance improvements. While more personnel does not automatically translate into better outcomes it does heighten the chances of delivering enhanced player development services.

In a competitive environment this additional expenditure has the aim of delivering increased performance and competitive advantage. This is an explicit acknowledgement that these Clubs believe player professional development along lines that encompass non football related matters is important, and that a commitment to support this development has a range of performance related benefits.

While there is a great deal of diversity in the way clubs use their PDMs, our research reveals that some clubs hold the role of the PDM in very high regard.

I think it’s the second most important job at the club, behind the coach. He has to be a counsellor. He has to look after the transition of players into and out of the football club. He is the person that looks after all of them. Not just the new kids, but the older players as well, will use him as a sounding board to know how they’re going. He has to be someone they trust and can actually relate to as a friend. It’s a huge job and takes up a huge amount of time.

*Senior coach*

The role of a PDM is a diverse and complex one. At the same time the research indicates that it is an increasingly important role at club level for a number of reasons:

- Facilitating professional development for players – often as a defacto careers and education counselor
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- Developing and implementing induction programs for new players to a Club – often including making arrangements for players’ families
- Working with Late Career players as they prepare to finish their careers – although some Club officials suggest that exit programs were often not as sophisticated as many induction programs
- Welfare and pastoral care activities – many of which remain largely invisible to others in a Club unless and until they are reported on and circulated within the Club

Our research indicates the significant influence that the Senior coach, and his assistants, have on shaping attitudes to player professional development needs – especially at the Club level. However, the role of the PDM, in many respects, is emerging as the first, and possibly most important, point of contact for the ongoing management and professional development of AFL footballers.

Many of the Football Department people we interviewed at the 3 Clubs discussed the ways in which they kept track of the variety of off-field behaviours, activities and issues of the players they were responsible for. In this part of the paper we will outline how the interest in what players are doing off the field produce certain practices; practices that are justified in terms of identifying and managing risks – to the player, and for the Club. Importantly they are also justified in terms of a concern with player welfare. It is argued that these practices have the players' best interests at heart.

One form these practices take is a formal, periodic written assessment or profile for each player. These profiles, in the situations we witnessed them, are prepared by some PDMs and are circulated among key members of the Football Department – often initially to the General Manager Football Operations (GMFO) who might then pass it on to others. These periodic written reports often formalise other, more informal, conversations that have taken place in the context of day to day meetings and discussions about players and what is going on in their lives.

At one Club we visited the PDM gave us a copy of the last report he had collated and passed onto the GMFO. We had discussed this sort of profiling with him, and indicated that we were interested in the formal details of this sort of profiling – but we were not interested in the personal particulars of individual players. The copy of the report he passed to us had player's names and identifying characteristics deleted. Given the Club context though it was possible to identify some of the individuals from the information contained in the profile. In the excerpts from this profile that are reproduced below we have endeavoured to remove any of these details, and we also will not name the Club or the PDM involved.

What is of interest here are the sorts of personal information and detail that is gathered on an individual employee of an organisation, by a development or welfare official of that organisation, and which is then circulated – with names attached – within other contexts in the organisation. Examples here include:

'…[name] has never had a job that has any sort of responsibility. He has been a [suburb] lad from Under 10s and I don't think a career outside of sport was ever contemplated. That said his work ethic has been noted and commented by the senior players of the team…'
'…Daily contact with him during the break – always the same problem, do I have any money left, always the same answer; I haven't got any to give you… Still a burden on [name] and [name] when his cash is low – [name] for meals, [name] for money…'

'… had an enormous weekend with [name] prior to Xmas. Wanted to return home with only three training sessions left. Crying, homesick and real down, he wanted me to take him to [name] house… Spent all day of a Sunday with him, all Sunday night (he stayed at my house) and had to drag him out of bed on the Monday to get to training – and he still didn't want to go!…'

'… Has moved out of the family home and into a house with his young girlfriend. They are both the kings of discount living and only eat at two for one restaurants, or any place that accepts discount vouchers, entertainment cards etc… It is quite odd in this Club where most of the lads are free spending so he does cop a bit from the other boys – I however back him up and am supportive of him and his way of thinking!…'

'…Returned from the 2003 end of season break in a real dilemma – no money because of severe gambling problem ($20,000 down after 2 years) a child on the way (with [name], the mother, residing in [State]) and suffering severe homesickness… Did arrange for part time work in a shoe repairers in the city. An interview is pending however I feel the child will be more than plenty for him to cope with. I feel he lacks maturity and considering he is in his third year at the Club can't see this changing any time soon…'

'…Once again a little lost with what we are to do with him. Still living at home with a father that has no idea what's going on in life so there's not much direction he can receive from him…'

'…was awoken early one morning by [name]'s Mum in tears about a problem – [name] partner of three years had decided she no longer wanted to be with him! (to be honest I thought she was going to tell me he lost a leg. She was in such a state). It was a pretty unsettling time and whilst his outward mood was his usual quiet self he was quite hurt…'

It is evident from these entries that many of these individual profiles contain information of a highly personal nature which in many other work organisations would not have been readily available to employers. Such information may also have been seen as constituting an invasion of privacy. These profiles constitute forms of workplace surveillance that were justified by concerns that had the players' interests at heart. At the same time they circulated in administrative contexts that had the Club's interests at heart.
This information, about off-field behaviours and attitudes, was considered important for a number of reasons: It was argued that such information could help explain or shed light on on-field playing performance: Clubs needed to be aware of what was happening in players' off-field lives so that they could identify and manage any risks these off-field activities might pose to the individual player or club.

PDMs were aware of some of the concerns and possible consequences that might emerge from this sort of personal profiling. They were also aware of issues of trust for their ongoing relationship with players. Some spoke of their self-censorship in compiling and circulating these profiles. They made judgements about what to pass on to other officials in the Football Department, or commit to paper in a way that formalises conversations or meetings they have had with players. But they also argued for the usefulness and benefits, as they saw them, of these profiles. It would not be too difficult to imagine a litigious scenario related to the collation, circulation and storage of this type of information. Particularly if it could be argued that this sort of information played some part in trading, drafting or contract processes that had an adverse affect on a player's career.

What is of interest in these processes, in the particular cultural, regulatory and sports entertainment context of the AFL, are the ways in which a sports entertainment business generates a series of expectations about appropriate behaviours and dispositions that serve to identify a person/player as professional. A related interest is with the forms of control or regulation that the AFL, Clubs and sponsors/partners seek to exercise over players once they recruit them. Foucault’s work, and the social scientific work that has drawn on it, enables us to identify and analyse how relations of power, forms of regulation and arts of governing a competition, a Club, a team, an individual, yourself, intersect and interact in ongoing attempts to make up (Rose & Miller 1992) the professional footballer.

**Conclusion**

The analysis in this paper indicates that Clubs are increasingly concerned with managing a variety of risks associated with recruitment (via the draft and trading) in an environment that is structured by restrictions on the size of the playing list, the salary cap, and the ways in which playing lists can be changed over time. If it is more difficult within these regulations to recruit, retain and manage a successful mix of the right people, how do you identify and manage the risks associated with recruiting and retaining individual players? The emergence of PDMs in Clubs is clearly part of a wider set of industry changes and adaptation that have evolved with the development of the AFL as a fully professional sports entertainment industry.

However the industry, and key organisations within it, need to consider the ways in which personal, and private information related to AFL players is gathered and recorded in a formal or semi-formal manner, and circulated within a Club environment. Importantly, how is this data stored or kept secure to protect the privacy of individual players? What protocols should be developed to regulate these processes? What rights and responsibilities attach to players, PDMs and other officials in these processes? Should players have the right to know what information related to them is recorded and circulated under the banner of concerns with player welfare? Clearly tensions exist between the paternalistic and surveillance practices that emerge from the involvement of PDMs in risk management and player management. These tensions raise questions about the ways in which power relations in these contexts shape understandings of professionalism; of a prudent, risk aware disposition as a professional; and the surveillance practices Clubs establish to monitor and develop these characteristics in their
employees. These tensions are worthy of further research and analysis as this sports entertainment industry develops.

References

Oakes, D. (2003) 'Education the key to combat 'PlayStation' syndrome', The Age 7/3/03, Sport, p.3
Examining Participative Management in the Context of Strategic HRM

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This study examines the interactive effects of participative management and strategic human resource management on both staff turnover and firm performance. Data collected from 379 Australian for-profit organisations indicated that participative management was only related to reduced levels of staff turnover and increased levels of operational performance among firms with low levels of strategic HRM. Contrary to expectations, firms with strategically integrated HRM did not derive any additional benefits from simultaneous application of participatory work designs. Implications of these results are discussed.

Introduction

An increasingly demanding and highly competitive business environment based on non-price factors such as quality, flexibility and innovation is encouraging firms to adopt a variety of new work practices aimed at involving employees more fully in production related decision making. Often labeled participative management (PM) or employee involvement (EI) work practices, these new organisational forms typically include the use of problem solving groups, individual responsibility for quality and cost control, the use of cross-functional work teams, and joint employee-management programs (see, for example, Becker & Gerhart, 1996; Guest, 1997; Lawler, Mohrman & Ledford., 1992). Organisational uptake of such practices has increased considerably over the past decade (Gittleman, Horrigon & Joyce, 1998; Lawler, et al, 1995; Osterman, 1998), due in no small part to documented associations between PM and lower levels of employee turnover (Marks, Mirvis, Hackett, & Grady, 1986; Guthrie, 2001) and increased organisational effectiveness (Lawler, 1986; Macy, Peterson, & Norton, 1989).

Despite the popularity afforded to PM in recent years, several major reviews of the literature on PM and employee involvement have suggested that any association between participatory work designs and enhanced organisational outcomes, whilst consistent, are nonetheless relatively small (e.g., Schweiger & Leana, 1986; Wagner, 1994; Tesluk, Vance, & Mathieu, 1999). A number of researchers have suggested that these seemingly inconsistent findings may be rectified through the adoption of a systems approach to the study of PM (Mohrman & Lawler, 1989; Tesluk, et al., 1999). Mohrman and Lawler (1989), for example, suggest that participative practices that are integrated with supportive subsystems within the organisation are likely to be more effective than narrow and limited involvement efforts. Such supportive systems may include appropriate rewards for participation, training, communication practices, and other organisational subsystems that ensure employee participation contributes effectively to the organisation’s goals and objectives. In this study we adopt a systems perspective to determine whether organisations with a strategically integrated HR function supportive of PM enhances the benefits an organisation can derive from participatory work designs.

Theoretical Background and Hypotheses

Participative Management

In essence, PM is about conferring greater decision-making authority and responsibility to front-line employees such that they are able to control and coordinate a number of the basic
activities and functions of the enterprise (Cotton, 1994). Effective PM necessarily requires greater sharing of information and power with front-line employees (Lawler, Albers & Ledford, 1992). In effect, PM reflects an alternative to the traditional “command and control” system of management such that employee behaviour is primarily self-regulated rather than controlled by external pressures and sanctions (Wood, 1996). Benefits accrue to organisations to the extent that PM permits employees to make greater use of their skills and knowledge, fulfils expectations that work should be meaningful, and provides intrinsic rewards (Marks, et al., 1986). Such conditions have been argued to, in turn, help create a more motivated and productive workforce as well as forge more co-operative labour-management relations that encourage employees to stay with the organisation (Guthrie, 2001; Huang, 1997; Marks, et al., 1986; Wagner, 1994). Such assertions have been supported by empirical research linking PM with lower levels of turnover (e.g., Guthrie, 2001) and organisational effectiveness (e.g., Macy, Peterson & Norton, 1989; Vandenberg, Richardson & Eastman, 1999).

Despite considerable research evidence linking PM with several beneficial organisational outcomes, it has been noted that such associations are generally weak (Tesluk, et al., 1999; Wagner, 1994). Wagner (1994) in his meta-analysis of some 52 studies of participatory effects concluded that whilst participation can have statistically significant effects on performance, the average size of these effects is small enough to raise concerns about practical significance. Wagner suggests one possible explanation for these small effect sizes is the possibility that participation might have its strongest effects under certain favourable conditions. In line with this argument, Tesluk et al (1999) suggest that PM may be expected to have their most beneficial impact when supported by organisational subsystems that help reinforce PM practices. In this study we suggest a strategically integrated HRM system may prove to be one such supportive subsystem.

Strategic HRM

HRM has been increasingly asked to widen its focus from the administrative role it has traditionally played to a broader, strategic role (Barney & Wright, 1998). This latter role requires HRM to act as strategic partner and involve itself in the development and implementation of corporate strategy (Martell & Carroll, 1995). Essentially, strategic HRM is recognition that a firm’s human resources are essential to the achievement of organisational goals. As such, HR activities are organised around those tasks necessary to achieve and promote corporate strategy. HR planning, for example, is explicitly linked to business strategy, as is employee training and reward systems. Similarly, the company’s business strategy is formally communicated to all employees.

Research in the field suggests that integrating the HR function with organisational strategic planning can help the organisation to meet its strategic objectives by (a) ensuring that all resources (human, technical, and financial) are given due consideration in setting goals and assessing implementation capabilities, (b) providing a broader range of possible solutions to complex organisational problems, and (c) limiting the subordination of strategic considerations to important HR issues as a vital source of organisational competence and competitive advantage (Budhwar, 2000; Martell & Carroll, 1995).

Extensive commentary and research exists on the benefits that strategic integration of HRM has on organisational performance (Yeung & Berman 1997, Lawler and Mohrman 2003, Budhwar 2000). An early study by Misa and Stein (1983), for example, compared the strategic integration of HRM of high productivity firms with low productivity firms and found much greater linkages between HRM and strategy in the better performing firms. In a study of 13 large corporations, Glass (1988) likewise found that higher performing firms made much
greater efforts to integrate HR executives in the planning and decision-making process. Similarly, Huang (1995) found that as Taiwanese firms increase to a higher level of integrated HRM, there was a clear improvement in their organisational performance. Similar benefits of strategic HRM have been identified for employees as well. Research by Lawler and Mohrman (2003), for example, has found that companies utilising strategic HRM focused significantly more on employee development activities than non-strategically integrated HR firms. As employees can be expected to value professional development, these findings suggest that strategic HRM will influence employees’ desire to remain with an organisation dependent on that organisation’s focus on HR issues.

In this paper we propose that strategic HRM will also contribute to organisational effectiveness to the extent that it provides a supporting mechanism by which to implement PM initiatives. Despite the best intentions of providing participatory designs, we suggest organisations will not benefit substantially from such initiatives unless employee level goal setting, problem solving and related activities are suitably aligned to the strategic objectives of the organisation. If we expect employees to participate in problem solving and decision making that affects the business effectively, then we ought to expect employees are firstly able to understand that business and how they can contribute to its success. Thus, PM should be most effectively supported when employees receive training based upon the organisation’s business strategy. Likewise, PM should contribute to business success most when employees receive information from management about the business and its strategic priorities.

As strategic HRM might be expected to enhance PM-performance outcomes, we also propose that strategic HRM will moderate the relationship between PM and employee turnover. As indicated previously, PM provides employees with the opportunity to participate more widely in the day to day operation of the organisation – a feature of the work environment which allows employees to experience meaningful and intrinsically rewarding work. As a result, participative work environments have been linked to reduced levels of employee turnover. However, it may be possible to gain further employee retention benefits should PM be integrated with supportive HRM compared to PM practiced in isolation. For instance, whilst employees value participation, this participation may be valued more when employees are aware that their participation has organisational wide implications for meeting strategic objectives and business success. To possess the knowledge that one’s contributions are suitably directed towards organisational goals requires greater training and information sharing, attributes characteristic of strategic HRM. In contrast, employees who do not receive adequate training or information are less likely to understand how their problem solving or decision making affects higher level outcomes and are thus more likely to experience frustration at actions that may or may not be considered of value to the organisation or its success. Such frustration may potentially increase employee propensity to quit the organisation.

From the preceding discussion on participative management, strategically integrated HRM, and the complementary effects between the two, the following hypotheses are made:

Hypothesis 1. PM will be negatively associated with staff turnover.

Hypothesis 2. PM will be positively associated with firm performance.

Hypothesis 3. Strategically integrated HRM will be negatively associated with staff turnover.

Hypothesis 4. Strategically integrated HRM will be positively associated with firm performance.

Hypothesis 5. Strategic HRM will moderate the relationship between PM and both staff turnover and firm performance. Specifically, organisations will benefit from PM most
when supported by strategically integrated HRM (i.e., lower staff turnover and higher firm performance).

Method
Sample and Data Collection

Survey questionnaires were mailed to the intended population of Australian for-profit organisations employing at least 50 employees. 2470 such firms were identified from Dunn and Bradstreet’s ‘Australian Business Who’s Who’ online database (2001). Of the 2470 questionnaires mailed out, 343 questionnaires were returned undelivered due to the intended recipient no longer being at the posted address, while 62 questionnaires were returned due either company closure, amalgamation, or competitor takeover. Thus the population sampled in the present study was in effect 2065 companies.

The survey was directed at the most senior human resources manager within each organisation. When such a HR specialist could not be identified, questionnaires were sent to the organisation’s most senior manager (such as the Managing Director or Chief Executive Officer) who was asked to either complete the survey themself or to pass the questionnaire on to the person most knowledgeable of the company’s HRM policies and practices for completion.

379 usable surveys were returned for a response rate of 18.35 percent. Whilst somewhat low, this response rate is consistent with other survey research examining HRM–organisation outcome relationships using single organisational representatives. Becker and Huselid (1998), for example, report response rates in the HRM-firm outcome literature range from six to 28 percent, with an average of 17.4 percent. In terms of sample characteristics, 199 respondents were HR specialists and had an average organisational tenure of 4.40 years. Responding companies ranged in size from 50 to 32,000 employees (median size = 180) and had an average age of 43.15 years. The industry distribution for the sample is: agriculture, forestry and fishing (3.2%), mining (5.8%), manufacturing (29%), electricity, gas and water (1.0%), construction (6.4%), wholesale trade (6.9%), retail trade (5.3%), finance and insurance (8.5%), transport and storage (8.2%), communication services (4.8%), accommodation and restaurants (2.4%), property and business services (7.4%), private community services (1.3%), cultural and recreational services (1.3%), personal and other services (4.0%).

Given the 18.35% response rate obtained in the present study, checks were made for possible non-response bias. Specifically, we compared “early” versus “late” respondents (those who responded after receipt of the reminder letter) along several key variables, including company age, size, unionisation, self-reported performance, and use of high commitment management system. According to Armstrong & Overton (1977), late responders could be considered very similar to non-respondents, given late respondents would fit into the non-respondent category without the use of a reminder letter. T-tests conducted showed no significant differences between the two groups (i.e., “early” and “late” respondents) along the comparison variables.

Measures

Participative Management. Six schemes of formal participation were examined: 1) regular problem solving teams; 2) joint employee-management programs; 3) non-supervisory monitoring of quality, costs and productivity; 4) employee goal setting at work unit or departmental level; 5) flexible job descriptions; and 6) cross-functional teams. These schemes were assessed using 5-point Likert scales ranging from 1 (strongly disagree that this practice
describes my firm’s HRM activity) to 5 (strongly agree that this practice describes my firm’s HRM activity). Respondents were asked to assess their firm’s level of participative management in relation to core non-managerial and non-professional staff. A principal component’s analysis on the 6 participation items revealed a single factor with an eigenvalue above 1.00. The scale possessed adequate internal consistency with a Chronbach’s alpha coefficient of .78

Strategic HRM. Building on existing measures of strategically integrated HR (Huang, 1998; Huselid, 1995; Wright, et al. 1998), eight items were used to assess the extent to which each responding company considers human resource factors when developing and implementing a business strategy (e.g., “to what extent is employee training linked to the strategic needs of the company?” and “To what extent is the HR function involved in major strategic decisions made in the company?”). The items used a five-point response scale where 1 = low extent and 5 = high extent. A principal components analysis with varimax rotation revealed a single factor with an eigenvalue above 1.00. The scale possessed adequate internal consistency with a Cronbach alpha coefficient of .88

Staff Turnover. Reports of voluntary staff turnover from key informants are typically used in organisational turnover research. Similar to Huselid (1995), we used a single item measure, “What is your organisation’s yearly staff turnover rate?”

Operating Performance. A self-report measure of firm operating performance was developed for the current study. Three items were used to assess the extent to which the organisation was performing in the areas of on-time delivery of goods/services, product/service quality and customer satisfaction. Respondents were asked to rate their organisation’s performance in these areas compared to other organisations that do the same kind of work. The scale displayed good internal consistency with an alpha coefficient of .84.

Control Variables

Several control variables were used to control for systematic variance not attributable to the variables of interest.

Firm size.

Firm size was measured as the natural logarithmic transformation of the total number of employees.

Degree of Unionisation. The degree of unionisation was measured with a single item that asked “What percentage of your workforce belongs to a trade union?”

Firm Age. Respondents were asked to indicate the age of their company in years.

Industry. Dummy variables for 15 ANZIC industry sectors were used to control for industry effects.

Subsidiary Firm. A dummy variable was created to control for any effects attributable to whether the participating organisation was a subsidiary firm or not.

Human Resource Professional/Non-Professional. A dummy variable was created to control for the possible effects attributable to the respondent’s background in HR (or lack thereof). Human resource managers may be more prone to inflate responses regarding their company’s use of innovative HRM practices within the organisation or to deflate negative HR outcomes like employee turnover.
Results

Table 1 presents the means, standard deviations and zero-order correlations among all study variables.

Predictions that participative management and strategic HRM would be associated with staff turnover and firm performance was tested using hierarchical multiple regression. In two separate analyses, control variables were entered on step 1, participative management was entered on step 2, strategic HRM was entered on step 3, and the interaction effect between participative management and strategic HRM was entered on step 4. To reduce multicollinearity effects and make the interaction term more directly interpretable, the participative management and strategic HRM variables were centered at their means (Cohen & Cohen, 1983).

Table 1. Descriptive Statistics and Correlations

<table>
<thead>
<tr>
<th>Variable</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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<tr>
<td>1. Staff turnover</td>
<td>3.52</td>
<td>1.54</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Firm age</td>
<td>42.78</td>
<td>37.61</td>
<td>-.14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Unionisation</td>
<td>30.69</td>
<td>93.31</td>
<td>-.12</td>
<td>.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Firm size</td>
<td>655.75</td>
<td>2336.31</td>
<td>.01</td>
<td>.14</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Subsidiary</td>
<td>.40</td>
<td>.49</td>
<td>.04</td>
<td>.01</td>
<td>-.07</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. HR specialist</td>
<td>.53</td>
<td>.50</td>
<td>.13</td>
<td>.06</td>
<td>-.02</td>
<td>.11</td>
<td>.22</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7. Participative management</td>
<td>3.24</td>
<td>.84</td>
<td>-.15</td>
<td>.02</td>
<td>-.02</td>
<td>.05</td>
<td>.05</td>
<td>-.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Strategic HRM</td>
<td>3.55</td>
<td>.79</td>
<td>-.14</td>
<td>.10</td>
<td>-.06</td>
<td>.08</td>
<td>.18</td>
<td>.14</td>
<td>.33</td>
<td></td>
</tr>
<tr>
<td>9. Performance</td>
<td>5.53</td>
<td>.93</td>
<td>-.16</td>
<td>-.02</td>
<td>-.10</td>
<td>-.08</td>
<td>-.10</td>
<td>-.08</td>
<td>.20</td>
<td>.19</td>
</tr>
</tbody>
</table>

Note: Correlations above .10 are significant at p < .05; correlations above .14 are significant at p < .01; correlations above .18 are significant at p < .001.

As predicted by Hypothesis 1, PM was significantly and negatively associated with staff turnover after taking account of control variables (see Table 2), explaining an additional 2 percent of variance beyond the restricted model. Similarly, and in support of Hypothesis 3, strategic HRM was significantly and negatively associated with turnover and explained an additional 3 percent of variance in turnover after controlling for participative management. In equation 4, the inclusion of the interaction between participative management and strategic HRM accounts for an additional 1 percent of variance in turnover. This significant interaction is presented in Figure 1 and shows that PM is associated with decreases in staff turnover when the use of strategic HRM is low. For firms high on strategic HRM (one standard deviation above the sample mean), moving from low to high levels of participatory management has no significant association with staff turnover (non-significant slope).

The pattern of results for PM and strategic HRM effects are similar for firm performance as they were for employee turnover. As shown in Table 3, PM was significantly and positively associated with operational performance, explaining an additional 4 percent of variance beyond control variables (supporting hypothesis 2). Likewise, strategic HRM explains an additional 4 percent of variance in operational performance beyond PM, thus supporting Hypothesis 4, whilst the interaction term between PM and strategic HRM accounts for an additional 2 percent of variance in operational performance. Similar to the interaction effect found for turnover, Figure 2 reveals that PM is associated with increases in operational performance when the use of strategically integrated HRM is low. Like turnover, firms high
on strategic HRM (one standard deviation above the sample mean) display no performance improvements when moving from low to high levels of participator management (non-significant slope).

The results of the slope analyses reveals only partial support for Hypotheses 5 and the complementary hypothesis in general. Whilst the lack of both PM and strategic HRM was associated with both the poorest staff turnover rate and operational performance level, the converse was not the case. Instead, the results suggest that whilst PM may have the anticipated beneficial effects on turnover and performance, the utilisation of strategic HRM may not improve these beneficial effects. That is, strategic HRM and its emphasis on training for company needs, communicating business strategy and the like may be sufficient to obtain the behaviours required from employees for effective organisational functioning.

Table 2. Results of hierarchical regression analysis regressing staff turnover on participative management, strategic HRM, and their interaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>Equation 1</th>
<th>Equation 2</th>
<th>Equation 3</th>
<th>Equation 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm age</td>
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<td>-.09</td>
<td>-.07</td>
<td>-.07</td>
</tr>
<tr>
<td>Percentage unionised</td>
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<td>-.02</td>
<td>-.03</td>
<td>-.02</td>
</tr>
<tr>
<td>Firm size (log)</td>
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<td>.04</td>
<td>.05</td>
<td>.04</td>
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<tr>
<td>Subsidiary</td>
<td>.06</td>
<td>.07</td>
<td>.11</td>
<td>.11</td>
</tr>
<tr>
<td>HR specialist</td>
<td>.04</td>
<td>.04</td>
<td>.05</td>
<td>.06</td>
</tr>
<tr>
<td>Step 2:</td>
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<tr>
<td>Participative management</td>
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<td>-.07*</td>
<td>-.07*</td>
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</tr>
<tr>
<td>Step 3:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Strategic HRM</td>
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<td></td>
<td>-.20*</td>
<td>-.19*</td>
</tr>
<tr>
<td>Step 4:</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Participative management X strategic HRM</td>
<td></td>
<td></td>
<td></td>
<td>.12*</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.16</td>
<td>.18</td>
<td>.21</td>
<td>.22</td>
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<tr>
<td>Model $F$</td>
<td>4.30***</td>
<td>4.45***</td>
<td>5.01***</td>
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</tr>
<tr>
<td>$\Delta R^2$</td>
<td>.02*</td>
<td>.03***</td>
<td>.01*</td>
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</tr>
</tbody>
</table>

Note: Standardised regression coefficients are shown. Dummy variables for the 13 industry sectors were included in the analysis but are excluded from the table.

Table 3. Results of hierarchical regression analysis regressing operating performance on participative management, strategic HRM, and their interaction

<table>
<thead>
<tr>
<th>Variable</th>
<th>Equation 1</th>
<th>Equation 2</th>
<th>Equation 3</th>
<th>Equation 4</th>
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</thead>
<tbody>
<tr>
<td>Step 1: Controls</td>
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</tr>
<tr>
<td>Firm age</td>
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<td>-.01</td>
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<td>-.03</td>
</tr>
<tr>
<td>Percentage unionised</td>
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<td>-.04</td>
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<tr>
<td>Firm size (log)</td>
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<tr>
<td>Subsidiary</td>
<td>-.10</td>
<td>-.12*</td>
<td>-.15*</td>
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<tr>
<td>HR specialist</td>
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<td>-.01</td>
<td>-.04</td>
<td>-.05</td>
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<tr>
<td>Step 2:</td>
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<td></td>
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</tr>
<tr>
<td>Participative management</td>
<td>.21***</td>
<td>.15*</td>
<td>.14*</td>
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<tr>
<td>Step 3:</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>
Step 4: Participative management | Strategic HRM
---|---
X | -.16∗

Adjusted R² | .02 | .05 | .08 | .10
Model F | 1.26 | 1.90∗ | 2.47∗∗∗ | 2.65∗∗∗
ΔR² | .03∗∗∗ | .03∗∗ | .02∗

Note: Standardised regression coefficients are shown. Dummy variables for the 13 industry sectors were included in the analysis but are excluded from the table.
∗ p < .05; ∗∗ p < .01; ∗∗∗ p < .001.

**Figure 1. Effects of participative management and strategic HRM on staff turnover**

**Figure 2. Effects of participative management and strategic HRM on operational performance**
Conclusions

As expected, participative management and strategic HRM both displayed significant independent main effects on labour turnover and firm performance. Contrary to expectation, however, strategic HRM did not amplify the relationship between participative management and the outcome variables of interest. Instead, participative management was found to be associated with lower staff turnover and increased firm performance only under low strategic HRM conditions. Under high strategic HRM conditions, participative management showed no significant association with turnover or performance.

There are a number of possible explanations for non-significant PM-outcome associations under high strategic HRM conditions. First, strategic HRM may serve to extinguish any previously observed beneficial effects of participatory work designs. For instance, strategic HRM, with its emphasis on training for company needs, communicating business strategy and HR planning linked to corporate objectives, may be sufficient to obtain the behaviours required from employees for effective organisational functioning. In effect, involving employees in lower level decision making or problem solving may not be necessary once the organisation involves the HR function in eliciting those worker behaviours that best support strategic requirements. Second, it may be possible that the meaningful and intrinsically rewarding work environment created by participatory work designs may likewise be created by a HR function that provides significant investments in training and development and by a management team willing to communicate to employees information regarding the business and the worker’s place in it – key features of strategic HRM investigated in the present study.

Whilst the causal mechanisms responsible for the associations between PM and strategic HRM are beyond the bounds of the present study, one conclusion that can be drawn is that more is not necessarily better. Attempts to enhance previously identified associations between participatory work designs and organisationally beneficial outcomes may in fact defeat the purpose of such work designs in the first place. Given the investments required to move towards more participative management models, it is perhaps timely to recognise that logically complementary HR systems do not necessarily transpire as such in practice.

Limitations of research

The findings of this research should be viewed in the context of some limitations. First, the data presented in this paper were obtained using a cross-sectional methodology which precludes any causal claims. Second, data were obtained from a single informant within each participating firm and whilst steps were taken to diminish the possibility, it is nevertheless plausible that the results are attributable to common method variance. Future work on the complementaries between PM and strategic HRM would certainly benefit from research utilising multiple respondents and longitudinal data.

References

Knight-Turvey and Johnson


An Analysis of Bargaining Decisions in the Australian Hotel Industry

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The pursuit of industrial relations reforms appears to be ongoing in Australia. To date, government has primarily sought to provide both employers and employees with additional bargaining (or regulatory) options to better suit their individual needs; namely in the form of enterprise bargaining agreements (EBAs) and Australian Workplace Agreements (AWAs). Subsequently, employers are now confronted with an unprecedented degree of choice, this might be termed ‘regulatory choice’. Whilst research has examined the purposes and outcomes associated with regulatory reform, the antecedents or determinants of employers’ regulatory choices and the potential problems encountered during the bargaining process are less well known. This paper seeks to examine employers’ bargaining decisions and the processes involved in order to develop a greater understanding of regulatory choice in Australian firms. Contrary to the intent of the government’s endeavours and legislation to enhance flexibility, employers’ ‘choice’ of employment regulation often appears to be constrained by factors such as bargaining history, direct and indirect costs as well as workplace size, which tend to be linked to the firm’s financial position and operating efficiency. This suggests that regulatory choice is significantly more complex than anticipated.

Introduction

Reformation of Australia’s industrial relations system has spurred vigorous and ongoing debate for over a decade (e.g. BCA 1989, Buchanan and Callus 1993, Isaac 1998, Mitchell and Fetter 2003, Wooden 2000). The reforms have spanned successive Labor and Coalition federal government terms in office, producing a series of distinct changes, which have ensured that bargaining has become progressively more decentralised. In essence, the highly regulated and centralised system of industrial relations that was underpinned by industrial tribunals and the formation of industry-level awards has been transformed. The award system has been simplified and devolved such that it now acts merely as a ‘safety net’ (Industry Commission 1996). Primacy has been given to enterprise bargaining agreements and individual agreements known as Australian Workplace Agreements (AWAs).

As a result of these changes, award coverage in Australia has declined from approximately 69 per cent of employees in 1990 to around 23 per cent in 2000 (DEWR and OEA 2002). This trend corresponded with the formation of approximately 43 000 federal certified collective agreements between 1991 and 2001, and 215 000 AWAs. By 2001, enterprise bargaining agreements covered around 1.5 million employees (DEWR and OEA 2002). Clearly however, variations on this trend exist. Within the accommodation, café and restaurant sector in 2000, award coverage continued to dominate (64.7 per cent) and certified collective agreements covered a mere 6.7 per cent of employees (ABS Cat No. 6306.0). The remaining employees were covered by individual agreements (27.6), the majority of which were unregistered. The relatively low incidence of bargaining in this sector is thought to be due to the large number of small firms in the sector, and the low levels of union density (DIR 1996). Unionisation rates have been estimated to range from around two per cent in high tourism areas to 12 per cent in central business districts, whilst larger hospitality workplaces have higher union density rates, averaging approximately 35 per cent (Industry Commission 1996, Timo 1999).
Beyond these suggestions, we have little understanding of the factors that influence employers’ bargaining decisions or the problems that may be encountered. Indeed, Nelson and Frith (2001) have highlighted that “[r]esearch appears to have been narrowly focused on the techniques of bargaining and the content of agreements rather than the …bargaining process as a whole” (p. 463). The most researched and contested aspects of Australia’s industrial relations reforms have revolved around the alleged (lack of) need for change and the outcomes associated with the decentralisation of bargaining. As such, the extant literature tends to focus on the purpose of and outcomes associated with enterprise-level and individual bargaining in Australian firms. While these findings provide valuable insights, they offer little in terms of enriching our understanding of the kinds of factors that influence employers’ bargaining decisions. That is, what sorts of variables affect employers likelihood of establishing enterprise-level and/or individual agreements as opposed to remaining within the award framework? This paper addresses this issue by examining this aspect of bargaining as well as highlighting some of the difficulties encountered during this process. The findings will deepen our understanding of employers’ bargaining decisions and the factors involved in the bargaining process within a high value-added segment of the Australian service sector.

**Industrial Relations Reforms: Purpose and Outcomes**

The proponents of industrial relations reforms argue that change was necessary in order to increase employee participation and cooperation as well as organisational flexibility, efficiency and productivity (Hilmer et al. 1989, 1991, 1993, Liberal Party and National Party 1986, 1988, Reith 1998). According to the federal government, the reforms were designed to:

…first, suit [employers] competitive circumstances and customer requirements so that their enterprise has the best chance of achieving high productivity; and, second, [provide arrangements which] are best tailored to employee needs - - enabling more innovative work styles and working patterns (Reith 1996: 1305).

Contrasting with this argument, others have suggested that the reforms have led to a dual system of industrial relations that undermines the award system’s capacity to respond to and manage wages and macro-economic conditions (Buchanan and Callus 1993, Isaac 1998). According to this argument, the reforms are both unnecessary and a poor means of managing Australia’s economic well-being. Illustrating this, Isaac (1998) suggested that the reforms have produced a less equitable pay structure in conjunction with institutional arrangements that are less responsive and capable of dealing with wage inflation under more buoyant conditions.

Research examining the outcomes associated with enterprise- and individual-level bargaining has been equally extensive. In a study designed to investigate the characteristics of a sample of enterprise agreements in the hospitality industry, the Australian Centre for Industrial Relations Research and Training (ACIRRT) observed that enterprise agreements generally fall between two extremes, largely reflecting employers’ philosophies and strategies. The first of these extremes is reflective of agreements that often improve on award conditions. These agreements typically focus on increasing productivity and quality and lowering costs through training, reducing turnover, enhancing flexibility in hours of work, multiskilling provisions and consultative arrangements. The second of these extremes reflects agreements that often reduce the award entitlement or replace the provisions of the parent award. These agreements tend to rely on productivity and cost reduction through utilising casuals, flexibility in hiring and firing, flexibility in hours and rosters, minimal investment in training, and an emphasis on managerial prerogative rather than consultation (Industry Commission 1996).
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Reputedly however, most agreements fall somewhere between these extremes. Within the Australian hospitality industry, working hours and numerical flexibility appear to be the central focus of enterprise agreements (DIR 1995, Knox 2006, Probert 1995, Whitehouse et al. 1997). Moreover, there has been a tendency for hospitality and retail agreements to reduce penalty rates and increase provisions for weekend and evening work (DIR 1993). In association with this, there has also been a trend based upon reducing casual employment and increasing permanency of employment (Charlesworth 1997). While this has produced greater financial and employment stability for employees it has not improved their predictability of working hours. Additionally, employees’ transition into permanent employment did not appear to increase their training opportunities (Probert 1995, Whitehouse et al. 1997). Other research suggests that enterprise bargaining outcomes are perceived quite differently by different groups of employees because their needs and expectations vary (Knox 2006).

Turning to individual bargaining, in his analysis of the 1998 National Institute of Labour Studies Workplace Management Survey, Wooden (2000) reported that individualistic employment arrangements were more inclined to be associated with high commitment workplaces. These workplaces were characterised by human resource management (HRM) practices such as information sharing, consensus decision making and team work. These findings are supported by results reported by Gollan (2004), in which employers claimed that Australian Workplace Agreements (AWAs) had led to improvements in management-employee relations, employee commitment and productivity, while turnover declined in around a third of the firms surveyed.

However, Deery and Walsh’s (1999) analysis of the Australian Workplace Industrial Relations Survey 1995 suggested that only a minority of individualistic firms utilised quality circles, semi-autonomous groups and continuous improvement methods. Instead, the individualised firms were more inclined to demonstrate ‘hard’ HRM practices and managerialist tendencies. Consistent with this, a number of other studies highlight the managerial agendas underpinning AWAs (Arsovska and van Barneveld 2001, ACIRRT 1999, Peetz 2002, van Barneveld and Nassif 2003, Waring 2000). According to these studies, AWAs are often being used to avoid or eliminate union presence at the workplace.

Furthermore, AWAs have been associated with cost reduction strategies. For instance, van Barneveld and Nassif (2003) suggest that labour costs are reduced by using AWAs to introduce provisions stipulating wages and conditions that are not permissible under the award system. As suggested by Gollan (2004), employers may be attempting to reduce administration costs and time by simplifying complex arrangements for overtime and shiftwork. In line with previous findings, Mitchell and Fetter’s (2003) analysis of the content of AWAs revealed an overwhelming emphasis on pay and temporal flexibility. Examples included: annualised salaries; single hourly rates of pay incorporating overtime payments; no set ordinary hours of work; and, ordinary hours spanning across a significant spread of time, including weekends and public holidays. Instances of AWAs emphasising high quality performance and productivity-centred work systems were rare (Mitchell and Fetter 2003).

**Bargaining Decisions and Processes**

Overall there is a paucity of literature regarding the processes involved in employers’ bargaining decisions or choices. Among the few studies, Sheldon and Thornthwaite (1999) highlight the affect of workplace size as a bargaining determinant. According to their research, small employers have predominantly avoided formal workplace bargaining. Instead they appear content to rely on the award system, which in some instances is supplemented by informal individual bargaining. These employers tend to believe that “awards provide
certainty, predictability and extremely low transaction costs” (Sheldon and Thornthwaite 1999, p.163). In a similar vein, the Department of Industrial Relations (DIR) suggested that low commitment to enterprise bargaining is likely to occur “where the costs outweigh the benefits of bargaining, or where they are perceived to do so by either of the parties involved” (Industry Commission 1996, p.302).

Interestingly, as size increases the likelihood of bargaining also increases. Thus, enterprise bargaining appears to be more common among larger establishments. Illustrating this, DIR (1996) reported that 39 per cent of workplaces with 20-49 employees were involved in enterprise bargaining, whereas 87 per cent of workplaces with 500 or more employees experienced bargaining at the level of the enterprise. According to Sheldon and Thornthwaite (1999), large firms were mainly involved in enterprise bargaining with unions. In comparison, medium sized firms were said to have adopted a more varied pattern of bargaining, which depends to a large extent on whether or not they are unionised and the sector in which they operate (Sheldon and Thornthwaite 1999). More recent data suggests that 40 per cent of enterprise agreements in the hospitality industry were formed with unions in 2001 (DEWR and OEA 2002).

In terms of individual bargaining, Gollan’s (2004) analysis of responses form 688 employers with AWAs indicated that “there were few factors inhibiting employers from introducing AWAs, with the exception of union opposition (24 per cent) and the lack of interest and/or opposition from employees (19 per cent)” (p. 52). However, other research suggests that there may be some difficulties involved with the introduction of AWAs. For instance, Mitchell and Fetter (2003) indicated that AWA provisions tend to be complex, leading to delays and administrative burden, which, ironically, increases firms’ costs. Such problems appear to be consistent with previous studies highlighting the legal technicalities and procedural costs associated with AWAs (Creighton 1996, McCallum 1997). In contrast to previous findings regarding individual agreement-making and foreign ownership (Deery and Walsh 1999, Wooden 1999), Gollan (2004) reported that the AWA process was mainly used by Australian firms rather than foreign-owned companies. The reasons for these different findings are not explored by Gollan (2004).

Using a case study to examine the process of enterprise bargaining in a manufacturing organisation, Nelson and Firth’s (2001) findings are significant in that they include the union’s view and highlight the potential for problems. Overall, the union indicated that the bargaining process was well planned and executed by the company. In fact, the union suggested that the company actively and strategically manipulated its employees and the environment in order to achieve its goals. Notably, the employer also encountered some problems. Yet, the details of these problems were not examined in their paper. It is unclear what types of problems might occur during the bargaining process and whether they might be avoided and/or overcome.

On the basis of the existing literature, it is clear that our understanding of the determinants of employers’ regulatory choices and potential difficulties that may be encountered remains somewhat scanty. This research seeks to examine these issues in greater depth. The findings of this study will generate new empirical evidence regarding employers’ regulatory choices in Australian service sector organisations and shed further light on the changing nature of bargaining in this sector.
Case Study Methods and Data

The case studies focused on examining how employers determine the form of employment regulation operating within their workplace. In order to select the case study hotels, an initial list of twenty-eight hotels was created based on the Australian Automobile Association’s Accommodation Guide. All of these hotels possessed four or five star ratings. The hotels’ human resource managers were contacted in writing and by follow-up telephone calls. Fourteen hotel managers agreed to participate in the study, these were all located in the central business district of Melbourne. The case study sites were exclusive, luxury hotels, focused on the higher value added end of the market. Thus, the hotels possessed similar market orientations and competitive strategies, thereby controlling for variation in the hotels’ market niches.

The field research was conducted between 1998 and 2000, in total 18 months were spent performing semi-structured interviews. Interviews were conducted with human resource managers, departmental managers, trade union delegates and industrial officers, and a selection of employees. At each of the hotels, interviewees were drawn from all departments. Interviews were conducted at the hotel sites and the Liquor, Hospitality and Miscellaneous Workers Union (LHMU) offices in Melbourne. Each interview required approximately 90 minutes and the data were transcribed verbatim in short hand. Recording was not possible because of ongoing background noise, primarily ambient music, within the hotels.

Document analysis (including the minutes from managerial meetings, staff newsletters, awards, enterprise bargaining agreements and policy documents) and field observations were also conducted in order to cross-check the accuracy of the interview data. The analysis of Australian Workplace Agreements’ content was restricted however, as these agreements are subject to privacy and confidentiality provisions in accordance with the Workplace Relations Act 1996. Despite these constraints, managers discussed freely the factors underpinning their decision to pursue this form of employment regulation. Analysis of data consisted of open, axial and selective coding (Kruegar 1994). This analysis revealed that managers’ decision making was influenced by four key factors, namely: workplace characteristics, business strategy and human resource management (HRM) characteristics, financial considerations and risk, and administrative factors. Hence, the results are presented using these themes as the major categories for analysis.

Among the fourteen hotel sites, workforce size varied from 12 to approximately 750 employees, and the average hotel consisted of 250 employees. The proportion of casual and part time employees varied from zero to 65 per cent with the average hotel employing around 40 per cent casual and part time employees. The number of guest rooms varied from 58 to 547, and 10 of the 14 hotels were foreign owned. The average union density was 36 per cent. The most common form of employment regulation was through award provisions, with 11 hotels falling into this category. Two hotels were covered by enterprise bargaining agreements, and one hotel possessed Australian Workplace Agreements.

Case Study Findings

The case studies revealed that the introduction of increased regulatory options has led to shifts in some employers’ choice of employment regulation, however the majority of employers did not pursue alternate forms of regulation. Among the case study hotels, award coverage dominated. Eleven of the case study firms were covered by the award only. By contrast, two of the case hotels possessed EBAs and the remaining organisation possessed Australian Workplace Agreements (AWAs). On the basis of case study evidence, a number of factors
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appeared to be involved in employers’ regulatory choices, including workplace characteristics; business strategy and HRM characteristics; financial considerations and risk; and administrative factors. These are analysed in turn.

**Workplace Characteristics**

Several workplace characteristics appeared to influence employers’ regulatory choices, including workplace size, operating efficiency, financial position, and ownership. Workplace size, and its implications for operating efficiencies and firms’ financial positions, appeared to be an important factor in employers’ bargaining decisions. Typically, AWAs were perceived to be best suited to small workplaces. There was overwhelming agreement among the hotels’ management groups, with the exception of hotel L (possessing AWAs), that they would not consider AWAs as a form of regulation because of the administrative burden associated with the formation and maintenance of individual agreements across relatively large workforces. It is not surprising to note that the only hotel possessing AWAs (hotel L) was the smallest hotel, employing twelve staff. Management at hotel L suggested that the small size of its workforce made it amenable to the use of AWAs.

By contrast, enterprise bargaining agreements were embraced by some of the largest firms (hotels B and H). Interestingly, managers at both large and small hotels suggested that workplace size and financial position were inseparable factors involved in determining their regulatory choices. Firms possessing superior financial statements were said to be in a better position to pursue enterprise bargaining because they possessed the necessary finances to cover the costs associated with enterprise bargaining (discussed in greater detail later). Illustrating this, one manager noted that ‘we are not in the financial position to form an EBA. We are a small hotel and the cost of forming an agreement is really out of our range’ (HR manager, hotel M). Hence, managers suggested that for many less profitable (small and medium-sized) hotels, the option of shifting outside of the award framework was far more difficult. This is likely to be particularly true of medium-sized firms, in which the option of forming AWAs was also perceived to be unrealistic. There appeared to be some economies of scale argument here; in larger firms the costs associated with forming agreements were reduced on a per employee basis.

Added to this, managers indicated that larger hotels were often better able to recoup the costs associated with enterprise bargaining through the development of improved operating efficiencies and reduced labour costs achieved as a result of their enterprise bargaining agreements. At hotel B, for example, the HR manager highlighted that the introduction of an enterprise agreement ensured that a six per cent saving in labour costs was associated with converting each casual employee to a permanent (part time) employment status. As a large hotel, these savings were substantial. At a similarly large establishment, hotel H’s EBA included a new employment classification that enabled managers to pay lower wage rates (approximately 80 per cent of ordinary rates) to staff lacking previous experience in the hospitality industry. On the basis of these sorts of economies, it was thought to be more efficient for larger hotels to introduce enterprise bargaining because they could recover their investment more rapidly compared to smaller hotels.

Although workplace size appeared to be a significant factor in determining regulatory choice, the effect of ownership was less clear. Four of the hotels were Australian owned (hotels D, H, I and L) whilst the remaining ten hotels were foreign owned (by British, American or French groups). Among the Australian owned hotels, three types of employment regulation existed, the award framework covered two hotels, whilst the other hotels were covered by an enterprise bargaining agreement and AWAs, respectively. By comparison, the award covered
90 per cent of the foreign owned hotels. One British owned hotel possessed an enterprise bargaining agreement. Although it may appear that Australian employers were more inclined to embrace alternate regulatory choices, the small number of firms represented means that it would be unwise to overstate the significance of these findings. On the whole, managers of foreign owned hotels did not indicate that their employers were hesitant to move beyond the award framework. Rather, they suggested that their foreign employers were simply satisfied with the award framework. However, one HR manager did highlight that the hotel had recently been taken over by an American group (hotel K). Management indicated that the American owner was hesitant to engage in enterprise bargaining (at least initially) because it was something of an unknown, in an already unfamiliar environment. Hence, there was some possibility that foreign owners would be less inclined to introduce alternate forms of regulation than their Australian counterparts, for the short-term at least, as a result of their inferior local knowledge as new entrants to the Australian market.

Overall, regulatory choice appeared to be influenced by several workplace characteristics. Among these, size was clearly significant, with the smallest firm forming individual agreements with staff, whilst the largest firms tended to pursue enterprise bargaining agreements. Further analysis revealed that this size effect is inexplicably linked to firms’ financial position and operating efficiency. The superior financial positions and economies of scale within larger organisations tended to mean that enterprise bargaining was both more accessible and more advantageous. By contrast, the effect of ownership was less obvious. Whilst Australian owned firms seemed more likely to engage in alternative forms of bargaining than foreign owned firms, which may be related to their greater knowledge of the external environment, the relatively small sample of organisations needs to be borne in mind.

Business Strategy and HRM Characteristics

Business strategy and firms’ HRM characteristics also tended to influence employers’ bargaining decisions. More specifically, these included managers’ satisfaction with their current business strategy and HRM practices, their bargaining history and their relationship with the union. Although all of the hotels possessed similar business strategies and market orientations, there did appear to be differences in the degree to which managers were satisfied with their business strategies. Whilst the majority of managers indicated that they were satisfied with their hotel’s strategy, several highlighted that they were engaged actively in efforts to intensify or ‘ramp up’ their strategic focus. Significantly, these sentiments and activities were reflected by managers at hotels possessing EBAs and AWAs (hotels B, H and L). Managers at these hotels suggested that they had pursued alternate forms of regulation to enable them to become more focused on fulfilling their business strategies. According to these managers, EBAs and AWAs enabled them to focus more specifically on the needs of their individual enterprises, allowing them to align employment practices with their business strategies more precisely than the award framework would allow, indicating a more strategic HRM approach. For instance, management at hotel L suggested that the award was outdated, too complicated and overly restrictive. In contrast, individual agreements were said to allow management: “to control our own destiny” (HR manager, hotel L).

Similarly, managers in hotels possessing EBAs (hotels B and H) suggested that their choice of employment regulation enabled them to achieve their desired business outcomes. At hotel B the EBA was said to have led to greater efficiency by enabling managers to implement more sophisticated rostering systems, which were not available in the award, whilst simultaneously reducing the hotels reliance on casual employment. As mentioned previously, management indicated that the conversion of each casual employee into permanent part time employment
produced a saving of approximately six per cent in labour costs due to the elimination of casual wage loadings. The enterprise agreement also enabled additional savings through the introduction of a new employment classification and reduced wage rates for individuals lacking previous work experience in luxury hotels. These options were not available within the award. Whilst failing to provide specific financial data, management suggested that payroll costs had declined on the basis of comparisons between corresponding months before and after the introduction of their enterprise bargaining agreement. This reduction in labour costs formed a significant element of the firm’s business strategy.

At hotel H, enterprise bargaining was also said to be a means of reducing costs, as well as generating increased labour flexibility and attracting and retaining high quality staff, all core elements of the hotel’s strategy. Illustrating this, the enterprise agreement offered staff a formalised multiskilling program, which was thought to give the hotel a competitive advantage:

…otherwise staff leave and go to any other hotel…there aren’t enough high quality staff in the industry so it is essential to retain and attract good staff. This is possible because our agreement offers staff a particular package, including cross exposure [which is a formalised multiskilling program] (HR manager, hotel H).

This program also allowed the hotel to operate more efficiently because it enabled management to employ fewer staff to perform a wider range of tasks, therefore reducing their costs considerably.

Another factor involved in determining employers’ regulatory choices related to their bargaining history. Managers in hotels with a history of problematic or unsuccessful attempts to introduce an alternative form of employment regulation to the award indicated that they would be unlikely to repeat such efforts in the future. For instance, hotel D had been involved in establishing an enterprise agreement but negotiations had stalled because housekeeping staff had objected to the proposed work rosters. Subsequently, management discontinued negotiations because they did not believe that the benefits of an EBA would justify sufficiently their continued investment in the process. Similar sentiments were expressed by managers at hotel N. These managers were aware that employees were opposed to enterprise bargaining because they associated it with union exclusion and detrimental employment outcomes. Managers therefore suggested that any efforts on their part to introduce an EBA would be likely to be “a waste of our time” (HR manager, hotel N).

A significant reason for pursuing enterprise bargaining related to managerial attempts to avoid union involvement at the workplace. Several managers indicated that this had influenced their decision-making. Illustrating this, the HR manager at hotel C suggested that she hoped that an EBA would eliminate union involvement at the workplace, ensuring that management could consult with employees directly and remove third party involvement. Management at hotel E also expressed this desire. Management at both hotels C and E were about to initiate enterprise bargaining negotiations. They were however, unsure of the likely outcomes of their negotiations.

In sum, the findings suggested that employers’ were more inclined to pursue alternative forms of employment regulation to the award if they were attempting to develop a more strategic or concerted business focus. These managers believed that they would be more effectively placed to achieve their specific business strategies if they moved outside of the award framework. Their business strategies typically relied on enhancing labour productivity and reducing costs and turnover. Interestingly, the findings also suggested that employers may be faced with quite limited opportunities to implement alternative forms of regulation. Bargaining histories tended to affect employers’ chances of moving outside of the award
framework. On the other hand, evidence suggested that some employers were interested in forming enterprise bargaining agreements in order to exclude the union from their workplace.

**Financial Considerations and Risk**

In addition to business strategy and HRM characteristics, financial considerations and risk were significant factors involved in employers’ decisions regarding employment regulation. Managers’ financial considerations tended to include an assessment of both the direct and indirect costs with respect to their regulatory choices. Additionally, managers appeared to be conscious of the risks involved with alternative forms of employment regulation. Notably, the predominance of the award reflected the low direct costs perceived to be associated with this form of regulation. According to several managers (hotels D, G and M), there were few financial costs involved in administering the award and remaining within the award framework. Illustrating this point, managers (hotels D, G and M) indicated that they did not have to pay to retain the award as a form of employment regulation. By contrast, managers suggested that negotiations and certification of an EBA would cost them at least $20,000, as well as additional costs associated with subsequent rounds of bargaining. Thus, award regulation offered significant cost effectiveness.

Moreover, a number of managers indicated that the financial investment required in order to form an EBA did not guarantee the successful certification of the agreement. Thus, it could be a risky financial decision. In order to support this contention, several managers (hotels A, D and K) cited specific hotels in which bargaining negotiations had failed late in the process and where large financial investments were not recovered. For example:

> I can think of at least two large hotels that negotiated enterprise agreements that did not end up getting through. Staff were supportive right through the process and then at the last minute they got scared and voted against it. It cost those hotels a lot (Banquet Manager, hotel A).

In addition to the financial costs, the resources and time involved in the negotiation process were sacrificed. These factors were highlighted by several managers as significant in their decisions to retain award-based regulation. For instance, one manager suggested that: “we simply don’t have that sort of time to waste. Our resources are tight and we can’t afford to throw them away like that” (HR manager, hotel D). Other hotel managers who were interviewed expressed similar sentiments, indicating that they were undecided about whether the potential benefits of forming an enterprise agreement would compensate for their investments in the process (hotels E and J). At the same time however, a number of managers indicated that they were interested in and enthusiastic about the prospects of forming an enterprise agreement if they could, at some point, gather the resources required to begin negotiations (hotels A, G and M). Hence, a strong awareness of the time and resources that would be needed to shift out of the award framework existed.

Coexisting with these issues, unsuccessful attempts to form EBAs were perceived to have indirect costs as they were thought to have the potential to precipitate heightened levels of conflict and mistrust between managers and employees. Illustrating this, the Food and Beverage manager at hotel D suggested that:

> [Enterprise bargaining] is not spoken of, it is a real taboo subject. We attempted to form an agreement but it failed because the housekeepers did not want their working hours to change and this led to real tension between staff and management. The HR manager pretends that it never happened and we still have not gotten over it. It was a real blow.
Indeed, hotel D’s HR manager never mentioned that the hotel had pursued enterprise bargaining.

On the basis of similar evidence and rumours within the hotel industry, managers at other hotels (F and N) suggested that they were unlikely to initiate EBA negotiations unless they could be certain that the negotiations would be successful and that the agreement would be certified. In light of the risks associated with moving outside of the award, it was thought to be substantially safer to retain the award framework. Thus, the award was perceived to be a ‘safe’ form of employment regulation.

These results suggest that employers’ decisions were affected by both the costs and risks perceived to be associated with the bargaining alternatives available to them. Typically, the award framework was thought to be a low cost, ‘safe’ regulatory option, as it did not involve any set up or ongoing financial costs. In contrast, enterprise bargaining was perceived to be expensive and risky, involving large establishment costs and ongoing costs. But for those firms that did succeed in establishing agreements, ongoing cost savings resulted. At the same time, the financial investment in initial negotiations did not guarantee the success of a firm’s attempts. Moreover, firms were likely to suffer additional indirect costs if their efforts to move outside of the award framework failed, through the loss of employee trust and goodwill. Hence, failed attempts to shift out of the award framework could produce unintended and counterproductive outcomes, such as reduced productivity.

**Administrative Factors**

Finally, administrative factors were perceived to have an important role in determining employers’ regulatory choices. This was highlighted by managers that operated outside as well as within the award framework. According to managers, a significant drawback of the award related to the administrative workload associated with calculating penalty rates and overtime allowances for employee wages. These managers indicated that this type of administration was far more efficient if flat rates of pay were determined using EBAs or AWAs. For example, at hotel L individual agreements were based upon the award but they were said to be simpler to manage because they absorbed penalty rates and overtime rates into a flat rate of pay. According to the hotel’s HR manager, the ‘buy out’ of penalties was a major advantage associated with individual agreements as it simplified payroll activities substantially. At hotel B management highlighted that a major advantage of implementing an EBA was associated with the ability to administer and control labour costs through standardised wage rates that incorporated penalty rates. Not only was the administrative burden eased, but also management highlighted that they were better able to budget for labour costs by introducing flat rates of pay.

In addition, budget forecasts and payroll administration were thought to be more difficult within the award framework because of national wage cases. As minimum wages and associated provisions were linked to national wage case decisions they were perceived to be somewhat unpredictable by some managers, making it difficult to forecast labour costs. By contrast, EBAs and AWAs were associated with greater levels of certainty in this respect as they were not subject to changes in association with national wage case decisions. Consequently, management at hotel H believed that their EBA provided them with more budgetary certainty than the award. Interestingly, perceptions of uncertainty and award amendments extended beyond wage rates. For instance, one manager suggested that any amendments to working hours or other such provisions could not disrupt hotel operations if they were not bound by the award.
Illustrating this point, hotel H’s HR manager suggested that:

…the agreement means that the hotel can keep running regardless of what is occurring
[regarding] award amendments, we have the enterprise bargaining agreement and we can sit pretty for two years, we don’t have to touch it for that period and external changes won’t affect our operations.

Thus, administrative factors appeared to be an important determinant of employers’ regulatory decisions. Clearly, the main administrative drawback associated with the award related to difficulties calculating employees’ wages due to varying penalty rates and overtime allowances. According to managers, these calculations tended to vary quite substantially from one pay period to the next. Subsequently, this led to managers experiencing problems when budgeting for labour costs in advance. These difficulties with budgeting were exacerbated further by the effect of national wage case decisions within the award framework. Moreover, the potential for other award amendments was perceived by some managers to introduce further uncertainty. By contrast, EBAs and AWAs were said to provide greater certainty regarding these matters and this was thought to be a significant advantage.

**Discussion and Conclusion**

Despite the existence of enhanced regulatory choice, the majority of firms examined remained operating within the award framework. Employers’ decisions to retain award-based regulation tended to be influenced by the costs and perceived risks associated with alternate forms of bargaining. The award was thought to be a low cost and relatively ‘safe’ form of regulation, which enabled employers to operate without enduring the heightened costs and risks associated with other forms of bargaining. This certainty and predictability said to be provided by the award system is consistent with the findings of Sheldon and Thornthwaite (1999). However, the results of this research also build on those of Sheldon and Thornthwaite (1999) by illustrating the direct and indirect costs of bargaining as well as identifying the perceived risks associated with alternate forms of bargaining. Employers were very conscious of the high costs and the risky nature of bargaining outside of the award framework. There was a strong air of caution and hesitation among these employers, particularly in relation to the bargaining process itself, that is negotiation and certification, the possibility of failure and the damage that this may inflict upon the firm. Along with the award however, came the uncertainty associated with national wage case decisions and other award amendments. These factors were somewhat problematic from the employer’s point of view because they impacted on their ability to forecast budgets.

Typically, the award-based hotels were thought by employers to be too large to manage the administrative burden involved with maintaining individual agreements with all employees effectively. This finding provides support for research that has previously highlighted the effects of size (DIR 1996, Sheldon and Thornthwaite 1999) and the procedural costs associated with AWAs (Creighton 1996, McCallum 1997, Mitchell and Fetter 2003). Notably, the case studies indicated that the effect of size was clearly associated with firms’ financial capacity to engage in alternate forms of bargaining. Additionally, hotels possessing greater economies of scale were better able to take advantage of the benefits associated with alternate forms of bargaining, such as reduced labour costs and increased productivity. These results suggest that previous findings presented by DIR (1996) and Sheldon and Thornthwaite (1999) emphasising the impact of workplace size have been overly simplistic. The relatively low incidence of alternate bargaining arrangements among hospitality firms may be due to financial constraints in concert with size, rather than workplace size per se.
The expansion of alternative forms of bargaining may also be influenced by foreign-ownership, as suggested by previous studies (Deery and Walsh 1999, Gollan 2004, Wooden 1999). Interestingly, the direction of this relationship appears to be consistent with that predicted by Gollan (2004), such that Australian-owned firms were more inclined to engage in alternate forms of bargaining, as opposed to the reverse relationship illustrated by Deery and Walsh (1999) and Wooden (1999). This may indicate the existence of sectoral variations, a size effect or perhaps an acclimatisation effect. Within the case studies examined, the significance of foreign-ownership seemed to subside as owners became more familiar with the Australian environment during prolonged exposure.

Among the firms that engaged in alternate forms of bargaining (at the enterprise- and individual-level), managers indicated that their respective decisions to move outside of the award were largely based upon their desire to introduce a regulatory system that enabled them to meet their business needs. Associated with this, employers highlighted that enterprise- and individual-level agreements were an effective means of avoiding union involvement in workplace affairs, a finding which is consistent with other research (Arsovska and van Barneveld 2001, ACIRRT 1999, Peetz 2002, van Barneveld and Nassif 2003, Waring 2000). Additionally, the possibility of reducing labour costs and increasing productivity and labour retention was associated with alternate forms of bargaining, as was greater certainty in budgeting. Overall, managers highlighted that they could focus on achieving their individual business strategies more effectively through the implementation of enterprise bargaining and individual agreements, as opposed to the award framework. Notably, this finding provides strong support for government and employer group’s claims and intentions with respect to decentralisation and the introduction of these alternative forms of regulation (eg. BCA 1989, DIR 1989, Reith 1996, 1998).

However, it is important to note that the introduction of alternate forms of bargaining is not without its difficulties. For example, engaging in enterprise bargaining was said to involve substantial time and resource investments and a significant financial commitment. Despite these investments, neither certification of the agreement nor the likelihood of recovering these costs through enhanced efficiency (particularly in smaller hotels) could be guaranteed. Moreover, some employers appeared to face more significant problems than others, which restricted their ability to move outside of the award framework. For instance, firms that had confronted problems during past bargaining periods tended to then shy away from the notion of introducing different forms of bargaining. Hence, failed attempts appeared to lead employers to close off future opportunities to engage in either enterprise or individual bargaining. Therefore, it may be the case that employers have a relatively narrow ‘window of opportunity’ to shift outside of the award framework. If they fail to successfully introduce alternate arrangements during this period their opportunities to do so in the future decline dramatically. In sum, significant impediments exist, ensuring that real regulatory choice may be beyond the reach of many firms.

In accordance with government and employer groups’ intentions, the findings suggest that re-regulation and increased regulatory choice have enabled some employers to introduce bargaining arrangements that are perceived to suit to their firms business needs more effectively. Additionally however, this research illustrates that the notion of regulatory choice is not as simplistic as government and other parties might suggest. As opposed to consisting of a rather straight-forward decision, the process of regulatory choice seems to be substantially more nuanced. On the basis of case study evidence, the process appears to be complex, involving multiple factors and numerous potential difficulties. Oftentimes, employers’ bargaining decisions and regulatory choices are constrained by factors previously unexplored, including financial constraints, perceived risk and the firm’s bargaining history.
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What Constitutes ‘Productive Employment Relationships’?

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The broad objective of New Zealand’s Employment Relations Act 2000 is to ‘build productive employment relationships through the promotion of good faith in all aspects of the employment environment and of the employment relationship’ (s. 3(a)). However, the phrase productive employment relationships is not defined within the legislation. This paper examines the challenges in determining what constitutes productive employment relationships. It begins with a review of different approaches to defining the employment relationship before moving to an consideration of three different approaches to defining productive employment relationships. These approaches equate productive with efficiency, with high performance work systems, and with ethical behaviour. The paper concludes with an argument that the legislative intent of the Employment Relations Act 2000 requires productive employment relationships to be viewed not as a means to an end as tends to happen when productive is equated with either efficiency or high performance work systems, but as an end in themselves, thereby encouraging ethical behaviour through a deontological ethical perspective.

Introduction

The broad objective contained in the so-called objects section of New Zealand’s Employment Relations Act 2000 (the ERA) is to ‘build productive employment relationships through the promotion of good faith in all aspects of the employment environment and of the employment relationship’ (s. 3(a)). While the legislation does provide a definition of good faith, namely not doing anything directly or indirectly which will or is likely to mislead or deceive another party to an employment relationship (s. 4(1)(b)), the phrase productive employment relationships is not defined within the legislation. This lack of definition of productive employment relationships is the cause of a reasonable degree of uncertainty and trepidation regarding the interpretation and application of the law. This uncertainty and trepidation can be traced to at least two sources: a variance in views regarding the nature of the employment relationship; and a variance in views regarding what constitutes a productive state of the employment relationship. In order to examine the nature of productive employment relationships, this paper will first review the literature discussing the nature of the employment relationship before examining a range of potential conceptualisations of what constitutes productive employment relationships. The alternative conceptualisations examined equate productive employment relationships with efficiency, high performance work systems and ethical treatment. Each of these three conceptualisations will be assessed for their alignment with the overall intent of the Employment Relations Act 2000.

The nature of the employment relationship

One source of difficulty in coming to a widely-accepted understanding of what constitutes productive employment relationships is the complexity inherent in the nature of the employment relationship itself. Determining the exact nature of the employment relationship is an activity prone to contradiction. Coyle-Shapiro, Shore, Taylor and Tetrck (2004: 1) observe that the employment relationship is ‘an important but amorphous topic’ and pose a series of questions regarding its nature.
What then is the true essence of the employment relationship? Is it simply an economic exchange or a relationship that begins with economic origins but soon broadens in scope to an enduring social relationship? Is it a legally enforceable contract between two parties, albeit one involving parties who participate as ‘whole persons’ rather than as a group of knowledge and skills working for a group of pay and benefits? Is it a relationship which by its very nature is fraught with inherent conflicts of interests where employees need protection from the powerful employer? In fact… the employment relationship is in some sense each of these, none of these, and yet all of these. (Coyle-Shapiro, Shore, Taylor and Tetrick, 2004: 1)

This section briefly reviews the discourse regarding the nature of the employment relationship. This is necessary in order to more fully examine the alternative conceptualisations of productive employment relationships provided in later sections of this paper.

Block, Berg and Belman (2004: 94) argue that ‘at its most basic level, the employment relationship is a matter of economics. Individuals offer their skills and abilities to an employer for a price’. This is similar to the definition offered by Kelly (2004: 48): ‘the employment relationship can be defined, at its basic level, as an exchange in which the employer hires labor to produce goods and services in order to make a profit whilst the employee sells his or her capacity to work in order to earn income’.

However, the reality of the employment relationship is somewhat more complex than a simple economic exchange. The employment relationship is also the central social institution in labour markets (Marsden 2004) and is ‘at the heart of any industrial relations system’ (Wachter 2004: 163). Marsden (1999) argues that the employment relationship is one of two great innovations lying behind the rise of modern business enterprises, the other being the concept of limited liability. He notes that the employment relationship has revolutionised the organisation of labour in that it ‘enables management to decide detailed work assignments after workers have been hired Given the huge difficulty of anticipating the problems to be resolved in providing customers with the goods and services they desire, such flexibility is a formidable advantage’ (Marsden 1999: 3, emphasis added). The employment relationship also solves ‘a very difficult coordination problem: how to achieve the gains from cooperation between self-interested parties’ (Marsden 2004: 78). Edwards (2003: 4) stresses that at the level of the firm, the nature of the employment relationship is about organising human resources ‘in light of the productive aims of the firm but also the aims of employees’.

The nature of the employment relationship is open-ended: at the time of the formation of the relationship only a general indication of the range of tasks and duties to be performed is given; the precise definition is typically left to employer to decide at a later time. It is however, acknowledged that the open-ended nature of the employment relationship is also a potential source of continuous problems. ‘Few workers would agree to giving their employers unlimited powers over work assignments’ (Marsden 1999: 3). Edwards (2003: 4, original emphasis) points out that the employment relationship is a blend of ‘inherently contradictory principles concerning control and consent’. In an earlier work (Edwards 1995), he characterised the employment relationship as ‘structured antagonism’. He argues that due to the indeterminacy of the labour contract and strategies of labour control the employment relationship is both contradictory and antagonistic. Claydon (2000: 208) echoes this view.

The fact that management needs to be able to control and dispose of labour as if it were a commodified object while at the same time requiring the active co-operation of workers as willing subjects creates a contradiction at the heart of the employment relationship. While the interests of capital and labour cannot be expressed in terms of a simple conflict of interests, neither can they be seen as in unity. The contradictory needs of management
set limits to trust and co-operation and at the same time allow employees to mobilise power resources in resistance to contested aspects of the managerial prerogative.

Ultimately, while employers attempt to obtain control and coordination of the work of employees they also require cooperation and consent from the employees. ‘[W]hat is order and control to the employer usually means loss of autonomy and constraint for the employee’ (Wilson 1989: 27).

Kelly (2004) builds on these views and suggests that the nature of the employment relationship encompasses a number of themes:

1. the employment relationship is a mix of cooperation and conflict;
2. there is a hierarchical and unequal character to the employment relationship;
3. while the employee is typically more dependent on their employer than the employer is on an individual employee, the balance of power within the employment relationship is complex and dependent upon a number of variables;
4. the employment relationship is indeterminate; and
5. the regulation of the employment relationship happens at different levels, from international through to the enterprise level.

**Definitional Approaches to Productive Employment Relationships**

Given the range of perspectives regarding the nature of the employment relationship, as highlighted in the previous section, it should hardly be surprising that determining what constitutes *productive employment relationships* is equally difficult. This section examines three approaches to the definition of productive employment relationships, namely:

1. productive employment relationships being equated to efficient employment relationships;
2. productive employment relationships being equated to high performance work systems; and
3. productive employment relationships being equated to ethical treatment.

Each of the examinations of these three approaches is accompanied by a discussion of their degree of alignment with the intent of key objective of the ERA.

**Productive = efficient?**

Perhaps the most straightforward approach to defining productive employment relationships is one which is rooted in classical and neoclassical economic theory as well as common law rights of property ownership. This approach equates the notion of *productive* with the concept of *efficiency*. Budd (2004: 13) notes that ‘efficiency is paramount in mainstream economics, human resource management and public debates’. He further observes that while efficiency is the effective use of scarce resources, ‘[t]he standard economic definition of efficiency is Pareto optimality; when no one can be made better off without making someone else worse off’ (Budd 2004: 15). Classical and neoclassical economists therefore place significant emphasis on free market pricing and the forces of supply and demand as the manes to ‘economic efficiency and a high rate of economic growth’ (Hills 1995: 39). Furthermore, it has been observed that the neoclassical approach to economic theory ‘does not just claim that this is a good way to organize the workplace. Rather, it maintains that under perfect
competition the optimizing decisions of market participants produce the best possible outcomes for both individuals and society’ (Block et al. 2004: 97, original emphasis). Put another way, ‘economic welfare is maximized by the invisible hand of economic activity in competitive markets’ (Budd 2004: 15).

The pursuit of economic efficiency is closely aligned with the principles of ownership of private property and the unfettered exercise of managerial prerogatives (Budd 2004). Darrow-Kleinhaus (2001: 10) argues that managerial prerogative is typically defined as ‘exercising all the rights necessary to effectively and efficiently run the business’. Skinner and Spira (2003) have noted that traditionally, the exercise of managerial prerogatives within business organisations has been coupled with a perceived need for close control of the work and behaviour of the organisation’s employees. Ultimately, constraints on the rights of owners of private property and the managerial prerogatives of their agents who manage on their behalf are seen as limiting economic efficiency and optimal allocation of resources (Block et al. 2004).

Defining productive employment relationships in terms of efficiency is perhaps the approach which receives the most wide-spread support from the business community in New Zealand. This support originates from the general proposition that ‘[e]fficiency is closely associated with the business objective of maximizing profits’ (Budd 2004: 15). The support also originates from the legacy of New Zealand’s Employment Contracts Act 1991 (the ECA). The ECA was widely supported by New Zealand’s business community and reinforced a perspective of the employment relationship which positioned economic efficiency as a central principle. The stated aim of the ECA was to ‘promote efficient labour markets’ (preamble). ‘The ECA provided a framework which facilitated a massive restructuring of businesses designed to increase flexibility and efficiency’ (Latornell 2005: 3). Burton (2004) observed that once freed of legislative restrictions limiting their right to negotiate enterprise-based terms and conditions with employees, employers were not slow in making use of the employer-friendly provisions of the ECA. Kiely and Caisley (1993: 224) reported that, after the passage of the ECA, contrary to all known contract law, employers ‘persist[ed] in asserting that they do have the “right” to unilaterally vary employment contracts’. Other employers adopted a take it or leave it approach to negotiations, which was upheld by the Court (Kiely & Caisley 1993). Many employers also found they could essentially ignore an employee’s representative during negotiations without legal consequences (Latornell 2004).

Nevertheless, any approach which attempts to define productive employment relationships in terms of economic efficiency can be seen to run counter to the general intent of the ERA and the realities of the New Zealand economy. A former Minister of Labour stressed that the objects section (i.e. section 3) of the ERA ‘endeavours to reinforce the human as well as the economic nature of the employment relationship’ (Wilson 2001: 8). Additionally, the subordinate objectives of the ERA also run counter to basic assumptions of classical and neoclassical economic theory. Among other things, the ERA states that productive employment relationships are built through recognition of ‘implied mutual obligations of trust and confidence’ (s. 3(a)(i)) and acknowledgement of ‘inherent inequality of power in employment relationships’ (s. 3(a)(ii)). Furthermore, industrial relations systems built on managerial prerogative, job specialisation and job control are more suited to an economy anchored in Fordist production models (Roche 2000). Additionally, the more management focus is placed on efficiency, the more the outcomes of cost reductions and strategies of cost competitiveness prevail (Roche 2000).
Productive = High Performance Work Systems?

A second approach to defining productive employment relationships which may be highly attractive to many parties is to equate these relationships with high performance work systems (HPWS). Such an approach is anchored in the literature surrounding human resource management (HRM) and strategic human resource management (SHRM).

HPWS refers to a ‘range of putatively humanistic and developmental labour management practices’ (Harley 2002: 418) and often used synonymously with a range of terms including high commitment and high involvement management (Legge 2005) and sophisticated work management (Guthrie, Spell & Nyamori 2002).

Underlying these practices, which includes measures such as employee involvement, team-based work, ongoing training and development, employment security, and performance-based pay, is the belief that organisations that treat their employees well, provide them with a degree of autonomy and develop their potential to the full, will reap the benefits in terms of enhanced performance (Harley 2002: 419-420).

Furthermore, ‘it can be suggested that there is a symmetry between HRM practices that deliver better performance and those that provide an enhanced working environment and greater job satisfaction’ (Deery 2002: 458). Theoretical models of HPWS assume performance gains are the product of positive impact on employees resulting from increased autonomy, satisfaction and commitment (Harley 2002). HPWS tend to provide a reasonable alignment with both the ‘hard’ and ‘soft’ models of HRM.

The ‘hard’ [utilitarian instrumentalism] model stresses HRM’s focus on the crucial importance of the close integration of human resources policies, systems and activities with business strategy. …[T]he ‘soft’ developmental humanism model, while still emphasising the importance of integrating HR policies with business objectives, see this as involving treating the employees as valued assets, a source of competitive advantage through their commitment, adaptability and high quality (Legge, 2005: 105).

On the surface, equating productive employment relationships with high performance work systems may provide a definition which is consistent with the Government’s overall strategic direction. The New Zealand Government is intent on enabling New Zealand business and society thrive in the emerging post-Fordist economy by ‘focusing on building the conditions for long term sustainable economic growth’ (Ministry of Economic Development 2003: n.p.). This strategy requires ‘a high value added economy driven by innovation’ (Ministry of Economic Development 2003: n.p.) with particular focus on biotechnology, information and communication technology and creative industries (Office of the Prime Minister n.d.). ‘In the knowledge economy, people matter. Success comes by empowering workers and motivating them to cooperate with management to their mutual advantage through incentive contracts and learning organisations’ (Freeman 1998: 3-4). Furthermore, it is suggested that the post-Fordist economy requires industrial relations regimes which deepen and buttress management-labour cooperation and engagement through decentralised forms of joint decision-making (Roche 2000).

However, when analysed at a deeper level, high performance work systems still fail to capture the intent of the objects section of the ERA. Grant and Shields (2002: 321) observe that ‘[s]uch forms of HRM have been lambasted for being no more than sophisticated control mechanisms incorporating “insidious controls” designed both to reinforce managerial prerogative and enhance organisational performance’. As such, HPWS appear to a management tool designed to, at the very least, maximise managerial control of the workplace and the employment relationship. Perhaps even more sinister is the implication that HPWS may be a means to reinforce the power of management by subjugating employees (Willmott
1993). HPWS may be a means of ‘achieving both control and consent of employees or, to put it in Marxist terms, to assist in the extraction of surplus value through obscuring the commodity status of labour’ (Legge 2005: 39, original emphasis).

A second concern surrounding the linkage of productive employment relationships to high performance work systems relates to the fact that HPWS are an organisational instrument. While some of the individual practices included within HPWS are consistent with good faith behaviours and the implied mutual obligations of trust and confidence, their focus is on maximising organisational performance. On the other hand, the ERA defines employment relationship broadly, including eight different combinations of employees, employers, unions and union members subject to individual and/or collective employment agreements (s. 4(2)). Therefore organisational tools such as HPWS must be analysed within the broader context of all parties to an employment relationship. It is not at all clear that organisational instruments such as HPWS are beneficial to individual employees, unions and society in general.

Research into Human Resource Management (HRM) all too often skirts around the issue of how employees react to its implementation. We know relatively little about the impact of employee attitudes, behaviour and wellbeing; how it translates into ‘organisational performance’; and what employees actually think about the HRM they are subject to (Grant and Shields 2002: 309).

Additionally, there is a suspicion that improved organisational performance associated with HWPS may arise as a consequence of negative outcomes for workers (Harley 2002). In particular, HPWS may intensify work thereby creating negative consequences for employees in terms of added work volume and work-related stress (Ramsey, Scholarios & Harley 2000). Finally, HPWS can be applied to only one sector of an organisation’s workforce while treating other sectors of the workforce in a completely different manner. For example, HPWS can often be seen in use within a business which also promotes the use of short-term, casual, non-traditional employment. ‘Thus, even in those firms that practise high commitment management [i.e. HPWS], it is unlikely that the gains will be distributed evenly or equitably among all employees (Deery 2002: 459). Clearly, if high performance work systems result in outcomes such as uneven and inequitable treatment of different groups of employees and other negative consequences for employees such as added work-related stress, they operate counter to the overall intent of the ERA to build productive employment relationships.

Productive = Ethical Dealing?

A third, and perhaps significantly more controversial, approach to defining productive employment relationships is to apply an ethical frame of reference. Legge (2005: 33) notes that there has been an increasing interest in business ethics which is in part ‘a reaction against the perceived excesses of the enterprise culture, which, for some, embodied the “unacceptable face of capitalism”’. This approach to defining productive employment relationships considers them to be an end in and of themselves, not a means to an end as is implicit in economic and high performance constructions of the concept. Put another way, employers engage in practices such as employee empowerment and employee involvement not because they provide a ‘payoff’ to the organisation, but because it is the ‘right’ thing to do. However, ultimately, ‘[t]he decision about whether or not to ‘involve’ employee rests with management’ (Marchington 1995: 282). This could be problematic, since, as Provis (2005: 472) notes, there is a gap between business ethics and employment arrangements. ‘It seems plausible to suggest that although business ethics may address issues about institutions that bear on business, it has still tended to neglect those institutions that figure most prominently in industrial relations literature’.
Claydon (2000: 211) observes that ethical concerns regarding the employment relationship and the related concepts of employee participation and involvement ‘are based on an awareness of the inherently conflictual nature of the employment relationship’. Budd (2004) argues that when considering the employment relationship, it is important to move beyond a narrow economic focus and add equity and voice as objectives of the employment relationship. He observes that equity is an instrumental concept embodied in ‘a set of fair employment standards covering both material outcomes and personal treatment that respect human dignity and liberty’ (Budd 2004: 18), while voice is an intrinsic concept meaning ‘the ability to have meaningful input into decisions (Budd 2004: 23, original emphasis). Ultimately, Budd is stressing that employment should have a ‘human face’. He defines that as ‘a productive and efficient employment relationship that also fulfils the standards of human rights’ thereby becoming ‘an essential component of broader calls for markets with a human face, or for harnessing economic markets to serve human needs, not vice versa’ (Budd 2004: 185, additional emphasis).

Even if one accepts that building productive relationships is tied to ethical dealings in employment, there is a need to reject a utilitarian approach to ethics. Utilitarianism holds to the principle that actions should be undertaken in order to maximise net social welfare (Budd 2004), or as is more commonly stated, in order achieve the greatest good for the greatest number of people (Claydon 2000). Under such a view, building productive employment relationships would only be undertaken if it achieved some greater good for society. As a consequence, it appears building productive employment relationships as an ethical issue must be viewed through deontological frames such as a Kantian (rights-based) or Rawlsian (justice-based) approaches to ethics. Kantian ethics follow two categorical imperatives. The first imperative is that one should follow the principle that what is right for one is right for everyone, and thus you must do to others as you would be done by – the principle of universalisability and reversibility. The second formulation of the categorical imperative is that there should be the principle of respect for all people and that they should be treated as ends in themselves, never as the means to an end (Winstanley & Woodall 2000: 10).

Rawlsian ethics is closely related to Kantian ethics. Rawls emphasises fairness and equality while advocating two principles: (1) all individuals have an equal right to basic liberty; and (2) inequalities in distribution should be to the benefit of all or to the least advantaged. ‘Rawlsian justice rests upon social contract theory and emphasises societal and contractual agreements to ensure that justice and rights are upheld’ (Winstanley & Woodall 2000: 11).

It has been observed that many of the basic principles of Human Resource Management (or HPWS), especially as they relate to forms of employment flexibility ‘are unethical if evaluated against deontological ethical theory’ (Cornelius & Gagnon 1999: 227). However, shifting from a utilitarian view of employment issues to a deontological one is not without problem. Budd (2004) argues that utilitarianism is closely associated with neoclassical economics and the search of efficiency. Similarly, Claydon (2000: 215) observes that while the utilitarian case for employee participation and involvement centres around the increase in overall productivity, economic performance and prosperity, this analysis takes a narrow view of ‘utility’. He argues that utilitarian views of employee participation and involvement discount ‘the costs that might be associated with new forms of involvement such as work intensification and the heightened sense of insecurity and guilt which frequently results from the transfer of risk and pressure to supply increased effort’. Provis (2005) builds on these notions and highlights the following.

The fact that voice and fair process can be important regardless of outcomes tends to be obscured by too exclusive a concentration on ‘interests’. Even when we accept that
neoclassical economics and laissez-faire economic rationalism are too fatally flawed to provide a general basis for policy-making, and even when we accept that the utilitarian philosophy on which they are based has major shortcomings, we are still liable to be drawn into positions where we look to efficiency and preference satisfaction as justification for workplace arrangements, considering primarily whether interests are fairly dealt with (Provis 2005: 473).

The Employment Relations Act 2000 is focused on building productive employment relationships through good faith behaviours and the encouragement of mutual trust and confidence. In practice, these are associated with activities such as sharing information which may have an impact on another party to the employment relationship as well as greater and genuine consultation between the parties. In this regard, the ERA clearly views productive employment relationships as an ends rather than a means to an end, thereby encouraging the parties to an employment to engage in ethical behaviours toward one another. Furthermore, it appears that utilitarian ethics are discouraged by the ERA which instead favours deontological ethics as the determinant of appropriate behaviours.

Conclusion

Determining what constitutes a productive employment relationship and whether such a conceptualisation of productive employment relationships is aligned with the overall intent of the Employment Relations Act 2000 is not without difficulty. This difficulty in part originates from the multiple conceptualisations of the employment relationship itself. The employment relationship can be viewed as not only an economic exchange which is contractual in nature, but also as a social exchange which is relational in nature. As a consequence, productive employment relationships can be conceptualised in a range of ways. This paper has examined three of these possible conceptualisations; equating productive to: (1) efficiency; (2) high performance work systems; and (3) ethical treatment. Of these, it appears that equating productive with either efficiency or high performance work systems does not provide sufficient alignment with the overall intent of the Employment Relations Act 2000. Efficiency is a primarily economic concept and the ERA is clearly attempting to move consideration of employment relationships beyond that realm. High performance work systems are an organisational tool, which, while generally consistent with the employment practices emphasised for knowledge industries, may have significant negative impacts on substantial parts of the workforce. As a consequence, constituting productive employment relationships as high performance work systems does not appear to be consistent with the overall intent of the ERA. It appears that ethical management of the workforce using a deontological frame of reference which considers productive employment relationships as an end in themselves rather than a means to an end is the only one of the three approaches examined which is consistent with the overall intent of the Employment Relations Act 2000.

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High-Road in the Public Sector: Evidence from Canada

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This paper identifies the conditions of success of performance management initiatives in four Ministries in Quebec. In contrast to cost minimisation strategies prevalent in public health care and education, the cases examined provide illustrations of a high-road path in public administration. Data indicate a high level of performance both in quality, time reduction and customisation of service delivery, and a high level of employee satisfaction with autonomy, task specification and performance evaluation. As has been found in other studies, communication and employee consultation appeared to be key influences on successful implementation of high performance practices. In particular, transparency and employee involvement are associated with less organisational resistance to change. The study also found that collective representation was not an obstacle to innovation. Ultimately, the paper argues that the flattening and changing role of middle management should be further investigated, critically questioning managers support to this emergent form of ‘lean management’

Background

After years of intense workplace restructuring, high-performance work systems have become the focus of academic scrutiny (Ichniowski et al. 1996). Either defined as the emergent and would be dominant managerial paradigm at the congruence of HRM based high-commitment high-involvement strategies and TQM (Wood 1999), or more broadly conceived as the peak outcome of the post-fordist quest for a new productive order and reformed compromise at work (Murray et al. 2002), the genesis, nature, spread and implications of the high-road path have given rise to much debate and empirical attention recently.

There is consensus in the literature that a high-road approach to work entails (a) enhanced worker autonomy and involvement over decision making and (b) increased direct control over work processes through performance management systems and TQM measures. Or as defined by Kumar, it “envisions a system of work organization that redesigns jobs to include a greater variety of skills and tasks with expanded opportunities for training in exercising discretion, solving problems, and using communications and team skills” (2000, p. 2), and therefore “centres around the identification of human resource policies and practices that can provide workers with information, skills, incentives, and responsibility to help them make decisions that contribute to innovations, quality improvement, and a rapid response to change” (2003, p. 3). Empirical evidence suggests that high-performance work systems can be effective within a workplace. However, data also suggests they may be associated with unanticipated problems. In particular, increased efficiency and worker job-related satisfaction often seem to come alongside increased stress and additional training needs. Also enhanced labour flexibility that can be gained from adoption of high performance management is sometimes associated with job insecurity, and as a consequence, reduced worker commitment and trust (Osterman 1998).

It is thus argued that the relative success of high-performance practices arises from their coherence or ‘fit’ with embedded social relations at work (Bélanger et al. 2003; Streeck 1996). This view implies that a high-road approach is likely to work best when it is associated with institutional back up such as indirect and collective representation (Appelbaum 1998; Green & Le Queux 1999), especially in relation to the implementation of worker direct participation (Edwards et al. 1997; European Foundation 1997).
The implications of high-performance practices have not been widely considered for middle managers despite this being an important area of inquiry. Indeed, Kumar notes that this new approach seeks ‘to flatten out the management structure by reducing management layers and replacing supervisors with a team leader to enable workers to be self-managed and responsible for their own performance (2000, p. 2)’. Thus, not only high-performance practices, in the form of semi-autonomous teams for example, entail practical changes in the role of first line supervisors, from control to coaching (Beaupré 2002), but they may lead to more fundamental changes of the managerial function overall, including a standardisation and rationalisation of management itself: towards ‘lean management’? As a result, new patterns of managerial resistance (Martin & Beaumont 1999) and middle management retention of power (Harley 1999) may also turn out to be unexpected impediments to high-performance practices and ought to be seriously considered.

As with many studies on workplace change, a major pitfall of literature on high-performance management is that it holds a considerable manufacturing bias, though the bulk of new jobs arise in the service sector. However, exceptions are the studies devoted to the relevance of high-performance principles in services (Bailey & Bernhardt 1997). Public services, in particular, have been largely neglected. Yet, as we will outline below, public administration has not been immune from change. Budget stringency and threats of privatisation have made cost effectiveness and innovation an imperative.

Focusing on four Ministries in Canada, this paper provides illustrations of such innovation. After a synoptic presentation of the empirical evidence, the case studies will be used to draw conclusions about the literature on high-performance management.

**Context and Data Specification**

The liberal doctrine that has swept the welfare-state – of which the latest World Bank program shrinking smartly is a stark example – and the associated cuts in states’ expenditures have put public administration in general, and in Canada particularly, under tremendous pressure (Rose et al. 1998; Wetzel & Haiven 1996). In labor intensive sectors, such as education and health care, the reformist agenda most often relied on cost minimisation policies leading to downsizing, job precariousness and work intensification. Arguably, in these circumstances, there is little room left for innovation (Le Queux 1999).

Yet, there have been recent signs of the emergence of a high-road path based on decentralised decision making, the benchmark of best practices and performance management systems (Swimmer 2001). The case studies presented here, which were the Parti Québécois1 (PQ) led regional initiatives in the respective sectors of Transport Equipment, Forestry, Geology and Human Resources Development, are illustrations, it is argued, of such an option.

The idea of creating Autonomous Units of Service (AUS) stem from the 1995 PQ government intention to implement measures that would improve the quality and customisation of public services and increase the responsibility and accountability of public managers. Cellular servicing was seen as an innovative way to circumvent bureaucratic barriers and to improve both decision making and delivery flows. Models of cellular work organisations were, in practice, variable in nature and depth depending on the contingencies of the services and tasks to be performed. However, mostly, such approaches involved creation of teams or semi-autonomous groups that responded to customer requests for service (pull system). These

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1 Former Quebec Government, which gave place to the Liberals in 2003. The latter did not alter Government’s support to these initiatives and even went further down the road expanding the concept to an estimated 20% of the Quebec administration. http://www.vgq.gouv.qc.ca/publications/Rapp_2004_1/Rapport/html/TM05.html
strategies relied on horizontal flexibility and employee discretion and empowerment to achieve comprehensive and transversal problem solving, cutting across different functions to address common sets or ‘families’ of customer demands. The 2000 Law on public administration formalised this initiative, allowing more managerial scope to the AUS while imposing the implementation of a Performance Management System (PMS).

Although this research was commissioned by PQ government, it was established to allow academic independence. The research objectives were twofold: first, to evaluate how the AUS were performing in terms of quality and cost effectiveness; second, to examine the impact on human resources and industrial relations. Data was gathered across 2002 and 2003. The research framework included four areas of investigation: management and employees’ attitudes towards cellular servicing; the extent to which the change has been implemented; which ‘best practices’ could be benchmarked; and, the main pitfalls and factors of resistance. To achieve this, semi-structured interviews with state-level public managers and subsequently with head managers and samples of employees involved in the AUS were performed in each Ministry.

All interviews systematically covered the same set of dimensions: the history of the implementation; the economic performance of the servicing cell; employee motivation; training issues; the modification of HRM policies; managerial prerogatives and industrial relations; resistance to the change and best practices. The interviews with state-level and AUS head managers were conducted in isolation and a questionnaire relating to the latter dimensions was sent prior to the interview in order to allow some preparation. Employees, in focus groups of six, were also interviewed separately from managers. These sessions took 90 minutes in average.

Such a qualitative approach was seen as appropriate considering the experimental character of the AUS and the complexity of social relations under scrutiny, which might not have been captured by a broad survey. Overall, the project produced data that was consistent. This led us to think that, despite the variety of contexts, core elements have been identified. Moreover, it must be emphasised that the conclusions presented here were viewed positively by the public managers concerned.

The performance of the AUS, as detailed below, actually encouraged the Government to go ahead along the high-road path and extend the initiatives to 20 administrations as diverse as the Tax Department or the Department of Forensics. A recent Government enquiry (Fiset 2004) surveying 5 of them (different from our sample) corroborates our findings, reporting considerable improvements in terms of customisation and cost reduction. Interestingly, it also signalled that the managers and employees surveyed were even asking for more autonomy, in particular in budget administration.

## Results in Review

Drawing on the interviews with the chain of management and employees, this section is providing an overview of the experience of each AUS. A synoptic table of the seven dimensions covered by the study will be presented at the end, with a listing of best practices.

### Transport equipment

In 1995, recognising that public services in the field of transport equipment and fleet management were not cost effective and competitive as compared to the private sector, the Management Committee of the Ministry of Transport decided to implement several AUS. This was done in 1997. Today, productivity has reached outstanding levels and the servicing
cells have achieved the objective of self-financing. They are now taking over the private sector.

Despite initial employees resistance to the new regime imposed on them due to the fact that they had no say over the definition of performance indicators, such resistance has readily been overcome through communication efforts. Increased budget and decision making autonomy actually appeared to be quite instrumental to convince sceptical employees of the need to adopt a different agenda. Employees generally expressed the view that the PMS was contributing to greater transparency and fairness in the evaluation of their performance. The initial feeling of insecurity, especially in dealing with new responsibilities and the PMS, was remedied through better training.

The success of cellular servicing also derives from it being associated with a reduction of managerial and administrative layers. This approach made decision making faster and consequently, according to all, improved the customisation of services.

**Forestry**

With 1500 employees, Forestry Quebec offers a large variety of services ranging from services to private forest exploitation, inventory, research and reforestation, and services to indigenous communities, etc.

The Ministry of Natural Resources introduced a PMS in 1998. The implementation of the AUS has been gradual and employees were regularly informed about issues relating to the changes. There has been ample consultation over the performance indicators and, consequently, these measures have been revised over the years. However, at the time this research was conducted, the PMS was still a work in progress, and for many was a source of dissatisfaction. Indeed, many employees claimed that it was increasing their administrative workload and compromising their capacity for initiative. Interestingly, workers who already had much autonomy – usually forest workers – tended to think that the new system and the time spent on increased internal reporting was demotivating, whereas others (administrative staffs in the main) were rather happy to operate within a new ‘rigorous’ and ‘well defined’ management framework. Hence, levels of motivation tended to vary according to employee occupations. The implementation of cellular servicing did increase training needs, especially to ensure uniformity of employees’ conformance to the PMS, but with no significant disturbance to usual training plans overall.

**Geology**

The AUS Geology Quebec has been created in 1997, in tandem with the implementation of a geo-mining information system (SIGEOM). Geology Quebec activity relates to the acquisition, treatment and diffusion of the geo-scientific knowledge on Quebec mineral resources. It deals with both private and public mining stakeholders.

The creation of cellular servicing has been carefully planned over a period of three years and employees were ready for the change. The linkage of the PMS to the information system, which contributed to greater transparency and better feedback of performance targets and measurement, was the key factor according to both management and employees to the successful functioning of the AUS.

Since the effective introduction of cells, employees displayed higher level of commitment and a greater sense of belonging. They felt more responsible, service delivery deadlines improved noticeably, and the overall boost in performance was associated with a better fit with customer needs. The overall level of training activities did not increase but more training was
dedicated to the PMS. It was acknowledged that it actually helped identifying training needs. Interestingly, preference was given to ‘qualitative’ performance evaluation, i.e. for self-improvement rather than for sanctioning actual performance.

Notably, trade unions have been quite supportive of high-performance practices. Special committees on work organisation have been set up to support the change and ensure that matters were dealt with according to the collective convention and a good industrial relations climate was maintained.

*Human Resources Development*

Created in 1998, Human Resources Development Quebec, linked to the Ministry of social solidarity, is the largest AUS of the Quebec Government. Cellular servicing and the PMS were introduced at a time when this Ministry was undertaking major restructuring, including downsizing through mergers of units of service (from 250 to 150), the implementation of a new computing system and, intensive training on new public management.

Amid this uneasy context, employees adapted fairly well to cellular servicing and were generally able to reach performance targets, despite disparities between urban and regional areas, and a need for different weighting in the measurement of performance. Although employees had not been consulted over the change, they indicated no major resistance. Their motivation levels seemed to be high and stable, which stemmed from an already high level of job-related satisfaction, and which was seemingly not affected by the change. However, there was a shared view that the change should have been implemented far more incrementally, and included training on performance management for new employees as it was unanimously considered that, more than technical aspects, an employee’s capacity to adapt to the change was the key success factor. It was also claimed that additional human resources should be directly allocated to the monitoring of servicing cells.

**Synopsis and Best Practices**

Table I provides a summary of the comments collected during the interviews in each AUS. Data is displayed according to the seven broad dimensions of the study’s questionnaire. Best practices coming out of the study consistently relate to these dimensions. It should be noted, however, that these best practices are based on the consideration of the study’s data and were not influenced by preconceived prerequisites. Broader implications of the study in the light of the literature will be addressed in the concluding section.

As for the implementation of cellular servicing and the PMS, of primary importance are proper training and communication investments prior to the change. It was concluded that, to be successful, high-road strategies require employees be made aware of the principles guiding change and be assisted to alter practical aspects of their tasks, especially in relation to performance measurement. The involvement of employees in the definition of performance indicators seemed to be another critical aspect, making them ‘buying into the system’. Finally, creating a support team or having a designated champion to monitor the implementation also appeared to make a difference.

The AUS under study reached very satisfactory, sometimes outstanding levels of performance. It is difficult to disentangle which factor(s) in particular led to this performance as success seemed attributable to a ‘bundle’ of factors, as identified in other studies. However, two elements seemed to be especially implicated in the success of high-performance practices. First, the fact that the new system made performance targets clearer was seen by the majority of employees as strongly motivating. Second, beyond satisfying objectives of cost
effectiveness, greater autonomy in decision making coupled with actual discrete budget autonomy appeared to be a key factor raising the bar on quality through improved service deadlines and conformance to customer specifications.

In many cases, employees suggested that consistent management support for the new direction as well as systematic training of new employees on performance management are crucial elements sustaining their servicing cell. Many even suggested that labelling their own cell would contribute to enhancing their sense of organisational identification.

Careful treatment of industrial relations was also important. There was no alteration either to remuneration and staffing policies, or to the collective convention; which might have helped to avoid the crystallisation of energies over conflictual issues. Instead, much attention has been given to training and performance evaluation, and further to linking training activities to identified performance gaps. Such a ‘developmental’ emphasis (rather than purely evaluative) is meant to have significantly contributed to user’s acceptance of the PMS.

Furthermore, the implementation of union-management joint-committees on work reorganisation assisted to ease industrial relations tensions during the change. We must emphasise that in both of the cases we examined, the presence of trade unions within the workplace has not been an impediment to implementing high-performance practices. Union officials were informed about and consulted on the changes to ensure that changes were in the spirit of the collective convention. They informally reported that management did not intend to by-pass the union and, as a result, a level playing ground could be found, especially in regards to work related issues which were seen of mutual benefits.

Table 1. Synoptic Table

<table>
<thead>
<tr>
<th>Sectors Dimensions</th>
<th>Transport Equipment</th>
<th>Forestry</th>
<th>Geology</th>
<th>HRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic</td>
<td>+</td>
<td>Gradual information and consultation</td>
<td>++</td>
<td>Problem of overlap with other changes</td>
</tr>
<tr>
<td>Performance</td>
<td>++</td>
<td>Uneven occupational performance</td>
<td>++</td>
<td>Sustained levels of performance</td>
</tr>
<tr>
<td>Employee motivation</td>
<td>++</td>
<td>Higher level of commitment</td>
<td>++</td>
<td>Good and stable</td>
</tr>
<tr>
<td>Training</td>
<td>Δ</td>
<td>Specific training on performance management system</td>
<td>Δ</td>
<td>Satisfying</td>
</tr>
<tr>
<td>Change in HR politics</td>
<td>+</td>
<td>Greater attention to performance objectives</td>
<td>+</td>
<td>Minor change to the performance appraisal system</td>
</tr>
<tr>
<td>Industrial Relations</td>
<td>+</td>
<td>Overall good and stable employment relations</td>
<td>+</td>
<td>Positive impact of employees’ autonomy</td>
</tr>
<tr>
<td>Resistance to change and best practices</td>
<td>Δ</td>
<td>Varied levels of satisfaction among occupations</td>
<td>+</td>
<td>Specific training needed for new employees</td>
</tr>
</tbody>
</table>

Legend: +: Success; Δ: Problem; ∞: Not an issue
Discussion

It can be argued that these case studies provide illustrations of a high road path in public administration. If high-performance work systems can be conceived of as “a work organization that provides employees with the opportunity for direct participation in operational decisions, and HR practices that increase workforce skills and create incentives for workers to participate effectively” (Appelbaum et al. 2000, p. 3), the initiatives surveyed provide an example of an organisation embracing the high-road. This approach appears to work. Data converge to indicate higher levels of performance both in quality and time reduction of service delivery, higher levels of employee satisfaction relating to autonomy – albeit remotely monitored by the PMS – task specification and performance evaluation and, finally, greater ease with hierarchical relations and higher level of organisational commitment, in particular at cells level.

As outlined in other studies, communication and employee consultation appear to be essential: the higher the transparency and employee involvement in the process of change, the less organisational resistance and the more likely the sustainability and efficacy of the AUS. The study provides the basis for reconsidering two myths. The first, merely tautological, is that public administration is intrinsically deemed to be poor. The findings from this study suggest that this view is inaccurate. Quebec public managers and employees let us with the evidence that all is a matter of good management by the end of the day. The second myth is that you cannot perform good management with trade unions on your back or that they are obstacles to flexibility and innovation; notwithstanding those North-American collective conventions are particularly protective of managerial prerogatives. Instead, far from obstructing workplace changes, trade unions have been playing a significant social function by providing some leverage for trust building throughout the process of change. Yet, it would be naïve to ignore that the spectre of outsourcing was in everybody’s mind, and that it was an incentive for both management, workers and their representatives to pull up their sleeves to demonstrate market viability and competitiveness of public operations in order to secure ‘good jobs’.

Although more empirical evidence of high-performance practices in the public sector is still dramatically needed, more attention, it is argued, should be turned to management issues. This is not because high-performance work systems are the new ‘cutting edge’ management development; there is not much innovation there by the way. As rightly put by Wood (1999), this is some sort of a blend of HRM and Lean Production principles. One could also observe that this paradigm is largely drawing on classics: enhanced employee motivation as a result of enhanced autonomy was the leitmotiv of Herzberg and the School of Human Relations; ‘managerialising’ the worker was the true end of Taylor’s Scientific Management; standardising and rationalising decision making to avoid managerial distortions, with the idea that less management is good management, is actually quite Weberian in the abstract.

Rather, and more interestingly, there is a need to explore how managers are adapting to the new high-road paradigm, which could be conceived as a process towards leaner management. In our cases, middle managers – which have been previously ‘right-sized’ – were generally satisfied with the changes, but expressed mixed feelings about their future role. With the flattening of hierarchical layers, they felt closer to (central) power as well as having more discretion for achieving their objectives. However, they also felt straight-jacketed by the PMS. As such, paradoxically, the system provides powers that control the ones holding it. In this context, then, not that surprising that they insisted on fairness and equity as primordial criteria to be taken into account in the administration of performance management, and corollary in the evaluation of their own performance; the very same criteria that a while ago,
and somewhat ironically, were at the foundation of the American based job control when industrial workers were first facing Taylorist-Fordist like standardisation and rationalisation of work processes.

In sum, the study asserts that, although inspired from the manufacturing sector, high performance practices appear to be fairly transferable and sustainable in public services, presumably thanks to discrete contextual preconditions such as top level commitment to a high-road path and a devolution of power – albeit under technocratic control (the PMS) – and no direct threats on job security; which in turn shed a light on two fundamental principles. First, any innovation in terms of methods and production is, as a start, a social innovation and should be carefully dealt with as such: time, training and trust are essential. Second, refocusing work processes and decision making on the customer and service delivery helps looking outward and, doing so, prevents productivity losses often occurring when an organisation gets self-centred, responding to idiosyncratic and self-parasiting administrative logics, and ultimately losing touch from core activities.

References


AIRAANZ 2006
Reconciling child care responsibilities and work: Insights from case study evidence

Julie Lee
University of Newcastle

The provision of family friendly benefits at workplaces is advocated as a means to assist employees to achieve work-family balance. However establishing the scope and penetration of these measures in the labour force is difficult. Provisions may be delivered via industrial instrument or company policy or informal mechanisms operating within the workplace context. This paper uses case studies to explore the ability of employees, within workplaces, to negotiate flexible work hours that suit their care needs and to lobby for on-site child care facilities. Outcomes rested on managerial discretion, occasional disregard for company policy and a culture of ‘give and take’. Access to off-site formal child care was difficult with three of the four employers situated in outer metropolitan regions (non-capital city) but managers recognised that there were substantial hurdles to the provision of on-site child care centres.

Introduction

The concept of workplace arrangements that assisted families to balance work and family responsibilities entered the Australian political lexicon in the 1990s (Burgess and Strachan 1999). For example, the conservative coalition parties in government asserted that their industrial relations policy ‘will be of particular benefit to those women who wish to blend family and work responsibilities’ (Liberal Party of Australia 1997). This political awareness was prompted by the changing composition and work patterns of Australian families. Amongst families with dependent children, the proportion of sole parent families has grown, while there are indications that the average family size has fallen; moreover, the proportion of couple families with dependent children aged under 15 years in which both parents are working has increased (Pocock 2003; Broomhill and Sharp 2004). Between 1976 and 2001, irrespective of the age of the youngest child, a higher proportion of mothers in couple families were in employment (Pocock 2003, 74) and the employment participation rate of mothers rises as the youngest child grows older. Despite these and other indicators (Preston and Burgess 2003) that chart the changes in female labour force engagement, evidence indicates that women are still more likely than men to be carers and that women carry a disproportionate share of child care responsibilities (HREOC 2005; Campbell and Charlesworth 2004). So work-family balance issues are particularly important for female employees, yet what work practices constitute family friendly measures is not without contention (Campbell and Charlesworth 2003; Burgess and Strachan 1999; Pocock 2003).

Burgess and Strachan (1999) define ‘the family friendly workplace as one which recognises the home caring responsibilities of its employees and develops and implements policies that allow employees to simultaneously fulfil work and family responsibilities’ (290). They suggest that genuine family friendly workplace arrangements will be characterised by offering employees income security, employment security, access to adequate leave arrangements, appropriate flexible working-time arrangements, opportunities for training and promotion, assistance with care arrangements and a willingness to introduce innovative work arrangements. A more compressed list encompasses leave from work arrangements and changes to work arrangements both for family reasons, practical help with child care and elder
care and provision of training and information (OECD 2001). In these measures Australia lags behind the experience of other OECD countries (Campbell and Charlesworth 2003).

Trying to determine the proportion of the workforce with current access to family oriented provisions is no easy matter (Campbell and Charlesworth 2004). First, there is disagreement as to which specific measures should be included and family friendly initiatives may coexist alongside family unfriendly policies. This is particularly the case with flexible working time arrangements, where employer determined variability in work hours at short notice may be in open conflict with employee child care arrangements. Second, these provisions may be secured via statute, negotiated agreement, awards or company policy initiative, making it difficult to gauge workforce penetration. The industrial instrument will prescribe entitlement availability. Indeed casual employees are expressly excluded from provisions like annual leave and personal leave. Further, some provisions impose eligibility requirements (such as length of service) or require compliance with procedural matters like notification processes. Third, provisions, like flexible use of annual leave, may be stipulated as ‘by agreement between the employer and employee’, thus conferring a degree of managerial discretion in the exercise of the provision. Finally, hostility from supervisors and antagonism from co-workers may inhibit the uptake of some provisions (Probert, Ewer and Whiting 2000). Indeed Campbell and Charlesworth (2003) argue that factoring in workplace context is important in determining the spread and quality of family-friendly benefits and that ‘case studies are vital for uncovering the workplace context’ (71).

This paper will report on four case studies that provide insight into the effect of workplace context on the implementation of family friendly provisions. The case studies are a part of a wider investigation into the development and implementation of Equal Employment Opportunity (EEO) policies and programs at the organisation level. The paper will proceed as follows: the next section will outline the four case studies, covering workforce profile, family friendly provisions in pertinent agreements and awards, and provisions in company policies. In the light of these provisions, or lack of them, Section 3 examines options to workers within the workplace context to achieve reconciliation of child care needs with work. The final section will present conclusions.

The Case Studies

As noted above, the paper represents part of a larger study investigating operational aspects of EEO policies within Australian workplaces. Organisations chosen to participate had submitted annual reports to the Equal Opportunity agency (EOWA) or had been waived from doing so after a number of satisfactory reports. In a sense, the cases represent ‘best practice’ organisations from an EEO perspective. Site visits were arranged with each organisation, at which a series of semi-structured interviews were conducted in mid to late 2004. Participation was voluntary but the human resource manager in each organisation, who coordinated the visits, nominated the participants. A total of 35 participants were interviewed including human resources personnel, managers, accountants and employees. Interviewees were principally women. Internal documentation regarding company policies and EOWA reports were also made available.

The four case studies are identified as Engco (machinery, instrument and equipment design and manufacture); Metalsco (refining raw materials into metals); Funco (providing recreational and entertainment services) and Clothingco (design, marketing and distribution of clothing label). All of the companies were located outside capital cities. Engco and Metalsco both operate in a capital intensive, high skilled environment. There was a union presence in
three of the four firms and all firms had some formal agreements with at least some of their staff.

**Table 1. Summary employment profiles of four case studies**

<table>
<thead>
<tr>
<th></th>
<th>Total employee numbers</th>
<th>Female share of Total (%)</th>
<th>F-T share of Total (%)</th>
<th>P-T share of Total (%)</th>
<th>Casual share of Total (%)</th>
<th>Female share of F-T (%)</th>
<th>Female share of P-T (%)</th>
<th>Female share of Casual (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothingco</td>
<td>~ 300</td>
<td>53</td>
<td>55</td>
<td>8</td>
<td>36</td>
<td>47</td>
<td>74</td>
<td>58</td>
</tr>
<tr>
<td>Engco</td>
<td>~ 300</td>
<td>14</td>
<td>96</td>
<td>0.9</td>
<td>3</td>
<td>13</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Funco</td>
<td>~ 1500</td>
<td>56</td>
<td>26</td>
<td>20</td>
<td>54</td>
<td>46</td>
<td>64</td>
<td>59</td>
</tr>
<tr>
<td>Metalsco</td>
<td>~ 1000</td>
<td>5</td>
<td>99</td>
<td>1</td>
<td>0.5</td>
<td>4</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* 10 or fewer employees.

Table 1 summarises the employment profile of the four case studies. Two firms are of medium size (300-400 employees) (Engco and Clothingco) and two of large size (over 1000). Two firms are male dominated (Engco and Metalsco) and two are gender neutral. Clothingco has 55 per cent of its workforce full time and just over another third is casual. More than fifty per cent of Funco’s employees are casual. Engco and Metalsco have workforces concentrated in full time employment. Table 2 provides an indication of the extent to which the workforces were covered by awards and/or agreements.

**Table 2. Proportion of workforce covered by awards or agreements**

<table>
<thead>
<tr>
<th></th>
<th>Clothingco</th>
<th>Engco</th>
<th>Funco</th>
<th>Metalsco</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered as per cent Total LF</td>
<td>50.8</td>
<td>57.5</td>
<td>62.2</td>
<td>73.1</td>
</tr>
<tr>
<td>Female covered as per cent female LF</td>
<td>49.4</td>
<td>21.7</td>
<td>67.2</td>
<td>30.9</td>
</tr>
</tbody>
</table>

For each of the case studies, the awards, agreements and company documents were scrutinized to determine, on the one hand, the stipulated hours of work and, on the other hand, the availability of leave provisions, work arrangements and practical help with care responsibilities. Changes to working hours potentially impact negatively on work and family balance, while family provisions are expected to have the opposite effect. Clothingco had the bulk of its female representation in retail (42 per cent) with the female share accounting for 67 per cent of this employment. These employees were covered by awards and a company certified agreement. In addition, and along with other employees (in administration, design, marketing and management), employees were subject to the company handbook of policies and procedures. In retail, standard full-time hours of work were 76 hours per fortnight with a maximum 12-hour shift possible. Sunday work and overnight hours might also arise. The allocation of work hours was determined via rosters. For design, marketing and administration employee’s usual hours fell between 7.00am and 7.00pm, Monday to Friday but varied with peak workload. The leave provisions available in the awards and agreements were standard provisions for unpaid parental leave, personal leave and carer’s leave. In addition, the staff manual allowed for the taking of annual leave in single days. Part time employment conditions were set out in the agreement but both the agreements and staff manual were silent on other work arrangements. Company reports to EOWA mention the availability of job share, working from home, part-time return from parental leave, flexible start and finish times and breastfeeding room on an *ad hoc* individually negotiated basis. There were no references to practical assistance with caring responsibilities.

The occupational concentration of female employees for Engco was in clerical and administration positions (74 per cent) though the female share of this employment was only
47 per cent. The tradespersons and apprentices were employed under awards and company certified agreements, however the female administration workforce were not covered by an industrial agreement and the staff manual was, at the time of fieldwork, in the process of a major revision. For skilled tradespersons, full time hours were an average 38 per week or 152 hours in 28 days. These hours were worked Monday to Friday in 3 shifts that spanned 6.30am to 11pm, with the possibility of paid overtime on weekends. Female clerical employees worked 8am to 4.30pm Monday to Friday with no provision for flexibility in hours. Again the leave provisions available in the awards and agreements were standard provisions for unpaid parental leave, personal leave and carer’s leave but also included the taking of annual leave in single days and access to unpaid leave at employer’s discretion. Work arrangements like rostered day off, time off in lieu of overtime and make-up time were available to production workers under the awards and agreements but not to the female clerical staff. There was generally no option for flexibility in the start and finish times and no reference to part time employment, job share, working from home, part-time return from parental leave or breastfeeding space. There were incidences of part time employment and part time return from parental leave being made available, on an ad hoc basis, to specific employees. There were no references to practical assistance with caring responsibilities.

Elementary clerical, sales and service workers and performers dominated female employment at Funco (71 per cent) with the female share of this employment at 61 per cent. Again, trades, clerical and intermediate production employees were subject to awards and certified agreements while managerial and administration employees were not. Funco usually operated from 9am to 5pm, Monday to Sunday with extended trading in school holidays. Full time hours were an average 38 per week or 76 hours per fortnight but ordinary hours could expand to 12 per day in busy periods. Again rosters determined the allocation of hours. Leave provisions at Funco were as for Engco but there were significant differences in work arrangements. Funco’s awards and agreements specifically laid down a formal structure to permanent part-time positions and provided, with employer consent, for return to work after parental leave on a part time basis. Work arrangements like time off in lieu of overtime and make-up time were available to permanent employees and an ability to accrue and then access worked hours at a later date (known as ‘banked hours’) was open to all employees. The company had developed a formal policy addressing issues associated with breastfeeding at the workplace but there were no provisions for job sharing, working from home or practical assistance with caring responsibilities.

For Metalsco, female positions were in line management, administration and other professional occupations (96 per cent) with the female share of this employment at 19 per cent. The company operated twenty four hours in a day, seven days a week and in 2003 it had negotiated the introduction of an annualised salary arrangement with its production workforce that provided for a stable income under a simplified payment system, that opened up the possibility of 8 or 12 hour shifts and effectively bought out overtime and time off in lieu. Metalsco was the only organisation to provide for paid parental leave – 6 weeks paid maternity leave and 2 weeks paid paternity leave. Otherwise leave provisions were as for Engco. Company guidelines covered flexible use of parental leave, on-site infant feeding and working from home with computer networking. There were no references to practical assistance with caring responsibilities.

To recap, leave provisions were explicitly stated in agreements and awards for all organisations. However only at Metalsco, with paid parental leave, did the provisions exceed the standard available to all workers irrespective of their family responsibilities. Funco included in its agreements and company policies a number of family friendly work arrangements, while Metalsco had formal company guidelines covering some issues.
Clothingco claimed an ethos of supporting family friendly work practices but this was not formally documented. Engco effectively segmented its workforce when it came to flexibility provisions, leaving its female administration workers feeling marginalised and discontented. None of the cases provided, in agreements or company policy, the right for employees to request a variation in start and finish times, though Clothingco and Metalsco refer to the option in EOWA reports.

The next section attempts to bring together, within the workplace context, these provisions alongside the family responsibilities that employees faced.

**Accommodating child care needs and work**

*Interaction of family responsibilities and work*

None of the four case study organisations had an explicit reference to facilitating child care responsibilities in their agreements. However, for all cases, adequacy of child care arrangements resonated as an issue. This was despite differences in their labour force profiles – Metalsco with its very stable, older, generally masculine and full time labour force at one extreme and Clothingco with its rapidly expanding, younger, generally feminine and more casual labour force at the other. Consistent with other research, interviewees in the organisations utilised a range of child care arrangements suited to the age of their children and family circumstances. Thus there are references to parental care (via shiftwork), informal care (from relatives) and formal care (centre based day care), as well as combinations of arrangements.

It’s been, I guess a challenge in rostering my husband and myself around work and our baby. We have him in day care 2 days a week but because of the salaries that we earn, which are certainly not a huge amount of money but based on the way the child care system works, we don’t get a lot of assistance to put him into childcare. So, we can only afford 2 days. The other 3 days my hubby looks after him. Jim, he works nights mainly. Between family and Jim and work being flexible and day care we are able to look after one child but heaven forbid, if we had any more… (Funco: Ruth, HR administrator)

Even though making arrangements for child care rested with the individual parent or employee, breakdown in or disruption to those arrangements had repercussions for the employer. Interviewees identified five forms of such ‘care failure’: an inability to find care hours for a preschool aged child that meshed with preferred work hours (failure of supply); difficulty finding before and after school hours care for school aged children; difficulty covering school holiday periods; meeting the care needs of a sick child; and coping with situations where the usual carer of the child was sick. The first three scenarios generally placed restrictions on the routine availability of the employee to work certain hours, while coping with illness would result in short term absence from the workplace. Full-time employees have access to carer’s leave as a means of achieving work-family balance when a child is ill; casual workers face a dilemma since parental care for a sick child results in a loss of work hours and income. However at Funco the banked hours provisions allowed casual employees to accrue extra hours that could be accessed at a later date.

We have casual banking hours. It’s the best way to go for a casual because they don’t have … holidays and sick pay. If they bank—even if they bank the surplus, maybe if they’ve got a little bit extra. It banks up and then if they need a week off, or they find they are suddenly sick, they just pull that bank hours back out again and I pay them and they haven’t had to come to work but they’ve still got money. ... Oh, Yes [the policy is popular]. (Funco: Gail, personnel coordinator)
In the absence of employee entitlement to request variation in hours, the culture of the organisation became important in addressing the constraints on working time that employees faced due to child care obligations. In interviews, respondents from management in three of the four case studies make reference to a desire to 'do the right thing' by employees or a 'culture of consultation' as the motivating force behind certain company practices. This predisposition is in turn justified by one of three arguments. There is the supposition that it will produce 'better outcomes' for the organisation (via higher productivity, happier labour force, ‘investment in employer relations’); will enhance the organisation’s standing in the community (especially where the case study is a major employer in a regional area); and meets the social obligations of the enterprise, captured by the phrase ‘it’s how you treat people’.

But in terms of policy we like to do the right thing by our employees. Treat our staff in the way we would like to be treated ourselves. I think in HR, we need to take a lead with that. So, it’s really important that we do the right thing. We are not only an employer; we’re also a part of the community. We are a large employer, the second largest [in the region]…(Funco: Andy, Assistant HR manager)

The exception to this style of inclusive company culture was Engco whose work ambience seemed akin to that stereotypically expected of a male dominated manufacturing environment. Employees in the production stream worked shifts and had access to some form of roster day off. Management was able to work flexible hours but the full-time clerical staff was not able to negotiate any accommodation in hours. This was cause for resentment amongst the female staff.

When it came to varying work hours to fit around school hours, not all of the organisations were equally well placed, as that flexibility was dependent on the role of the employee and the operating hours of the organisation. Thus Metalsco in its production arm was limited in the degree of flexibility in hours it could offer employees, while Funco’s extensive use of rosters coupled with casual or permanent part-time workers meant that it was easier to accommodate an individual request for hour’s variation. Although the picture of the organisation that emerged from the interviewees was not always consistent, as for example the comments of Megan and Beth below.

In terms of start and finish times, on a regular basis, we can’t. It’s not possible for somebody to permanently start and finish at a different time but as a once off, or as a short or interim measure, we are often able to rearrange things, whether it’s through the provision of leave or swapping shifts. I wouldn’t say that we are able to accommodate everybody. We’re not. But given the restrictions inherent in the working system to start with, such as a twelve hour roster and our four day on and four days off, and the fact that it’s a continuous cycle, so you can’t really change your start time without it impacting. We are a lot more flexible than I think a lot of companies would be. A lot of companies would go, “oh, that’s too hard we can’t do that.” We tend to look for ways to accommodate people’s circumstances where we can. (Metalsco: Women’s interview group)

Pretty much for anyone who would need that [hours adjusted to child care], it is very easy to accommodate them because we have early starts, we have middle of the day type starts, early finishes. So, it’s quite easy to work around those issues. (Funco: Megan, supervisor).

We’re very lucky at the front gate because June is very good and very flexible. I know other parts of the park aren’t as flexible as what she is, in trying to help us as much as possible. (Funco: Beth, operator).
As a corollary, the company culture or philosophy left a fair margin for the exercise of managerial discretion in the resolution of problems. Supervisors have a material impact on employee well-being and their productivity (Estes 2004; Pocock 2003) but personality differences and the possibility that a manager’s perceptions of staff may produce inconsistent decisions, calls for training in human resource management skills and appropriate guidelines (Renwick 2003; Whittard 2004). The discretion is most clearly seen in the management of informal negotiations over start and finish times around school hours and the arrangements for school holidays. This discretionary authority often left line managers juggling the competing needs of different employees and at the same time trying to appear to ‘be very fair’. At times, the flexible outcomes even ran counter to company policy. For Funco, there was the added problem of staffing weekend rosters.

Okay. As you can imagine, having that many casuals, I have a lot of single mums as well. So, even though we have to be very fair with the casuals and because we are a seven-day a week organization, they have to do some kind of weekend work, otherwise it is not fair on the ones that don’t have any children. … So, what I try to do is, the ones that have a partner, a sister or a mother, that can look after the children I do roster them—because most of the hours are on weekends. (Funco: Gail, personnel coordinator).

School holidays were another bone of contention, especially for Clothingco and Funco, with an indication of a willingness to try novel approaches.

Well, we have a couple of other things that we’ve put in place [for school holidays], where you can take your annual leave at half pay. ... The same as with your long service leave. You can’t just do it for a day. It has to be in a block of a week, or whatever. (Funco: Nola, employee relations).

Most definitely (children may come into the workplace). You’ll see—school holidays it’s not uncommon to have some littlies hanging around and that’s fine. What we say is, “it’s your job to look after them. Try and keep them within your office space, get the work done and go home if you have to.” (Clothingco: Dianne, HR manager).

Alongside managerial discretion and attitudes of ‘fairness’, another common theme in resolving child care issues that impacted on the workplace was the notion of earning merit or deserving favour. As Wise and Bond (2003) argue this notion of flexibility as a reward reduces the sense of entitlement to use it. Further, since earning the flexibility requires an input of time, it disadvantages those employees whose family situation leaves them most time constrained.

Yes. It is but when you first start you realise you have to put in the hours and you do your best. So, now, I can benefit from that from being here five years. Now I am able to say, “Will it be alright if I do this … then I say well you know that I will work right through the next lot of holidays. (Funco: Beth, operator).

Turning to the routine care needs of preschool aged children, we find that availability of child care external to the firms was an issue for employees of all four firms. This was linked to the regional location of three firms. The paper now turns to a discussion of this issue.

Because in [region] it is almost impossible—I’ve got a mum going off on maternity leave next month. She wants to be away six months. She can’t get childcare. (Clothingco: Diane, HR manager).

**Advocacy for employer provided child care**

All four of the case studies raised as a possibility the provision of on-site child care facilities. For Engco, Metalsco and Clothingco, this was partly in response to a paucity of places in their regions. Funco had a sizable female workforce and it was seen as ‘a nice thing to be able to do.
for the employees’ (harking back to the importance of the company culture and investing in personnel), while Clothingco was recruiting a lot of younger women who were entering the family formation ages and there was a desire to retain staff. Metalsco saw the possibility as meeting a family priority rather than as just accommodating female employees’ needs.

Advocacy for employer assistance with child care came from a number of sources. Expressions of interest came from human resources and other managers who also reported discussions that involved CEOs. There was a groundswell of support from non-managerial employees.

In fact I am probably the greatest advocate for building a childcare centre here on the site. I talk about it a lot of the time because there is a real need even when you have a majority male workforce. A lot of our issues in absenteeism in the wages area are because guys are looking after the kids. (Metalsco: Ellen, HR manager).

In two cases, Metalsco and Funco, the matter of on-site child care had been raised by employees in the context of agreement making. In both cases while the issue made it to the agenda, it was dropped in negotiations because it was not seen as one of the top ten issues.

That did come up in the negotiations. You’re right. There was a question about could we not build a childcare centre. It came off the negotiating table really because it wasn’t heavily supported by the employees, to be honest. It wasn’t a key issue. When they narrowed down their top ten issues it wasn’t in there. ]…(Funco: Andy, Assistant HR manager)

**What problems are associated with on-site child care?**

Several obstacles were cited. There were issues of cost for Engco, Clothingco and Funco. These were not just the capital costs but also insurance costs and specialist staffing requirements. In fact Funco had undertaken a feasibility study into an on-site centre some ten years prior and had abandoned the idea since the costs were prohibitive and accreditation processes were time consuming. More recently, senior management were reported to have been reviewing the matter again. Related to the cost question is the view that child care activities are not part of ‘core’ business that is it requires expertise that lay outside the organisation’s normal ambit. For at least one case there were factory zoning requirements and regulations that would make it difficult to situate child care on site. Funco also raised the problem of equitably allocating any places that might be available across staff.

**What alternative scenarios might be considered?**

The two most frequently touted possible alternatives to owning and operating an on-site centre were a joint venture arrangement or reservation of dedicated places at existing centres.

I am looking at buying half a dozen places, so that they can then share them out to other people if (our) staff don’t get them. But our staff will get preference on those places. That’s the concept that I’m looking at. (Clothingco: Diane, HR manager)

Funco was also considering restructuring the way vacancies were advertised in order to offer employees more predictability in the hope that this would facilitate child care arrangements.

For us, as an employer, one of the things we could do to improve our childcare framework is to be able to give people much more predictability of rostering because we are a seven day a week operation and we tend to say to people, “you need to be available 7 days a week, 9am. to 5pm”… we’ve recently been talking about hiring for a roster pattern, rather than hiring for a job. (Funco: Andy, Assistant HR manager)
Conclusion

On the whole, in terms of agreements and awards, the case studies do not stand out as providing secure access to family friendly benefits for their employees. For the four case studies, leave provisions in awards and agreements followed statutory rights or test case standards and did not add to employee entitlements, except for the right to access annual leave in instalments and the provision of paid parental leave at Metalsco. Access to family friendly work arrangements varied across and within organisations. For instance, Funco made available permanent part-time work through its agreements and Funco and Engco offered time off in lieu, make-up time and rostered days off (or banked hours at Funco) under agreements (though not to clerical employees at Engco). However, Funco and Metalsco also had formal company policies that provided for return to work on a part time basis after parental leave and on-site infant feeding facilities. Metalsco also had a company policy regarding working from home. There were no provisions addressing child care needs or the right to request flexible start and finish times to suit the employee. Informal company practice meant that some employees could negotiate flexible hours while others were denied the privilege. Often these informal arrangements were negotiated around the return from maternity leave and had a finite time horizon.

The case studies reveal something of the process whereby employees could negotiate work hours that accommodated care restrictions. In three of the four companies there was a culture of goodwill towards employees, with sentiments that referred to ‘doing the right thing’. However three organisations also had a full-time work ethic which one enterprise was very resistant to change. Employees who wished to negotiate flexible working hours for routine care needs had to negotiate with managers, raising the possibility of ad hoc decision making and inconsistent outcomes. An attitude that fostered ‘give and take’ also meant that time constrained workers for whom flexibility might be most valued were disadvantaged in being able to access the flexibility.

Centre based child care was not offered on site even though there was an apparent paucity of places in the outer metropolitan regions. There was widespread agreement on the problems posed by unsatisfactory child care arrangements but managers baulked at the cost and risk associated with providing in-house child care. The possibility of joint partnership with an experienced child care licensee or of reserving dedicated places in a new or existing private provider were attractive options but only Funco had taken some steps towards an appraisal.

References


Academic work and levels of bargaining in Australian universities

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In April 2005, the federal Coalition government released details of the Higher Education Workplace Relations Requirements (HEWRRs), promoting the principles of flexibility and individualisation for the workplace relations system of the Australian higher education sector. In line with their broader reform agenda, the rationale for the HEWRRs is the removal of the alleged ‘one-size-fits-all’ approach to agreement making within universities. Through analysis of the substantive outcomes (pay, leave entitlements and working conditions) of 10 Australian university collective agreements, this paper challenges this assertion. While there are many similarities with the terms of employment detailed in the agreements, we found little evidence to support the contention that university management lacks flexibility in the determination of an individual’s academic work, and thus the justification for the HEWRRs is questioned.

Introduction

On 29 April 2005 the Howard government released details of the Higher Education Workplace Relations Requirements (HEWRRs). In the joint media statement the ministers for employment and workplace relations (Kevin Andrews) and education, science and training (Dr Brendan Nelson) asserted that universities need to become more productive, efficient, flexible and competitive, and that the HEWRRs ‘is in line with the Government’s broader workplace relations reforms agenda and are designed to support a workplace relations system in the higher education sector focused on greater freedom, flexibility and individual choice’ (Andrews & Nelson, 2005). The HEWRRs are designed to make greater use of AWAs so that universities ‘engage in more direct relationships with their employees’ and union involvement in university industrial relations and human resources matters ‘only be at the express invitation of university employees’ (Andrews & Nelson, 2005). The justification for individual agreements under the HEWRRs is that AWAs ‘allow greater flexibility than certified agreements to provide bonuses and other rewards for high performance’ because a ‘one-size-fits-all approach…has prevailed in the sector to date’ (Nelson, 2005). However, claims for some common conditions and entitlements do occur across enterprises in the same industry as a matter of course where the similar issues arise: maternity/parental leave and regulation of workloads, for example (Senate Committee, 2000:32-34).

In 2001 there were 83,800 academic and non-academic (general) staff employed by Australian universities (DEST 2005, paragraph 167). The federal government provides about $6 billion (of the $10 billion of revenue) to higher education in Australia each year, most of which is directed at the 39 ‘public’ universities in Australia (NTEU, 2003). Teaching and related activities remain the major source of university income, both from the federal government and student fees (Horsley et al, n.d:89). The principal trade union in the industry – the NTEU – represents the industrial interests of academic staff employed in Australian universities (and many general staff), and has over 26,000 members (NTEU, 2003). The NTEU submission to the Senate Committee inquiry into the Workplace Relations Amendment (More Jobs Better Pay) Bill in 1999 conceded that it has pursued a ‘coordinated bargaining’

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strategy, partly to achieve equal remuneration for employees doing similar jobs in higher education and partly because there is a national labour market: ‘Most employees of Universities are pursuing a career within a national system of higher education’ (DEST 2005, paragraph 168). Moreover, O’Brien’s (1999b) in-depth analysis of NTEU bargaining strategy highlights the multi-faceted aspects of this approach, the subsequent ‘leading sites’ bargaining strategy, and the importance of establishing a ‘floor price’ for salary levels across different institutions since the 1990s.

This paper seeks to examine this alleged lack of flexibility within the higher education workplace relations system by considering the substantive outcomes (pay, leave entitlements and working conditions) of 10 Australian university certified agreements. The purpose of this methodological approach is to enable analysis of the actual outcomes of collective bargaining within higher education rather than the more common analysis of bargaining processes within the sector (see O’Brien, 1993, 1999a, 1999b and 2003; Pegg and Young, 2001). While the application of this approach is somewhat limited, this does not negate the usefulness of considering the actual employment conditions of university workers in the context of the HEWRRs and the supposed ‘one-size-fits-all’ nature of employment in Australian universities. Our analysis suggests that collective bargaining in Australian universities provides management with significant flexibility, particularly remuneration and workloads, that is unlikely to be enhanced by individual level bargaining.

**Industrial Relations in Australian Universities**

It is only relatively recently that universities in Australia came within the reach of conventual industrial relations processes and influence. Prior to this, management decision making was often based on a ‘grace and favour’ model: partly for policy reasons and partly for constitutional reasons (Pickersgill et al, 1998). The federal government first began to have a direct role in higher education in Australia after the implementation of the recommendations of the 1957 Murray Report. The Martin Report and Committee of the 1960s enhanced the role of the federal government with establishment – and funding – of ‘equal but different’ institutions devoted to practically oriented fields of study: colleges of advanced education (CsAE). The ‘Dawkins’ reforms of the late 1980s ended the binary system of universities and CsAE with the establishment of a ‘unified national system’ of higher education (Pickersgill et al, 1998). Arguably, this is of critical significance as it was the Dawkins agenda that sought to bring the employment conditions of university staff into the mainstream of industrial regulation (O’Brien, 2003: 39).

In 1987 the first federal awards for academic staff were created, the *Australian Universities Academic and Related Staff (Salaries) Award* and the *Australian Universities Academic and Related Staff (Conditions of Employment) Award* (Pickersgill et al, 1998). Under the unified national system it was intended there would common salaries for all academics at the same classification (Pickersgill et al, 1998: 8). This provided a means of regulating academic work on a federal basis that had not been possible before (O’Brien, 2003: 41).

In 1989 the Australian Industrial Relations Commission (AIRC) made an award for general and academic staff, consolidating the terms of 127 separate State and federal regulatory instruments. University salaries were fully supplemented by the federal government at this time through the indexation of higher education funding. These industrial and funding arrangements altered in 1993 when government policy emphasised bargaining at the enterprise level. With the onset of enterprise bargaining in Australia during the early 1990s, the university employer association created in 1989 – the Australian Higher Education Industrial Association (AHEIA) – refused to negotiate a national ‘framework’ agreement.
The first bargaining in which salary increases were required to be productivity-related began during 1994. The government decided in 1995 to change the indexation arrangements for higher education funding from the beginning of 1996. Since then pay increases greater than the ‘award safety net’ adjustment determined by the AIRC needed to be offset by productivity gains at each university.

The above regulatory developments set the framework for the advent of enterprise bargaining in higher education. In this period, a number of universities have sought non-union (‘section 170LK’) collective agreements to bypass the NTEU. Ballots to approve such agreements have been held at the Australian Maritime College, La Trobe University, Murdoch University, the University of New South Wales, the University of Queensland, and the University of Tasmania. On each attempt the proposed non-union agreement failed to be endorsed by the staff ballot. In 1999 the federal Coalition government introduced the ‘Workplace Reform Programme’ in higher education as means to overcome the pattern of common bargaining outcomes in university collective agreements. Ironically, the result of the Programme was to convert employment matters previously administered on a unilateral basis by university management to issues subject to negotiations with the NTEU (DEST, 2005: Chapter 5).

**University Collective Bargaining Agreements**

A major change in perceptions of higher education is the shift from individual outcomes to institutional outcomes (Coaldrake & Stedman, 1999:11). This shift emphasises the ‘enterprise’ and not necessarily work of the scholarly community or academic profession as a whole. Hence if the activities of the individual are of value to the enterprise, they are rewarded in some way (Coaldrake & Stedman, 1999:12). This view challenges the traditional understanding of academics belonging to a community, and being ‘sui generis’ for industrial relations purposes (Pickersgill et al, 1998:xiv). There is little doubt enterprise bargaining has added to the productivity and efficiency of universities. For instance, the proportion of staffing costs to total operating costs declined in Australian universities since the 1990s (NTEU, 2003b:1), with the average declining from 34 per cent in 1996 to only 29 per cent in 2003 (ACCV 2005).

To assess the claim that a ‘one size fits all’ model prevails in the industrial relations at universities in Australia – and thus the HEWRRS are warranted – we examined the substantive outcomes from a number of collective bargaining agreements, or certified agreements, operating in a cross section of ‘public’ universities in 2004. In order to gain a representative sample of university agreements, institutions were selected from all mainland Australian States, universities located both within a capital city and regional universities, single site and multi-campus institutions, and universities established both before and during the Martin reforms to higher education in the 1960s and those established by the Dawkins reforms under the unified national system of the late 1980s and early 1990s. The chosen agreements examined are Certified Agreements made pursuant to the *Workplace Relations Act 1996* (Cth), and all agreements are ‘union’ agreements (section 170LJ) with at least one trade union being a formal party to the agreement (the NTEU specifically), as there are no ‘non-union’ agreements (see earlier). Combining the rights and obligation of all staff employed in Australian universities into the one collective agreement is relatively novel (Pickersgill et al, 1998), hence most of the agreements pertain to only academic staff. The 10 agreements examined are:

- *Edith Cowen University Academic Staff Certified Agreement 2003;*
- *James Cook University Enterprise Bargaining Agreement 2004;*
- *Macquarie University Enterprise Agreement 2003-2006;*
Swinburne University of Technology, General and Academic Staff (excluding maintenance, cleaning, security and TAFE teaching staff) Certified Agreement 2004-2006; University of Canberra Enterprise Agreement 2004-2006; University of Melbourne Enterprise Agreement 2003; University of New England (Academic Staff) Enterprise Agreement 2003-2006; University of South Australia (Academic and General Staff) Enterprise Agreement 2004; University of Sydney Academic and Teaching Staff Agreement 2003-2006; and University of Technology, Sydney Enterprise Agreement (Academic Staff) 2004.

Table 1 shows the general characteristics of each university. Five of the 10 universities were granted university status under the reforms of the unified national system, and were a CAE prior to being granted university status. Four universities have less than 20,000 enrolled students and two have over 40,000 students. Three universities have less than 500 permanent academic staff, measured on a ‘full-time equivalent’ basis rather than a ‘head count’ of actual staff numbers, and two universities have over 2000 full-time equivalent academic staff. Four of the universities have 60 per cent or more of their academic staff under the age of 50 years. Generally, the only common characteristics of the 10 universities are the proportion of female academic staff and the average student-staff ratio: females constitutes a minority of staff in all universities, ranging from 35-46 per cent of academic staff; and the student-staff ratio ranges from about 18:1 to 24:1. Average student-staff ratios in Australian universities have increased since 1993 from about 14 to about 20 in 2002 (NTEU, 2003: 2)

With the diverse characteristics of the 10 universities one expectation could be that there is considerable variation with the conditions of employment for the academic staff detailed in each collective bargaining agreement. However, the fact that all 10 agreements are union agreements, together with the pattern bargaining or coordinated bargaining strategy of the NTEU, an alternative expectation could be that the terms of employment of academic staff would have many commonalities. In addition, certain similarities could also be expected because university management pays considerable attention to the outcomes of collective bargaining in other universities, and often share information about staff entitlements, incentives, special loadings and remuneration (Horsley et al, n.d.: 29)

Table 1. Characteristics of selected Australian universities

<table>
<thead>
<tr>
<th>University</th>
<th>University status</th>
<th>**Student enrolments</th>
<th>*Permanent academic staff FTE</th>
<th>*Permanent academic female staff (%)</th>
<th>***Permanent academic staff under 50 years old (%)</th>
<th>**Student-staff ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra</td>
<td>1990</td>
<td>11,632</td>
<td>353</td>
<td>46</td>
<td>52</td>
<td>19.0</td>
</tr>
<tr>
<td>ECU</td>
<td>1991</td>
<td>23,887</td>
<td>566</td>
<td>45</td>
<td>54</td>
<td>22.6</td>
</tr>
<tr>
<td>JCU</td>
<td>1970</td>
<td>14,395</td>
<td>521</td>
<td>36</td>
<td>68</td>
<td>20.3</td>
</tr>
<tr>
<td>Macquarie</td>
<td>1964</td>
<td>29,868</td>
<td>699</td>
<td>40</td>
<td>59</td>
<td>23.7</td>
</tr>
<tr>
<td>Melbourne</td>
<td>1855</td>
<td>41,901</td>
<td>2243</td>
<td>39</td>
<td>70</td>
<td>18.6</td>
</tr>
<tr>
<td>Swinburne</td>
<td>1992</td>
<td>15,068</td>
<td>414</td>
<td>30</td>
<td>47</td>
<td>20.1</td>
</tr>
<tr>
<td>Sydney</td>
<td>1850</td>
<td>46,250</td>
<td>2030</td>
<td>40</td>
<td>61</td>
<td>18.3</td>
</tr>
<tr>
<td>UNE</td>
<td>1954</td>
<td>18,529</td>
<td>416</td>
<td>35</td>
<td>56</td>
<td>20.9</td>
</tr>
<tr>
<td>UTS</td>
<td>1989</td>
<td>31,131</td>
<td>711</td>
<td>37</td>
<td>52</td>
<td>20.3</td>
</tr>
<tr>
<td>USA</td>
<td>1991</td>
<td>32,611</td>
<td>830</td>
<td>42</td>
<td>60</td>
<td>20.0</td>
</tr>
</tbody>
</table>

Salaries and remuneration

The salary levels for the academic classifications detailed in the 10 agreements. All the agreements contain the same academic lecturer classifications: Level A (associate lecturer), Level B (lecturer), Level C (senior lecturer), Level D (associate professor), and Level E (professor), a structure that remains from the 1989 process of award restructuring of university employment (see O’Brien, 2003:41). With two exceptions, the agreements all contain the same number of steps or grades for each lecturer classification. The University of Technology, Sydney (UTS) agreement has reduced the number of steps for a Level A from eight to four, and the Macquarie University agreement has two steps for a Level E.

There are notable variations in the quantum of remuneration. While the salaries detailed in all the agreements are above those contained in the Higher Education Academic Salaries Award 2002 (as varied to 10 December 2004), it is clear that some salary levels are significantly higher than others. The ‘sandstone’ universities of Melbourne and Sydney salary levels standout in this regard. Generally, the regional (Canberra, James Cook, and New England) and multi-campus (South Australia) universities tend to have salary rates lower than the other universities. In one respect this is not all that unexpected as the capital city and/or more research focused universities have the capacity to generate more revenue to fund the higher pay rates. To that end, this outcome is not all that dissimilar to the rates of pay available in the APS under agency level agreements, as agency pay in the APS must be funded from within agency budgets (Lyons & Ingersoll, 2005). Therefore university revenues restrict or enhance the ability to offer higher salary rates. It is, perhaps, no coincidence that the smaller universities (Canberra, James Cook, Swinburne and New England) have the lower pay scales due to their retarded capacity to generate revenue. But on the other hand, the lower paying universities actually specify the rate of employer superannuation contribution at 17 per cent, while the others are lower or dependent on the rate specified elsewhere, either a particular scheme or the Tertiary Education Superannuation Scheme - Superannuation Award. Nevertheless, assessments of the relative value of academic salaries need to go beyond the higher education industry (Ward & Sloane, 1999:18).

The actual salary scales contained in agreements can give a misleading picture concerning academic incomes. Horsley et al (n.d.:2) found there is ‘extensive use of salary loading’ though loadings ‘vary substantially from university to university and from discipline to discipline’. The payment of salary loadings is used to compensate for the ‘relative uncompetitiveness of Australian academic salaries with comparable private sector salaries’ (Horsley et al, n.d.:2). Salary loadings appear to be more common in research focused universities and less common in regional universities (Horsley et al, n.d.:28). Only one agreement, Macquarie, actually contains provision for the payment of a salary loading, though it is probable that most universities offer at least some of their academic staff a salary higher than those detailed in the collective agreement.

As shown in Table 2 on the next page, one notable feature of academic salaries in Australia is their relative decline in value since 1977 when compared with average weekly earnings (Horsley & Woodburne n.d.). However, this decline has been slowed since the onset of enterprise bargaining in the 1990s. Horsley and Woodburne (n.d.:13) suggest reasons for this, including the formation of the NTEU in 1993 which provided a ‘greater degree of bargaining power for academics’ and ‘[t]he use of pattern bargaining in the more decentralised wage fixing system…has enabled gains to be shared fairly uniformly across the system and constrained any growth in inter-university salary dispersion’. Perhaps because of the relative decline of academic salaries, considerable numbers of academics supplement their income with ‘above load’ teaching (Horsley et al, n.d.:29). Despite this, only about a third of Australian academics are satisfied with their incomes, and this does not appear to be
compensated by other benefits (Sheehan et al., 1996:Ch. 9). Indeed, McInnes (1999, cited in Horsley et al. n.d.:17) reports a significant decline in overall job satisfaction of academic staff in Australia.

<table>
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</table>

Source: Horsley & Woodburne (n.d).

Leave entitlements

Only minor variations in recreation (holiday) leave are evident, with four weeks or 20 days being the standard. The James Cook agreement is more generous offering five weeks, whereas the Canberra agreement is less generous than the others by not paying a ‘leave loading’. Seven of the 10 agreements allow academic staff to accrue recreation leave. Likewise, there is little variation in the long service leave entitlements, with the standard being three months after 10 year’s service. Six of the agreements allow for long service leave to be taken at ‘half pay’, thus doubling the duration of the leave. What constitutes ‘service’ varies in the agreements: five agreements specify ‘full-time’ service, two specify ‘continuous’ service, and two specify ‘paid’ service. A notable feature of the long service leave entitlements is that eight of the 10 agreements allow for ‘service’ in another Australian university to be counted for long service leave purposes. Only four agreements detail the academic study or sabbatical leave entitlement, with six months or one semester after three years or six semesters of employment respectively being the standard. For the other six universities study leave is determined by local policy, though in all likelihood the service requirement and duration of the leave is comparable. Like long service leave, ‘service’ in another Australian university can also be counted. The recognition of service in another Australian university for the purpose of calculating leave entitlements implies an acknowledgment by university management that academic staff have a career in an industry or profession, and not just with one employer or enterprise (Senate Committee, 2000:31).

The minimum personal leave entitlements are similar. Generally, paid sick leave entitlements are between two and four weeks per year, though most agreements do not specify if the leave is cumulative. The paid sick leave for academic staff under the 10 collective agreements is not dissimilar to the paid sick leave entitlements for APS staff in the nine agency level agreements analysed by Lyons and Ingersoll (2005), indicating the ‘community standard’ prevails. Overall, the maternity, adoption and parental leave entitlements are far more generous for academic staff than APS staff (Lyons & Ingersoll, 2005: Table 2). The minimum entitlement for academics is 14 paid weeks, with five of the agreements allowing 20 or more
weeks. In one respect these leave entitlements are of significant benefit for the sizable proportion of female academic staff (see Table 1). However, it could be argued that these generous leave entitlements are something akin to ‘window dressing’, as the age profile (and gender profile) of academic staff suggests only a minority of academics will ever use the leave. In 2004, only 23 per cent of academic staff in Australia were in the prime child bearing age group (under 35) (ACCV 2005). In other words, most Australian academics will never access the maternity, adoption and parental leave entitlements.

Working conditions

From one perspective there is very little variation detailed in the agreements. For all 10 agreements advancement to the next pay increment occurs on the anniversary of appointment to the academic’s relevant lecturer classification, with seven of the agreements also requiring ‘satisfactory’ performance. The justification for a ‘de facto’ automatic increment advancement is that an academic’s skill level improves for each year of employment and performance of their duties. Eight of the 10 agreements detail the hours of work, either on a weekly or annual basis. Thus, the stated hours of work are fairly uniform, ranging from 35 to 37.5 hours per week. Yet evidence suggests that the stated hours of work do not reflect reality: on average, an academic works for about 45 hours per week (Coaldrake & Stedman, 1999:10), and these hours only decline slightly in non-teaching periods (Sheehan et al, 1996: Ch. 6). For the two agreements which do not specify the hours of work (Melbourne and Sydney) it is a matter of conjecture if the lack of regulation of working hours is compensated by the higher salaries (see Table 2). From an employee perspective, the consistent, predictable, and more regular hours of work of general staff have many advantages over the ‘flexible’ hours of academics (Pickersgill et al, 1998:xv). From another perspective, however, there are notable variations in the conditions of work for Australian academics. Only one agreement, Canberra, details the actual contact teaching hours of staff.

What is generally surprising about the clauses relating to working conditions in the 10 agreements is the lack of detail concerning workloads, contact teaching hours, and the times and places of contact teaching. In all 10 agreements, workload arrangements are devolved to the relevant academic unit (faculty, department, school and the like). While six of the agreements contain some type kind of limit on teaching (Canberra, James Cook, Macquarie, Swinburne, New England and South Australia) there is very little detail how this would work in practice. However, nine of the agreements do detail specific restrictions on teaching duties, though these restrictions can be varied by ‘agreement’ between the academic and their supervisor. One alarming feature of the 10 agreements is the general lack of recognition of non-traditional teaching modes and methods, which can be as labour intensive as contact teaching yet involve less class room time. Workload issues were not a priority for the NTEU in the first three rounds of enterprise bargaining, though the union acknowledges that they should be ‘transparent’ and that non-traditional modes of teaching – online delivery in particular – should not add to an academic’s workload (NTEU 2003). The use of ‘teams’ for both teaching and research is becoming more common (Coaldrake & Stedman, 1999:12), yet is it is difficult to detect if team based teaching and research is accommodated by university workload arrangements from the 10 agreements.

The lack of substantive regulation of workloads, and teaching time in particular, in the 10 agreements could have a number of consequences for both academics and management. Academics with high teaching workloads have been found to be less satisfied about their pay than other staff (Ward & Sloane, 1999:18). The Campbell inquiry of the early 1970s noted that more time consuming methods to teaching resulted in less time the academic could
Lyons and Ingersoll

devote to research (Pickersgill et al, 1998:6; Sheehan et al, 1996: Ch. 6). Overall, lower grade staff devote more time to teaching than higher grade staff, with a Level A spending about double to period time in a class environment than a Level E. Perhaps for this reason lower grade staff tend to be less satisfied about their job than more senior staff (Sheehan et al, 1996: Ch. 9). Consequently, universities find it problematic to attract staff to lower grade academic jobs (Horsley et al, n.d).

In submissions to the federal government’s ‘Backing Australia’s Future’ review of higher education in Australia, some university management criticised the NTEU’s ‘coordinated bargaining’ strategy. For example, Edith Cowan University claimed that ‘pattern bargaining’ limited its ability to ‘negotiate at an enterprise level with their own staff’ (DEST, 2005: paragraph 174). Yet the most important aspect of university industrial relations, the workloads of academic staff, provide a high degree of flexibility to university management. Under the Edith Cowan collective agreement clause 14.4 states: ‘Workload allocation models shall reflect the strategic direction of the University and operational plans of the Academic Unit’, and clause 14.6 states: ‘Workload allocation models shall be developed in consultation with employees from each Academic Unit’. The Edith Cowan agreement ‘operates to the exclusion of and wholly replaces’ the Academic Staff (Edith Cowan University) Award 2001 (clause 4.3) which directed staff to ‘be in attendance at such times and on such days, which are necessary for the University to work effectively’ (clause 14.1). By any measure, the terms of the collective agreement and the 2001 Award allows university management considerable discretion in meeting the needs of the enterprise. When the minimal restrictions on teaching under the Edith Cowan agreement are also taken into consideration, it is difficult to conceptualise how individual agreements – AWAs – would allow more flexibility in shaping academic workloads. While, submissions to the ‘Backing Australia’s Future’ review proposed faculty – rather than university – level bargaining (DEST, 2005: paragraphs 224-26); it is suggested here that as far as workloads are concerned, this devolved level of bargaining is already a reality.

Conclusion

The Howard government asserts that the current industrial relations arrangements in higher education in Australia do not supply the necessary degree of workplace flexibility required by university management. It has introduced schemes – and funding inducements – to encourage university management to shift the level of industrial bargaining from the current collective and enterprise focus to an individual focus (the 1999 Workplace Reform Programme and the 2005 Higher Education Workplace Reform Requirements). The change in level of bargaining will, it is claimed, overcome the ‘one size fits all’ approach of the NTEU’s ‘coordinated’ or pattern bargaining strategy. Our analysis of 10 university collective agreements challenges these assertions. While there are many similarities with the terms of employment detailed in the agreements, we found little evidence to support the contention that university management lacks flexibility in the allocation of academic work. The salary rates contained in the agreements vary considerably, with differences of $4,600 for a Level A, $5,700 for a Level B, $6,800 for a Level C, and $7,800 for a Level D. In addition, there is nothing in the agreements to prevent university management from rewarding the more ‘productive’ academics by the payment of salary loadings. Indeed, there is evidence to suggest that salary loadings are paid to about 20 per cent of academic staff under the current industrial arrangements. Therefore, it is difficult to interpret how AWAs would improve this situation.

The commonalities in the leave entitlements available to academics detailed in the 10 agreements are not all that unexpected. The 10 universities are all engaged in similar
undertakings and activities, and the academic staff perform similar types of work. To that end, the leave entitlements are either the general ‘community standard’ (e.g. holidays) or the industry standard (e.g. long service leave and study leave). If anything, there is more variation in academic leave entitlements contained in the 10 university agreements than was found by the analysis of APS agency agreements conducted by Lyons and Ingersoll (2005). One feature of the leave entitlements which could be construed as an ‘inflexibility’ and cost burden imposed on management by the collective agreements could be paid maternity and adoption leave. By any assessment these entitlements are generous, ranging from 14 weeks to 26 weeks. However, the age and gender profile of academic staff employed in Australian universities, and the 10 universities party to the agreements analysed for the present study, indicates that only a relatively small proportion of academic staff will use these entitlements.

The key area of academic industrial relations that allows universities to respond flexibly to the needs of students and other constituencies is the allocation of workloads. We found little, or no, evidence to support the contention that collective bargaining retards management in this regard. While most of the 10 agreements nominate the hours of work of academic staff – either on a weekly or annual basis, research evidence shows these ‘regulated’ hours do not reflect the actual hours that academics work. Moreover, what restrictions there are in the agreements on teaching duties of academics are vague and lack precision. In all 10 agreements the allocation of workloads is devolved to the relevant academic unit (department, school etc). The only noticeable limitation on the allocation of workloads detailed in the agreements is the requirement that it should be ‘transparent’, ‘fair’ or ‘equitable’. In short, the collective agreements already supply a high degree of flexibility to universities. Again, it is difficult to interpret how AWAs would improve this situation.

In their analysis of APS agreement making Lyons and Ingersoll (2005) concluded: ‘the tight control exercised by the Coalition government’s de facto policy of pattern bargaining in the APS, while at the same time seeking to forbid similar conduct by unions in the private sector…is just another instance of Coalition hypocrisy’. A similar conclusion could be reached concerning the Howard government’s approach to higher education industrial relations. The stated objective of the 2005 Requirements is ‘not to prescribe particular outcomes’ (Nelson, 2005). Yet the Requirements dictate that all universities ‘must provide employees with genuine choice and flexibility in agreement making by offering AWAs to all new employees employed after 29 April 2005 and to all other employees by 31 August 2006’, and ‘workplace agreements must be simple, flexible and principle-based documents which avoid excessive detail and prescription’ (Andrews & Nelson, 2005). If this is not prescription, or a one size fits all policy, then neither are university collective bargaining agreements.

References
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NTEU (National Tertiary Education Union) (2003) ‘Submission to Senate Employment, Workplace Relations and Education References Committee Inquiry into University Finances’.


Where does it go wrong?
The pathology of teamwork in Australian manufacturing

Johanna Macneil* and Malcolm Rimmer**
Schneider Consulting* and La Trobe University**

Despite their popularity, high-performance teams have been criticised for three reasons – that they control rather than liberate work; they under-perform by failing to mobilise complementarities; and they fail to develop in a hostile environment or ‘social system of production’. This paper examines these criticisms in relation to developments at three Australian manufacturing sites. Longitudinal case study evidence from 1991 to 2004 shows that different criticisms are applicable at different times. Also the paper shows how a resilient and productive form of teamwork has developed. Although largely managerialist in focus, teams control work and offer sufficient autonomy to enjoy worker consent.

Introduction
Work teams are generally reported favourably because they are claimed to liberate workers from Taylorist autocracy while delivering increased productivity. In the 1980s positive endorsement came from theorists promoting team-based production through flexible specialisation, lean production, TQM, and best practice. In the 1990s empirical support followed as researchers correlated positive performance outcomes with teams and their associated ‘high-performance’ work practices (Ichniowski, Kochan, Levine, Olson and Strauss, 1996; Appelbaum, Bailey, Berg and Kalleberg, 2000).

Yet despite this chorus of praise, teamwork has its critics. They fall into three main groups. First are those who observe that teamwork tightens controls over workers rather than allows them to be self-directing. Team-based work organisation can take multiple forms. While ‘high-trust’ variants like ‘American team production’ at the US Saturn plant (Shaiken, Lopez and Mankita, 1997) increase worker autonomy and enrich work, there are other ‘low trust’ strains associated with lean production (Berggren, 1992) which impose tight controls and intensify work pressure. Whether teamwork benefits workers depends on the type chosen. Some researchers regard the balance of advantages from these different forms of teamwork as contested terrain, the outcome within the workplace depending on the power of the actors and their capacity to mobilise resources (Belanger, Giles and Murray, 2002).

The second set of critics claim under-performance occurs because management neglects or under-resources essential supports for team-based production. Implicit in this challenge is the assumption that teamwork must be backed by a set or ‘bundle’ of mutually reinforcing or ‘complementary work practices’ all of which are necessary for teamwork to succeed (Macneil, 2005). An illustration of complementary work practices can be found in the classic study of ‘best practice’ which argued that high performance teams flourish best when they were harnessed towards ‘continuous improvement in cost, quality and delivery’, informed and assisted by ‘closer links to customers and suppliers’, located in ‘less hierarchical and compartmentalised’ organisational structures, and supported by HR policies designed to promote skills, teamwork, participation, and flexibility (Dertouzos, Lester and Solow, 1989). Those companies that made best use of teams saw all these practices ‘not as independent solutions, but as part of a coherent system’.

Although the prospects are poor for defining a single, universal, and acceptable list of complementary work practices (Becker and Gerhart, 1996; Purcell, 1999), there is a growing
body of empirical research which links underperformance to patchy implementation in this area. A common finding in this research is that high-performance teams under-perform if they are not trusted to participate. For example, Vallas (2003) reported work teams in the USA which delivered only limited gains because managers held a technical/expert orientation which blocked team participation. Australian research too finds that teamwork under-performs partly because workers are not empowered to control their tasks (Rimmer, Macneil, Chenhall, Langfield Smith, and Watts, 1996).

The third criticism comes from researchers who argue that high-performance teams cannot be diffused and sustained in hostile economic, social and political conditions. This environment has been referred to as the ‘social system of production’ and incorporates the impact government, capital markets, corporate head offices, trade unions, and prevailing modes of production have upon the workplace politics of teamwork (Belanger, Giles and Murray, 2002). This strand of criticism originated with Kochan and Osterman (1994) who concluded from a 1992 survey of ‘workplace innovations’ that teamwork was fragile in US workplaces. Although teamwork innovations could be found in half of all workplaces, they were not applied thoroughly or sustained for long. An explanation was found in the US environment where corporate governance kept workers and management at arms length while capital markets punished the HR investment needed for teamwork. Given this, US corporations were considered unlikely to deliver the job security guarantees and gain-sharing necessary to motivate workforce participation in mutual gains. Subsequent research challenges whether US environmental conditions are really so hostile to teams (Osterman, 1999). Comparing a 1997 survey of US workplaces with 1992, Osterman discovered that workplaces were adopting more innovations, applying them more widely, and sustaining them longer. However, the strengthening of teamwork coincided with the dilution of mutual gains promises, as job security and gain sharing lapsed.

This paper examines whether these criticisms can be directed against teamwork in Australian manufacturing by looking at teamwork in three workplaces between 1991 and 2004. The paper asks: Does teamwork deliver employee autonomy? Can managers deliver the essential supporting mechanisms required for teams to work? Do teams need support from government, business and unions to succeed?

The paper is divided into five sections. The first gives basic information on the three case study organisations, describes the process of data collection, and sets out the model of best practice used for analysis. Second, the paper looks at developments at the three workplaces between 1991 and 1994 when teamwork was first introduced. Third is an account of how teamwork matured in the period between 1994 and 1998. The fourth section describes how all three businesses experienced shocks from corporate reorganisation between 2000 and 2004, and how this affected teamwork. Fifth, the conclusion reviews which of the three criticisms of teamwork is applicable to the case-study organisations, and what wider lessons might be suggested.

**Longitudinal case study research**

This paper seeks to explore how high performance teams have been sustained in three manufacturing workplaces. The three are James Hardie Irrigation in South Australia (subsequently Toro Australia), the ANM paper mill at Boyer in Tasmania (now Norske Skog), and Henderson’s Automotive plant at Geelong. James Hardie manufactured irrigation equipment in Australia for James Hardie Industries – a large US building products corporation. The ANM mill was one of three newsprint paper mills in Australia and New Zealand jointly owned by News Limited (newspapers) and Fletcher Challenge (timber and
Henderson’s Automotive manufactured car seats and for many decades was part of National Consolidated Limited (NCL), a diversified group of Australian manufacturing companies with various owners.

The research follows the longitudinal case study method described by Burawoy (1998). Data was collected in snapshots of the case study firms taken in 1991, 1994, 1998, and 2000 to 2004. The first snapshot (1991) is based on evidence given to the government funded Best Practice Program. The second and third snapshots (1994 and 1998) are taken from case studies of the three workplaces. The fourth and final snapshot was taken between 2000 and 2004. In 2000 James Hardie (by then Toro) ceased manufacturing in Australia. Documentary evidence was collected in 2004 for the Boyer paper mill which by then had changed ownership to the Norwegian multinational, Norske Skog. Data on Henderson’s was collected in 2002 through on-site interviews as well as public documents.

Common to all three sites was an involvement in the Australian Labor government’s Best Practice Demonstration Program in 1991. The government was enthusiastic to develop management/union cooperation both to boost business competitiveness and save jobs, and to increase employee participation in management. The principles of best practice to which the three sites subscribed were typical of the thinking of the day. Besides requiring continuous improvement by empowered, trained and motivated teams, ‘best practice’ also required public commitment by the CEO, union involvement, and innovative policies on occupational health and safety, equal employment opportunity, and the environment.

Analysis of the Best Practice Program in operation distilled its essential elements to nine (Rimmer, Macneil, Chenhall, Langfield-Smith, and Watts, 1996). For the purpose of evaluation simple performance scales were developed for each element. This framework was used to assess developments in the three case study organisations at 1994 and 1998. Evaluation of each element was undertaken on the basis of case-study fieldwork observations. The nine elements and associated performance scales are shown in Table 1.

Table 1. A framework for evaluating best practice: complementary practices and their performance scales

| 1. Strategy – the performance scale has three points ranging from ‘no formal plan’ (1) to ‘a formal plan integrating best practices with business strategy’ (3) |
| 2. Structure – a four point performance scale ranges from ‘no teams’ (1) to ‘permanent teams for both indirect and direct production workers’ (4) |
| 3. Technology – a three point scale spanning ‘no significant investment in the last ten years’ (1) to ‘significant investment in the last five years’ (3) |
| 4. Process improvement – a three point scale goes from a ‘top down process’ (1) to a ‘scheme jointly guided by staff input and top down planning’(3) |
| 5. Measurement and control systems – the three point scale rises from ‘conventional management accounting data’ (1) to ‘strategy-driven measurement combining benchmarking with team-based key performance indicators’(3) |
| 6. People management – a four point scale rising from ‘reactive people management’ (1) to ‘a strategy integrating individual HRM and collectivist industrial relations (4) |
| 7. External relations – a three point scale rises from ‘no external learning’ (1)to ‘rational exploitation of all available external learning opportunities’ (3) |
| 8. Change leadership – a four point scale spanning ‘no obvious change leadership’ (1)to ‘stable and distributed change leadership’ (4) |
| 9. Employee empowerment – a three point scale rising from ‘no control over daily work’ (1) to ‘full control over daily work and involvement in strategic decisions’ (3) |
The complementarities problem: 1991-94

All three manufacturers shared a common point of origin in 1991; possessing authoritarian management structures, outdated capital equipment, low or narrowly skilled employees, hostile industrial relations, declining productivity, shrinking markets, and lack of profitability. The new CEO appointed by James Hardie in 1991 described the South Australian factory as ‘straight out of the 1950s’ (Blewett, 1997: 323). An ANM employee described the biggest hurdle as ‘fifty years of us-and-them’ (Challis and Samson, 1997: 69). Henderson’s was described as having ‘a rigid, hierarchical and authoritarian management structure, typical for the automotive industry at that time’ (Shacklock, 1997: 297). High-performance teams required fundamental change to organisational structures, operational systems, and attitudes.

In all three cases management began to make changes before joining the Best Practice Program. A new management team was appointed by James Hardie in 1991 and adopted cellular manufacturing, requiring the redesign of factory layout around product clusters, with teams managing production. In a 1984/5 benchmarking exercise with the Canadian Pulp and Paper Association, performance gaps with ANM exposed overmanning and technical inefficiency, prompting downsizing and equipment refurbishment (closing one paper machine and upgrading two others), and experiments with high-performance teams in the late 1980s. Henderson’s reorganised its Geelong factory into semi autonomous departments in the late 1980s and was operating a continuous improvement scheme by late 1990. Building on these beginnings, the Best Practice Program allowed these sites to accelerate existing plans for teams.

The Best Practice Program also ensured that the social system of production favoured establishing high-performance teams. Government and union support, necessary conditions for participation in the Best Practice Program, was guaranteed for all three manufacturers. Senior managers in each business were required to make a public commitment to best practice principles. Government project grants covered the costs of supporting activities associated with consultants, training, and benchmarking. Overall the external social system of production was positive.

The major criticism of teams implementation at this stage was the inability of management to achieve complementarities between all the elements of best practice. Faced with a best practice agenda spanning the nine elements in Table 1, the performance of most organisations in the program was patchy. Case study evidence on James Hardie, ANM and Henderson’s allows the identification of common areas of strength (practices which were mastered) and weakness (practices which were not attempted or which failed). Table 2 below shows the pattern of best practices in 1994 and 1998. The 1994 data reveals strengths in structure (all three organisations establishing teams for direct workers). Medium performance was recorded in performance measurement (strong on benchmarking but weak on team key performance indicators), people management (all three negotiating enterprise productivity agreements but remaining weak on HRM) and change leadership (stable but not distributed). However the weaknesses were vital ones. Process improvement was barely working. Only Henderson’s had begun building the problem-solving skills of team members to improve performance. All three manufacturers had formed teams, but leadership had not percolated to team level, there were no measures of team performance, and teams did not feel empowered.
Table 2. Performance of best practices: 1994 and 1998

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Note: The scales rise from 1 (lowest) to 3 or 4 (highest). Table 1 explains the scale for each practice. (Rimmer et al, 1996)

The tension between high-trust and low-trust teams was unresolved. The cells (teams) at James Hardie were unsupervised and degenerated into what one manager called ‘industrial communism’, pursuing activities and goals that were totally unrelated to business requirements (Darbyshire and Rimmer, 1999). The teams at ANM were new and inactive. At Henderson’s teamwork was slow to take hold because of the need to change the role of managers and specialists, build employee skills, and encourage managers to be more open in the information they shared (Macneil, 2005: 244).

Success of a kind: 1994-1998

Between 1994 and 1998 some features of the social system of production turned against teams in the three case study firms. The termination in 1996 by the new conservative government of the Best Practice Program affected the case study firms in several ways. First, firms became isolated from the wider community of progressive best practice businesses. Second, project funding ceased, with adverse consequences for best practice activities. Third, the anti-union policies of the new government encouraged all three sites to take a tougher line in enterprise bargaining and to cease consultation with unions. Fourth, unions reacting against the government withdrew from the ‘mini social contracts’ which Labor had encouraged in best practice workplaces, and adopted policies opposing best practice. Especially important were changes in the leadership of the Australian Manufacturing Workers’ Union (AMWU), which ended its support for the Best Practice Program. By 1998 high-performance teams relied solely on management.

Favouring high-performance teams was the fact that management had developed an abbreviated formula for best practice which was delivering performance improvements in all three case study firms. Analysis of Table 2 shows that the pattern of best practices in 1998 differed in three significant ways from 1994.

(i) Production teams were now actively engaged in continuous improvement, more empowered to control their tasks, and guided by team-based key performance indicators (targets) which drove performance. At James Hardie a quality auditor rated teams every month on four measures – productivity, quality, safety and scrap. At ANM eight mill-wide key result areas (covering finance, production, dispatch, accidents, environmental incidents, and customer satisfaction) were cascaded into closely monitored team targets. Henderson’s...
also set team production and quality targets and monitored monthly performance. In 1998 strategy-based quantitative targets pulled team-based continuous improvement.

(ii) Best practice was less broadly collaborative. This was most apparent at Henderson’s where the AMWU refused to discuss best practice and confined itself to bargaining over pay and conditions. The union at James Hardie (the Australian Workers’ Union) maintained only a token interest in best practice. Only at ANM did AMWU collaboration continue, although some shopfloor unionists were increasingly critical.

(iii) Several elements of best practice were discontinued. When government funding ended, all three firms cut expenditure on benchmarking travel, training, external relations with other Best Practice Program firms, and other luxuries. While the Best Practice Program was operating teams enjoyed a lot of production downtime for team meetings and off-the-job training. This ended for reasons given by the training manager at Henderson’s who observed ‘once teams had scheduled times to sit down and run through their agendas on scrap cost, monthly targets etc. …The major cost with this sort of team activity is the time people are away from production’ (Darbyshire, Macneil and Rimmer, 1999).

The consolidation of management control over teams was evident in all three workplaces. The self-directed work teams at James Hardie ceased to fix targets and were directed by supervisors who restored old fashioned discipline on the factory floor. Teams enjoyed some discretion over direct tasks, but were driven hard by their targets. ANM briefly allowed teams to set their own KPIs, then abolished the privilege and restored management’s right to fix team targets. This caused conflict on the shopfloor, but management insisted. Henderson’s work teams were more empowered – but were driven by their customers’ ‘cost down’ demands and Just-in-Time inventory control systems that allowed Henderson’s teams little off-line time to do other than ‘comply with instructions’ (Darbyshire, Macneil and Rimmer, 1999).

The version of best practice that survived the removal of government and union support in 1996 was essentially a lean production model. Stripped of ‘inessentials’ such as union collaboration, off-the-job training, benchmarking travel and employee consultation, managers found they could make work-teams deliver continuous improvement by harnessing them to the challenge of meeting strategy driven quantitative targets. Paradoxically, employees found themselves simultaneously empowered to exercise autonomy over day to day tasks while their work efforts were intensified by constant toughening of quantitative targets.

**Is best practice enough? Strategic threats, 1998-2004**

By 1998 teamwork was consolidated as a normal part of the production system in all three workplaces. The principal subsequent changes that merit tracking are in the social system of production. Government and unions had ceased to play a significant role. In question was the attitude of managers. Especially problematic was the strategic value to their owners of the three case study workplaces.

In 1996 James Hardie Corporation divested its non-core businesses. The Australian irrigation equipment business was sold to Toro, a US multinational specialising in manufacturing irrigation products. For three years the company indicated that it would replace antiquated equipment in its Australian factory. Finally in 2000 it closed down Australian manufacturing to become an importer and distributor. Teams were functioning well, but were not sufficient to justify retention of Australian manufacturing.

Fletcher Challenge bought News Corporation’s 50 per cent stake in ANM in 1997 but after poor corporate performance (mainly in Canada and the UK) sold ANM to Norske Skog in
Future newsprint production in Australia and New Zealand was promptly secured when 10 year agreements were concluded with news publishers. However, the future of the Boyer Mill in Tasmania remains uncertain because it is the most antiquated and poorly located. Norske Skog has invested in new technology at the other two Australasian mills, but not at Boyer which will cease production when the two remaining paper machines are retired. A stable management team, efficient teamwork, and tight operations deliver profitability, but the mill’s future is limited.

Henderson’s ownership was unstable. Following the break-up of its then owner, Adsteam, in 1994, National Consolidated was sold to the Malaysian Mining Corporation. In 1998 Henderson’s Automotive was sold (still as part of National Consolidated) to Austrim – another diversified manufacturer that was expected to invest in new equipment. In 1992 Henderson’s supplied all five Australian auto assemblers. By 1998 only two contracts remained, and in 2002 these were lost to Lear corporation, a US owned new entrant into Australian car seat manufacture. Employment in Geelong fell from 250 in 1992 to 96 in 1999. After the completion of the last contract in 2004 Austrim sold the Geelong site to the local management team who employ just 40 staff in a ‘jobbing’ engineering operation. Henderson’s staff blame this decline on low investment and corporate inability to hold on to customers. As the HR Manager said, ‘senior management lost its ability to retain relationships with the manufacturers in Australia and lost its way in terms of understanding what the car companies required of suppliers’ (Macneil, 2005: 256).

Table 3. Most positive responses, Henderson’s Employee Attitude Survey, 2001

<table>
<thead>
<tr>
<th>Area of Performance</th>
<th>Statement</th>
<th>Mode</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>empowerment</td>
<td>I always try to deliver my best</td>
<td>5</td>
<td>4.7</td>
</tr>
<tr>
<td>safety</td>
<td>I believe the Company takes safety seriously and generally resolves safety issues as they arise</td>
<td>5</td>
<td>4.6</td>
</tr>
<tr>
<td>quality</td>
<td>Quality from my department is excellent</td>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>recognition</td>
<td>I am trusted to do my job</td>
<td>5</td>
<td>4.4</td>
</tr>
<tr>
<td>work environment</td>
<td>The Company is a good place to work</td>
<td>5</td>
<td>4.1</td>
</tr>
<tr>
<td>work environment</td>
<td>I receive adequate training to do my job</td>
<td>4</td>
<td>4.1</td>
</tr>
<tr>
<td>customer service</td>
<td>The quality of service is improving</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>direction/leadership</td>
<td>I understand the key business objectives, priorities and values of the Company</td>
<td>4</td>
<td>3.9</td>
</tr>
</tbody>
</table>

NB. Scores range from 1 - strongly disagree - to 5 - strongly agree

The data from Henderson’s illustrates three interesting characteristics of team-based production in an Australian manufacturing environment. First, in a 2001 employee attitude survey at Henderson’s, positive responses (shown in Table 3 above) strongly imply that team members understood and accepted performance targets (ie. in relation to quality, service and to business objectives and priorities) and enjoyed the trust of site managers (ie. employees ‘deliver their best’ and are ‘trusted to do their job’) and their support (ie. the ‘Company’ takes safety and training seriously) to deliver on those objectives.

The second characteristic is low confidence in corporate (not workplace) managers who are held responsible for an insecure climate in which business survival is a constant challenge and
job security is non-existent. Corporate managers set business performance targets which simultaneously drive team performance and remind teams of business (and job) risk. As workers become knowledgeable about business risk, a sense of let-down is created at team level. This is shown in Table 4 (below) by the responses of Henderson’s employees, who directed caustic criticism at the failure of corporate leadership and its destructive effects on morale.

Table 4. Least positive responses, Henderson’s Employee Attitude Survey, 2001

<table>
<thead>
<tr>
<th>Area of Performance</th>
<th>Statement</th>
<th>Mode</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>direction/leadership</td>
<td>I am confident the Company will achieve it’s long term goals</td>
<td>2</td>
<td>2.9</td>
</tr>
<tr>
<td>work environment</td>
<td>Morale at the Company is good</td>
<td>2</td>
<td>2.6</td>
</tr>
<tr>
<td>recognition</td>
<td>No one ever tells me I’ve done a good job (reversed score)</td>
<td>2</td>
<td>1.8</td>
</tr>
<tr>
<td>recognition</td>
<td>There is no incentive for extra achievement (reversed score)</td>
<td>2</td>
<td>1.4</td>
</tr>
</tbody>
</table>

The third characteristic is that local workplace managers are distinguished from corporate managers by the teams. Corporate strategists treat the workplace as an entity to be sold or closed, affecting local managers as much as production team members. They share a common fate – a fact underscored at Henderson’s by the decision of the Geelong managers to buy and run an operation scheduled for closure at corporate level.

Conclusion

Three criticisms of teams were posed in this paper. Longitudinal case study data suggests that all three are applicable, but at different times.

First, failure to achieve synergies between the complementary elements of team-based production was the most important criticism of teamwork in the formative years up to 1994. Related to this was the persistence of management autocracy giving many early teams a ‘low trust’ character. By 1998 management had put the missing pieces in place (especially team performance measures and team empowerment) and teams were delivering strong performance gains.

Second, the benign social system of production until 1996 gave way to a more hostile one in these three cases, wherein government support and management – union partnership were lost. Teamwork proved resistant to this newly hostile environment chiefly because management capitalised on a favourable shift in the balance of workplace power to create a ‘high-control’ form of teamwork suited to management purposes.

Third, the character of teamwork that emerged by 1998 fits the criticism that teamwork imposes tighter controls and intensifies work effort. Team-based key-performance indicators allowed managers to share with teams information revealing business insecurity in a competitive market.

Yet there is a paradox in this characteristic of teamwork. On the one hand teams do savour autonomy. On the other hand, they resent constant insecurity and intensified work pressure. Changes in the social system of production (especially intensified product market competition) sharpen the ‘control’ face of teamwork, but they do not roll back self-direction and autonomy over the job. The resilience of teamwork lies in this dualism which allows
managers to retain employee consent while co-opting them into competitive survival struggles. Given that the three case studies are of marginal manufacturing operations, it is open to question whether a hostile social system of production is found more generally. This is an important issue requiring further research.

References


Low Paid Services Employment in Australia:
Causes, Dimensions, Effects and Responses¹

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The University of Adelaide and University of South Australia† and RMIT University

Low pay is growing in many advanced capitalist nations, yet its social significance remains the subject of ongoing debate in Australia. This paper stems from a national mixed methods project into low pay and its effects. It examines early qualitative findings from the project in the context of the existing, largely quantitative, literature. Early results indicate most respondents are struggling to survive on their meagre incomes. For them, the lived experience of low pay involves material, emotional and physical hardships, household stress and social exclusion. Government plans to stem minimum wage increases, in order to stimulate employment growth, gloss over the costs of low pay for individuals, households and the community at large.

Introduction
This paper presents preliminary research from an ARC Linkage project entitled ‘Low Paid Services Employment in Australia: Dimensions, Causes, Effects and Responses’. The paper discusses early findings from the project’s qualitative fieldwork in the context of existing knowledge on low pay. The dominance of quantitative studies in low pay research has restricted understanding of the effects and significance of low pay as a social issue (Harding and Richardson 1999; Dunlop 2000; Eardley 2000; Lucifora, McKnight and Salverda 2005). While this material usefully points to broad trends in the incidence and dimensions of low pay, it says little about lived experiences and wider impacts. Recent journalistic forays indicate that the worlds of the low paid and the implications of low pay for society as a whole are far more complex than statistics alone might suggest (Ehrenreich 2001; Wynhausen 2005). Comprehensive explanations of the causes and consequences of low pay require more qualitative investigations, to which this project makes a preliminary contribution.

Causes of Low Pay
The expansion of low pay is occurring across western nations (Buchanan and Watson 2000, 19; Lucifora et al. 2005). Explanations regularly offered include changes in the supply and demand for labour stemming from skills shortages, the international division of labour, technological changes, increased trade flows, internationalised production, and the reorganisation of work (Botwinick 1993; Galbraith 1998; Anonymous 1999; Borland, Gregory and Sheehan 2001). The influence of labour market institutions, such as trade unions, collective bargaining, centralised wage-fixing systems and welfare safety nets, in stemming low pay have also been subject to close examination (Lucifora et al. 2005, 271). Other studies focus on the political and ideological roots of low pay (Levin-Waldman 2001).

At a deeper level, Australia’s economic and industrial structures are increasingly subject to the interests of institutional shareholders (Buchanan et al. 2000, 19; Froud, Haslam, Johal and Williams 2000). Buchanan and Watson argue that the growth imperative underpinning those interests leads to ‘endless restructures and cost shifting exercises which adversely affects the workforce’ (2000, 25). For example, efforts to reduce labour costs have meant part-time and

¹ The authors wish to thank the referees for their useful comments.
casual employment account for the entire net increase in jobs in the 1990s for all occupational groups excluding managers and professionals (Australian Council of Trade Unions 2002). Moreover, the expansion of precarious employment in the services sector has not absorbed the full capacity of the Australian labour force with the labour under-utilisation rate standing at 11 per cent in 2004 (Buchanan et al. 2000, 22-23; Watson 2002; Campbell 2004; Australian Bureau of Statistics 2005a). This has led to a largely rhetorical emphasis on skill shortages; government and industry has been slow to act on these concerns (Buchanan et al. 2000, 26-27) Meanwhile, ‘the key causes of most labour market problems – institutional shareholders, their management agents and the arrangements they devise that restructure work – are systematically ignored’ (Buchanan et al. 2000, 31). These developments represent a shift from Keynesian notions of growth based on ‘declining market-based inequality’ through state-driven savings and investment to market-driven requirements for growth based on increasing inequality and expanding low pay (Buchanan et al. 2000, 25 emphasis added).

The Study

This paper reports on some initial findings from semi-structured interviews with low paid workers, mainly from the childcare industry in South Australia (one cleaning worker interview was also included). The interviews are canvassing workers’ experiences and thoughts on the effects of low pay for them personally, on their households and their level of community involvement. More specifically, respondents are asked to discuss the impact of their pay rate on their health, relationships, parenting, financial circumstances, community and social participation, housing decisions, family formation decisions, and other future plans. Participants are also asked to comment on several of the federal government’s key arguments about low pay, such as, most low paid workers do not suffer financial hardship because they live in higher income households (Commonwealth of Australia 2005). Preliminary results have been subject to thematic content analysis.

The results provided here stem from a broader national project on low paid services employment in Australia. The study focuses on three industry case studies including childcare workers in South Australia, cleaners in Victoria and hospitality workers in New South Wales. On completion the overall project will involve more than 100 interviews and numerous focus groups with low paid workers, their fellow householders, employers, consumers and community stakeholders. Workers are initially recruited through a random sample of union members from the Liquor Hospitality and Miscellaneous Union. This strategy is then being followed up with snowballing, random cold calling of workplaces, and media advertising. To date, the initial ten participants have all been women, spanning in age from their early twenties to late forties, and of varying cultural backgrounds. In the final analysis the qualitative data will be examined in the context of political economy profiles for each industry and detailed quantitative analysis of national data from the HILDA Survey.

The study is supported through ARC Linkage Grant LP0455108. The industry partners on the project are the Liquor Hospitality and Miscellaneous Union, the Brotherhood of St Laurence, SA Unions, the Victorian Trades and Labour Council, and Unions NSW. In addition to financial support, the LHMU and Brotherhood of St Laurence have been instrumental in the recruitment process and have provided invaluable research assistance.

Dimensions of Low Pay

The widely used two-thirds of median definition of low pay is employed due to its relative simplicity and comparability (Eardley 1998; Dunlop 2000, 10; Lucifora et al. 2005, 263). Hence, in the current study an individual worker is considered low paid if they earn $27,716
Estimates of the incidence of low pay vary from 14.1 per cent in the mid-1990s to 19.8 per cent of employees 21 years or older in 2003. (Eardley 1998, 8; Commonwealth of Australia 2005, 48). These percentages suggest an increase in the number of low paid workers from approximately 1.2 million to 1.8 million (when applied to ABS data) over the past decade (Australian Bureau of Statistics 2003b, 8, 20). Yet, it must be noted that 29 per cent (2,359,400) of all employees earned less than $500 per week before tax, including 10.5 per cent (610,200) of full-time employees (Australian Bureau of Statistics 2004b, 10). Australia’s incidence of low pay compares favourably to the United States and the United Kingdom, but is not as low as in Denmark or France (Lucifora et al. 2005, 267). These variations indicate there is nothing inevitable or immutable about the incidence of low pay in Australia.

Whether the Australian trend is viewed as a social problem depends to some extent on the characteristics of low paid workers. While young workers are over-represented amongst the low paid, two-thirds of low paid workers were aged 25-65 years old (Harding et al. 1999, 29). Low paid employees are mainly adults in the prime of their working lives, trying to raise families and save for their retirement. Many of these workers have lower than average formal skills and education levels, which restricts their ability to climb the wage ladder (Harding et al. 1999, 29; Dunlop 2000, 17-20). A majority of them are also women. In 2004, 41 per cent of all female employees earned less than $500 per week, compared to 19 per cent of male employees (Australian Bureau of Statistics 2004b, 10). This is partly explained by the higher proportion of women in part-time and casual work and the growth in the traditionally female service sectors (Buchanan et al. 2000, 22; Australian Bureau of Statistics 2005a). While women still outnumber men in low paid work, the proportion of low paid men is increasing, as the proportion of women decreases.

There is a prevailing view that many low paid workers do not endure significant hardship because most live in higher income households (Harding et al. 1999, 41; Australian Industrial Relations Commission 2005; Commonwealth of Australia 2005, 46). However, the proportion of low paid workers living in below median income households has increased from 40 per cent to 57 per cent between 1996 and 2003 (Harding et al. 1999, 39; Commonwealth of Australia 2005, 49). For a growing number of households, relying primarily on wages and salaries has not delivered them from poverty. Between 2001-03 the proportion of such households rose from 15.2 per cent to 20.7 per cent (Australian Bureau of Statistics 2003a, 17; Australian Bureau of Statistics 2004c, 15). Low paid work may correspond with a decent standard of living only for those living in households where it is non-essential income.

Further, living in a higher income household is no guarantee of financial security (Millar and Gardiner 2004, 21, 29). Many of the post-war industrial relations, welfare and domestic violence policy advances are based on the assertion of an individual’s right to an independent livelihood. This argument is particularly important in the context of increasing household turbulence (Phillips and Park 2004; Hewitt, Baxter and Western 2005).

One of the government’s main arguments in favour of low paid work is it provides important stepping-stones on to better-paid jobs. This focus on upward mobility tends to ignore the full complexity of labour force transitions, including downward mobility and churning. For example, Dunlop’s research on two year labour force transitions found that although 41 per cent of low paid workers moved into higher paid jobs, two thirds of existing higher paid workers moved into low paid work (2000, 23-28). Similarly, though 12 per cent of the unemployed moved into low paid work, 20 per cent of low paid workers became jobless during the same two-year period. The conclusion that low pay does not facilitate a seamless
stream of upwardly mobile workers, but rather contributes to a process of churning, is consistent with international research (Stewart and Swaffield 1999). Indeed, it is the logical outcome of a competitive hierarchical labour market.

The distribution of low pay throughout the economy reflects broader institutional and structural factors. For example, low pay features strongly in many service sector industries. Accommodation, restaurants and cafes (57 per cent), retail (56 per cent), cultural and recreational services (45 per cent) and health and community services (35 per cent) all record above average (30 per cent) proportions of workers earning less than $500 per week (Australian Bureau of Statistics 2004b, 14, 24-27, 34). A clear correspondence exists between low pay and precarious work in these industries. Occupational pockets of low pay also exist within higher paying industries. For example, cleaners are employed across lower and higher paying industries, yet their wages remain amongst the lowest (Australian Bureau of Statistics 2004a, Table 1). Rates of low pay also increase as firm size and trade union density decrease and it is more prevalent in the private sector and rural and regional areas (Rummery 1992; Dunlop 2000, 17; Australian Bureau of Statistics 2004b, 13). In sum, there is no single labour force risk factor for low pay, but rather a complex web of workplace characteristics.

Effects of Low Pay

A substantial body of knowledge exists about the impacts of poverty in general, yet comparatively little is known about the specific consequences of low pay. It is in this area that the current project’s preliminary results have been most illuminating. The following passages are illustrative of the connections between low pay and working poverty, household stress, and social exclusion and inequality.

Working poverty

Despite government assumptions about the insignificance of working poverty, the most direct impact of low pay is material hardship (Commonwealth of Australia 2005, 49-50). Borland’s research concluded the poorest 10 per cent of wage earners endured a 9.4 per cent decline in their real wages between 1975 and 1995 (in Buchanan et al. 2000, 22). Harding, Lloyd and Greenwell (2001, vii) noted 15 per cent of those living in poverty in 2000 received most of their income from wages and salaries.

In the present study, an undercurrent of poverty and material hardship was prominent in most of the participant’s stories. Each worker was affected in different ways depending on their household circumstances and age group, but the sense of deprivation and struggle runs through the vast majority of the accounts. For example, Fay, a forty-three year old cleaner from Melbourne earning $12,000 per annum, explained:

By the time I pay the rent here, that’s $330 [a fortnight], then I’ve got to pay $100 a month on electric, $100 a month on the gas, $60 a month on the water. I don’t have a telephone bill because I only have incoming calls. … there’s nothing left to do anything else. And my daughter who pays me board, her money is paid out on the groceries. … Well really … [my wages have] just kept me going and that’s it. I’ve had no luxuries in life … I can’t afford to buy my own home. I will live in a rented house for the rest of my life.

Though Ebony is twenty years younger, as a twenty-nine year old childcare worker and mother of three, she shared similar concerns for her future: ‘I figure that I’m going to be living in a tent… I have nothing.’ Living life so close to the material edge often leads to a compounding of financial difficulties as she recounted:
… the cost of electric has gone up, I went shopping the other day and … [paid] over $50 … for GST. … I have to drive an unregistered car. Then you get caught. Then you get a fine from the cops. … and then you can’t afford to pay court fines… So it’s basically a web that slowly … eats you up where you can’t afford to get yourself out of it … we struggle really bad … I’m good at budgeting … we eat veggies and beans on toast… We don’t eat out. We could never afford to go out… everything is unattainable these days.

The low paid are in the distinct position of having to meet the hidden costs of working, such as maintaining a car and acceptable clothing, without an adequate income to do so. In this sense, the low paid incur a range of costs that social security recipients do not, yet often there is not a substantial difference in the two groups take home incomes.

For some low pay also wreaks an emotional and psychological toll. The feelings of working poverty included anger, frustration, humiliation and injustice. Ebony remarked:

I got told by Centrelink the other day that I’m living beyond my means and I laughed. I thought I don’t need her to tell me that. … we’ve got a credit card … because I’m sick of bloody struggling and not having a bloody nappy at the end of the day when you want to put it on your baby … there’s nothing worse than having that feeling. And I’ve been to the church many a times … and had food vouchers given to me and bread… It doesn’t make you feel the best. You don’t like to talk about it, but that’s where you have to go. … Sometimes when I’ve had to go to the church for a loaf of bread it’s because I can’t ring [my parents] again. … You feel like an absolute dick head and a failure at the end of it…

Other respondents like Sally, a single childless childcare worker in her twenties, may not have had to go to such lengths to survive, yet her pay level still affects her sense of self-worth. She failed to see why her work was considered of so little value compared to others. ‘I’ve got a friend that’s … [in] telemarketing and I just think, well all you do is pretty much sit on your bottom all day and answer phones and get paid double, triple the amount I do for actually educating … the kids of tomorrow…’

For others, like Fay, low pay is not just about her work being devalued, it signals to her that as a worker she is disposable and unneeded: ‘I applied at I would say 200 jobs and I got one who told me I was a senior citizen and what am I doing applying for a waitress job… I said, excuse me I’m 43, not 73.’ The sense of being a step away from the employment scrap heap is closely linked to the competition for work at the low end of the job market. Fay explained:

… we realised our wages weren’t the right money. We called in the union… and then the next thing we know we got an AWA sent to us … [The boss] said to us, you’ve got two weeks to fill it out. Well a week later we got a letter through the mail saying your job is terminated … 22 people out of work, that easy. … there’s always somebody out there who can say they can do it cheaper.

In some cases the health consequences of low paid work extended beyond the psychological scars to physical torment. Tanya, a childcare worker in her forties, recounted how the worry of being unable to secure her future because of low wages manifested itself in physical ways: ‘I’m struggling right now… I don’t have enough for [a house] deposit and stuff … and my stomach is like full of rocks. … Very stressful. [it’s] hard to reach any other goals if your low paid.’ Fay stated that cleaning work was all she could manage due to chronic back pain:

I have permanently got a bad back, I’ve got three bulging discs. … I’ve got osteoarthritis in four vertebrae in the top of my back. I’ve had an operation on my knee and one on my arm. … You have children and you just do the best you can. … with my back now it’s the only job I can do because I can’t sit for any more than 15-20 minutes.
Certainly some of the interviewees did not feel their low pay rate had major detrimental impacts in their lives. They tended to be younger workers without dependents or workers who could rely on partners with higher incomes. Even so, for some low paid workers, being young or partnered was no guarantee against personal hardship. Sally spoke of her difficulties meeting health expenses:

I had to get my wisdom teeth out last year. … it was going to cost me $1,000. And I didn’t have that money … I put it back, … until …I was in that much pain that I had no choice but to get them out. And it took me ages to pay, like I was always getting final notices … And because I’ve got it done in the hospital… I didn’t have money to pay for my excess. I had to borrow that money so I could actually go into hospital that day to get them done as well.

Many workers worried about ill-health because it means losing time from work. This is particularly problematic for casual workers. Childcare workers also face the difficulty of not being allowed to work around children unless they are in acceptable health, yet they also are exposed to greater health risks in the course of their jobs working with children. Many participants noted that they regularly exceeded their paid sick leave days, forcing them to take unpaid leave or use up their annual leave.

Household stress

Charitable organisations report a growing proportion of those in need are wage earners and their families (Murphy 2003, 18). This is supported by ABS data indicating 1.2 million wage and salary earning households reported suffering financial stress in 2002 (Australian Council of Trade Unions 2002). Between 2000 and 2004 the number of Australian’s living in poor wage-earner households grew from 7.7 per cent to 9.3 per cent (Australian Bureau of Statistics 2003a, 6, 15; Australian Bureau of Statistics 2005b, Table 4).

The burdens of low pay on personal wellbeing inevitably flow on to other household members. For example, Fay’s cleaning job also entailed family hostile working hours. She described the guilt she carried as a result of conflict between her working and parenting commitments: ‘I feel like a dreadful mother when I say this, but I used to be out of the door at 6, I’d ring home at 7 to wake [the children] up. They would get ready for school and I would meet them on the way home.’ Ebony also talked of how she was forced to work long hours to compensate for her low pay rate, and the guilt she subsequently felt at not spending enough time with her children. Thinking about the possibilities of having children, Sally lamented: ‘we’re all expected to have kids and stay at home and get back into the workforce but like there’s no incentive. There is not enough money for us to … go back to work.’

The strain of low paid work on household relations was a recurring theme. Jenni, a childcare workers in her twenties, conveyed how the unequal wages she and her partner earned generated tensions:

… I’d like to contribute half but there’s no possible way I can. …And I feel like he … occasionally resents me … ‘well if you don’t pay half, you can do all the cleaning and earn your keep that way,’ … And I’m like I don’t think so. And that actually has ended up us living separately. … His response is go out and get another job that earns more money. … [but] I like my job. I feel I’ve got a very rewarding job. And I feel that I won’t get that from anywhere else. But then I also think, well, okay if I was to go out and get another job that pays a lot more, where do I start? (Jenni)

In Jenni’s household, wages are not pooled for everyone to share in equally. Groceries, for example, are bought according to each person’s ability to pay. Jennie buys cheaper and less
food and pursues less recreational activities than her higher paid partner. Her experiences challenge assumptions about the even distribution of household income.

For many living in a low wage household means going without meals, home heating, clothing, healthcare and medicine, transportation, house repairs, basic leisure activities, and educational opportunities (Robinson 2001; Australian Council of Trade Unions 2002; Saleh 2003, 12; Senate Community Affairs Reference Committee 2004, 70). Unlike many welfare recipients and higher paid workers, low paid workers often face both time and financial pressures. They do not qualify for most government assistance programs, yet their incomes alone are insufficient to provide a decent standard of living and wellbeing. Consequently, household stability and formation, and the wellbeing of children are often jeopardised (Harding et al. 1999, 30; Richardson and Miller-Lewis 2003, 67).

Social Exclusion and Inequality

The flow on effects of family disintegration and childhood disadvantage play out beyond the individual low paid worker and their household. It is tempting to assume the effects of low pay largely manifest as the personal and domestic hardships of an unfortunate few. The increasing privatisation of social suffering is a characteristic of modern market economies (Bourdieu 1999). Nonetheless, the impacts of low pay are felt in the broader community. Time and money constraints hinder participation in community and social life (Bradley, Crouchley and Oskrochi 2003, 659). Even at work low pay excludes people. For example, in her study of German cleaners, Mayer-Ahuja argues low paid, precarious work involves ‘the undermining of material and legal standards as well as exclusion from the solidarity of colleagues and from institutional forms of articulating interest in work council and trade union’ (2004, 116). Such workers are also under-represented in Australian unions. Low pay undermines citizenship rights in the workplace and beyond.

At a more fundamental level, low pay prevents individuals and their households from participating in social life. Participants spoke of quitting gym memberships and book clubs, stopping church attendance and dropping out of sporting teams. For some workers maintaining social relationships is hindered by the cost of communication and travel. Fay, for example, had to change her phone to incoming calls only. Molly and Jennie are prevented from visiting family and friends very often because of transport costs.

Social exclusion is not just about going without; it is also about the ramifications of unequal social relations. Many participants conveyed the hurt and indignity of not being invited to social events because it was known that they would not be able to afford it. Sally stated: ‘something as basic as going to the movies or going out for dinner. … that people take for granted. … I actually seriously can’t afford to do that.’ The lack of understanding and empathy of others was keenly felt and resented by some participants. Ebony conveys a sense of living in different worlds when she was mixing with well-meaning, but higher paid, professionals during an industrial court case:

... they were going into the richer cafes at lunch to eat these ... $12, $14 meals. And I’m used to going up the road and getting ... $1.50 sausage roll ... I actually sat there one day with a drink and I just thought ... these people that have got a bit of money to flash ... and I can’t even afford to buy myself a bloody meal. ... that makes you feel bad.

These experiences illustrate how low pay is contributing to deepening social inequality and divisions.
The growth of low wage jobs has contributed to widening social inequality. There has been a 23 per cent increase in inequality in full-time wages over the past decade (Ziguras 2002). This polarisation fuels community divisions which register in phenomena such as securitisation, fortification and insularity (Blakely and Snyder 1997; Gleeson 2004). Mission Australia contends that as a result ‘an ever increasing number of dispossessed Australians will have no stake in the success of their communities – which ultimately leads to social isolation and problems such as crime’ (Saleh 2003, 12). Broader questions about the sustainability and morality of social inequality are also gaining a wider audience (Souza 2000; Hamilton and Mail 2003). The question of whether social ‘unequals’ can meaningfully connect and harmoniously reside with one another is of growing pertinence in Australia’s increasingly low wage-high wage economy.

Responses to Low Pay

The federal government’s response to low pay is to let the market decide wage levels and generate economic growth for the benefit of all. Despite the free market rhetoric a new regulatory regime for industrial relations, weighted much more heavily towards the interests of employers, is being implemented (Grover and Stewart 1999; Buchanan et al. 2000, 19). This is occurring through, for example, changes to unfair dismissal laws, the whittling down of award conditions and the removal of any independent wage setting institution. Though research has failed to prove any serious economic consequences stemming from minimum wage setting, industry and government have systematically opposed greater increases in the minimum wages on the grounds that they generate inflation and unemployment (Robinson 2001; Australian Council of Trade Unions 2002; Low Pay Commission 2003, xv).

The federal government does not accept the view that the incidence of low pay is a social problem, let alone a crisis as argued by the union and welfare sectors (Australian Liquor Hospitality and Miscellaneous Workers Union 2003; Robinson 2003; Commonwealth of Australia 2005). Rather, they view the expansion of low pay as a positive development for the low paid, the unemployed and the economy as a whole. The expansion of low pay is being driven by welfare to work or ‘workfare’ regimes in many western nations with the aim of reducing ‘wages further so that the market can respond by creating more low-wage employment’ (Grover et al. 1999, 73; also Rodgers 2003; Klosse 2005). These policies tend to mask, rather than address, the logic of capital accumulation and the re-commodification of labour underpinning the growth of low wage employment in Australia and elsewhere (Meszaros 1995; Grover et al. 1999, 79; Pocock, Prosser and Bridge 2005).

In the light of anti-union and anti-worker legislative changes some unions are now returning their attention to bolstering worker and citizen alliances and union support, in part to fight low pay. (Hale 1997; Rivera 1997; Wills and Simms 2004). There is a long history of these coalitions in Australia and some attention has recently been directed to their revitalisation (Burgmann 2003; Tattersall 2004). The difficulties of this task at a time when the government has control of both houses of federal parliament cannot be overstated. Nonetheless, without a well-organised and represented working population, the likelihood of withstanding the proliferation of low paid work and stemming the decline of workers living standards seems remote.

Conclusion

Statistics alone do not draw sufficient attention to the lived reality and social suffering resulting from low pay. While there are certainly differences in the severity of these
experiences depending on respondents’ circumstances, most of the initial interviewees have been adversely affected. This paper argues the impacts of low pay run far wider and deeper than government policy makers recognise. Their underlying confidence about the capacity of Australian society to withstand an extension of low pay and its associated harmful effects is misplaced. The expansion of low pay is an unsustainable, inequitable and unnecessary approach to securing Australia’s economic wellbeing.

References


Grievance Procedures in Organisations – Why Do They Fail?

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Grievance procedures are a compulsory component of awards, collective and individual agreements in Australia. They have gained this prominent position since the decentralisation of industrial relations focused decision making at the workplace rather than in tribunals. As it is likely that future reform will remove more of the dispute resolution functions from the Australian Industrial Relations Commission (AIRC), we predict greater reliance on workplace grievance procedures to control conflict. However, we argue that many workplaces are not equipped to handle their own disputes without the AIRC. Since 1997 the number of notifications to the AIRC to conciliate over failed grievance procedures has increased nearly 14-fold. This paper reports on the first stage of a study into why they fail by examining typical reasons for grievance procedure failure through the international literature. The paper concludes that the most common reasons for grievance procedure failure are poor design and inadequate training.

Introduction

Grievance or dispute resolution procedures are formal written policies for resolving disputes in the workplace. Generally, they involve unions, employees and managers. In Australia they are a requisite component of enterprise agreements and awards. For instance, the AIRC must ensure the inclusion of a dispute resolution procedure when ratifying a collective agreement (Workplace Relations Act, 1996 section 170LT(8)). Further, it may refuse to ratify the agreement if it is not convinced the disputes settlement clause will not act to prevent or settle industrial disputes (Workplace Relations Act, 1996 section 170LU(1)). Changes to industrial AIRC will lose much of its role as a dispute resolution provider (Australian Government 2005:40) and workplaces may be able to take their grievances to private consultants such as mediators, on a fee for service basis.

The cost and time involved dealing with unresolved disputes will be factors that motivate workplace parties to rely on their grievance procedure. However, in Australia, it is questionable whether grievance procedures will provide some workplaces with an adequate mechanism to control conflict. Since 1997 (the first year this data was collected) the number of cases referred to the AIRC on the basis of a failed grievance procedure has increased by a factor of 13.8, from 55 disputes notified in 1997 to 764 in 2003 (Table 1). This means that parties to the dispute have not been able to resolve their problems despite the provisions in their grievance procedure. The risk to employers of grievance procedure failure is greater industrial action and unrest in the workplace.

Table 1. Notification of Matters to the AIRC

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<td>Notification under dispute settling procedures of agreements (ss.170LW, 170VG, 293F, 520)</td>
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Given that grievance procedures are the mechanism by which workplaces can resolve their own conflicts, and *prima facie* evidence demonstrates they are not working as well as they could, it will become increasingly important that the design of the procedure ensures workability, and quick and satisfactory resolution of grievances. This paper reviews the international literature on grievance procedures and notes that the keys to the failure or success of these instruments are the appropriate design of the procedure and the need for training and education of employers, and employees involved in its operation.

**Grievance at Work**

The International Labour Office (1965: 7-9) defined a grievance as:

> a matter submitted by a worker in respect of any measure or situation which directly affects, or may affect the conditions of employment in the undertaking, when that measure or situation appears contrary to the provisions of an applicable collective agreement or a contract of employment, to workrules or law or regulations, or to the custom usage of the occupation

Other researchers have since provided similar definitions. For instance, grievances have been described as inclusive of anything constituting a violation of a collective agreement (Bemmels & Foley 1996). The distinction between disputes, grievances and complaints have been described as particular characteristics of collectives, individuals with major issues and individuals with minor issues, respectively (Clark 1988). For the purposes of this paper, we deal with grievance procedures as a generic term covering all types of workplace disputes.

Employees file grievances when they perceive inequity and are motivated to reduce that feeling by seeking a resolution (Adams, 1965). They also file grievances when there is an opportunity to gain something of value because they believe it is deserved, such as increased wages. Thus, subtle distinctions exist in the motivation of employees to seek grievance resolution. The decision to react is generally based on the perceived costs (utility) of taking up the action against management, versus the cost of capitulating to management (Meyer 2002).

Grievance procedures have also been described as an avenue for employee ‘voice’ (Lewin 1987). The exit-voice model (Hirschman 1970) proposed that unions reduce employee turnover and enhance their job tenure when compared with non-unionised employees by providing employees with a ‘voice’ to management. Unions more effectively provide employees with an avenue to redress their concerns than employees acting alone (Freeman & Medoff 1984). Grievance procedures for non-unionised employees represent a form of alternative voice, in the sense that they provide an attempt to change, rather than escape from an unsatisfactory situation (Freeman 1980). More recent research suggests that the more effective employees perceive the grievance procedure to be, the more likely they will exercise the voice option rather than quit (Boroff & Lewin 1997).

Grievances procedures are used both for interests and rights based disputes. Rights are principles based on statutes, case law, contracts and agreements (Bingham 2003). Rights based grievances are usually contractual or precedential and require judgement through adjudicative processes to determine whether a right has been violated. This might include a determination of whether penalty rates applied for an employee who worked overtime based on the clause in his or her workplace agreement. Interest based grievances, are those that employees have a need, concern or desire in, such as being rostered at a time suited to them. Rather than adjudicative processes, these types of disputes render themselves well to negotiation based processes. In both cases there is an interest in being afforded justice but in the latter case the interest does not represent a legal right (Thomson & Murray 1976).
In their seminal work on grievance procedure design, Ury, Brett and Goldberg (1988) noted that successful policies must afford disputants mechanisms for dealing not only with rights, but also with power. Power includes the ability of one party to make threats or take action to force the other to concede: ‘the ability to coerce someone to do something he would otherwise not do’ (Ury et al 1988:7). Resolving disputes utilising power mechanisms can include cooling off periods (and a return to interest based negotiation), referral to expert opinion (rights based determination) or to allow limited shows of power including stop work meetings and bans (because these would be less costly than strikes) (Ury et al 1988:59).

**Grievance Procedures**

The term ‘grievance procedure’ refers to the system established by parties in an organisation for processing and settling grievances (Lewin & Peterson 1988). In the US, with its absence of arbitration tribunals, grievance procedures have a well documented history in unionised firms aimed at restraining industrial action, stemming workplace litigation by keeping dispute resolution in-house (McDermott & Berkeley 1996; Schlicter et al 1960). Grievance procedures have now expanded to cover the growing non-unionised sector (Lewin 1987). Grievance procedures control conflict in the sense that they allow employees to make complaints without fear or retribution. They serve as a method of communication between management and employees (Davy et al., 1992) and also provide a systematic way to handle grievances (Bohlander & Behringer 1990). It has been argued that grievance procedures foster an expeditious, equitable and inexpensive resolution of employee complaints (Davy et al 1992). For an employee, the grievance procedure represents a mechanism that legitimises filing of complaints about the employment relationship (Lewin and Peterson 1988).

In Australia, they first emerged as a requirement of consent awards under s91 of the *Industrial Relations Act* 1988 and later became a mechanism to attempt resolution in the workplace in certified agreements and enterprise flexibility agreements (ss 170 MC(1) and 170 NC respectively). The current *Workplace Relations Act* 1996 requires the inclusion of a dispute settlement procedure in all certified collective and individual agreements. This has been further prescribed by the use of a model procedure (s116A) in the *Workplace Relations Amendment WorkChoices Bill* 2005 awards and agreements.

**Grievance Procedure Design**

There is a general belief amongst researchers that grievance procedures must be formal written policies rather than ad hoc processes (Trudeau 2002). This gives a clear indication to employees about how to go about filing a grievance and the steps to be taken in its resolution. It also gives employers directions on how to “process” grievances. The degree of formality of grievance procedures varies but can include specifications for written grievances such as the time limits for response at each step, and the types of representation an employee can have (Lewin & Peterson 1988; Trudeau, 2002). For example, there can be strict time limits for response and appeals (Trudeau 2002). As well as documenting the procedure, the formality of written policies extends to documenting each grievance as it is filed and moves through the process. Davy et al (1992) found that grievances written down at the first step, as opposed to being presented orally, were related to higher rates of resolution. He argued that this indicated greater levels of procedural justice were being afforded to the disputants.

Grievance procedure design has been described as a conscious and deliberate attempt by organisations to formulate a policy to control conflict (Bingham 2003). The creation of a grievance procedure is influenced by a number of factors, which include union and management relationships, the bargaining relationships between parties, and organisational
characteristics, such as structure, size and industry. In the US, they are often contractual, which means they are written into the terms and conditions of work (Hayford & Pegnetter 1980). Therefore, they can potentially be in any form that employers, employees and unions negotiate. This is important because key to the success of a grievance procedure is that it has been properly tailored to the organisation. Having a negotiated grievance procedure means that it can be formed in ways that meets the interests of parties involved, including employers, employees and unions. In their work on grievance procedure design, Costantino and Merchant (1996) identified four distinct stages of design: diagnosis, design, implementation and review. They pointed to the importance of utilising workplace stakeholders in the diagnostic stage of the development so that disputes are classified according to their nature, source and frequency so that appropriate measures are designed to deal with them. Similarly, Bendersky (1998) noted that the beneficiaries of the policy need to be involved in its design so that important elements such as local culture are incorporated. The process of involvement hence ensures the workability of the procedure for all parties involved.

Bohlander and Behringer (1990) suggested that grievance procedures should have the following main sections: the purpose, a definition of what constitutes a grievable issue, the structure and operation of the procedure, a statement on employee representation rights, an explanation a grievance must be filed, a stipulation of management response times and an outline of the methods for initiating the complaint. The procedure should be accompanied by its relevant proforma. For example, a grievance procedure may stipulate that a form needs to be filled out which details the facts, contentions of grievants, the contractual provisions claimed to have been violated, the remedy sought and the date on which a supervisor renders his or her decision (Keyte 1999). This would be within the interests of both employers and employees, so that they have an exact account of the facts of the grievance, to argue their case, and so that information is not misconstrued. Similarly, Hasson and Slaikeu (1998) suggested that apart from a written policy, all roles for the players must be stipulated and all must be provided with the training required to implement the procedure.

In contrast with the literature, the Workplace Relations Amendment (Work Choices) Bill 2005 specifies a standard grievance procedure which will operate in all awards (s116A) regardless of the industry or workplace to which it applies. Whilst workplace parties can negotiate their own process in a workplace agreement (s176L(1)(a)) the Bill rigidly specifies a sequence of steps clearly designed to turn the disputants away from using the AIRC. First, their dispute must satisfy the requirements in s176(L)(1) that it is suitable for alternative dispute resolution; second, it must be lodged in detail on the correct form and indicating the steps taken at the workplace to resolve it (s176(L)(2)); third, the AIRC is required to consider asking the disputants for further information (s176(L)(3)); third, the AIRC must consider whether to reject the application (s176M) and, where a party is successful in getting the matter before the AIRC, it will no longer be able to make any final orders about the dispute (s176N(2)). By way of contrast, these restrictions do not apply to private dispute resolution providers. In other words, it is likely that the legislation will force a choice towards private providers and at the same time, stifle the ability of parties to properly design their grievance procedures to suit their stakeholders and their conditions.

Grievance Procedure Steps

The structure of a grievance procedures should create efficiency by promoting a rapid resolution (Gordon & Miller 1984; Briggs 1981). This will often mean obtaining an optimal balance between the number of steps in the process and the duration of those steps. The role of a grievance procedure is to process allegations from lower to higher levels of management (Lo Bosco 1985). This allows employees to appeal decisions to higher levels when they
believe decisions made by lower level managers to be unjust (Stieber 1986). The steps in a procedure usually follow the levels of management in an organisation (Loewenberg 1984). Thus, there are no ‘right’ numbers of steps and the literature is clearly divided on this issue. Peterson and McCabe (1994) found that three and four step systems were the most popular. Thomson and Murray (1976) advised three steps as a minimum, comprising supervisory, middle and senior management levels. Other researchers such as Slichter et al (1960) suggested four-step, five-step, and six-step procedures, dependent on the chain of command.

However, grievance procedures with too many steps have a number of problems associated with their workability and effectiveness. Clearly, they can be cumbersome and time consuming (Lewin & Peterson 1988). Indeed, Stewart and Davy (1992) found an inverse relationship between the number of steps in a procedure and the incidence of early resolution. It is an important finding in the light of the general consensus that the lower the step the grievance is resolved, the more beneficial the results are to the aggrieved party (Loewenberg 1984; Graham & Heshizer, 1979). These beneficial results largely emanate from the greater opportunity for discussion and negotiation between the parties and their supervisor (Costantino & Merchant 1996). This means that disputants are given an opportunity to find an interest-based solution (Bingham 2003).

In practice too, most grievances are found to reach resolution at lower levels of the organisation. Lewin and Peterson’s (1988) US research found 55 per cent of employees they investigated who filed a grievance reached resolution at the first step of the process. It has also been suggested that grievance procedures could be written in a way that promotes the settling of grievances lower down in the procedure. For example Clark (1988:427) suggested including the stipulation that: ‘the parties agree to make every effort to settle the grievance at the lowest step of the procedure’.

Organisational behaviour theorists have suggested other mechanisms which reinforce the dominance of lower level dispute resolution. Martin (1978) noted that where a grievance is not solved at the supervisory level, then middle and senior level managers tend to support the decisions of first line supervisors. This behaviour is consistent with ‘escalation of commitment’ theory, which is defined as the continuation of action in a failing course of action (Staw & Ross 1987). The theory predicts that managers become committed to decisions made at lower points in the hierarchy, even if they realise that those decisions were incorrect courses of action. The theory may also account for the finding that organisations with numerous steps in their grievance procedures are linked with predominantly management-biased decisions. In other words, it becomes more likely that disputes are settled in favour of management, the greater the number of grievance steps utilised.

Another dilemma is that of the ‘involved’ supervisor. Bohlander and Behringer (1990) noted that whilst employees need to initiate a grievance with their first line supervisor, they suggest that employees should be able to by-pass their immediate supervisor where there is a fear of reprisal. Having an adequate alternative to the supervisor in the first step is a key solution to this dilemma. This may include notification of the dispute to an HR or contact officer.

**The Timing of the Steps**

Grievance procedures often have time limits, which stipulate the timeframes in which grievances need to be filed, for example a number of days after the event has occurred (Bemmels 1995). This puts a cap on disputes being notified months after their occurrence, when evidence may be weak and memories faded. Time frames are also articulated for the different levels of a grievance, with lower levels, requiring less time and appeal to higher levels requiring more time. In deciding time frames, a balance needs to be found between
having enough time to prepare a case and the potential for managers to delay procedures, thus
denying justice (Keyte 1999). The stipulation of management response times is important, as
management’s failure to comply with time frames results in a failed grievance procedure. In
Australia, the timeliness of each step in the procedure, including the timeliness of responding
to the dispute was identified by the AIRC as being crucial to delivery of justice. In V Smith v
Grand Hyatt Hotel PR904136, 10 May 2001, Smith had sent flowers and letters repeatedly to
a fellow worker who consistently returned them. She complained to the HR Manager to no
avail. After 6 months, when she threatened to resign, Smith was dismissed. Smith
successfully argued that he was unfairly dismissed on the basis that had the company
responded to the dispute earlier, he may have been able to modify his behaviour. Failure of
management to act has been coined ‘deaf ear syndrome’ and allegedly accounts for significant
costs from litigation and lower productivity and exacerbates employees’ sense of injustice in
the workplace (Harlos 2001).

Those writing grievance procedures should also take into account special circumstances when
specifying timelines. For instance, specifications for expedited claims are warranted when
issues include discharges, suspensions and layoffs (Trudeau 2002; Bohlander & Behringer
1990). Expedited claims for matters such as these are important as employees can be afforded
justice in a shorter time frame. Bohlander’s (1989) research on grievance processing found
the average maximum processing time to be 40 days and grievances generally needed to be
initiated within two weeks of the occurrence. Similarly, Loewenberg (1984) suggested a four
step model commencing with the lodgement of a complaint, which must be discussed within
five days following which a resolution (recommended by the supervisor) must occur within
two days. Therefore, a time frame of seven days would constitute the first step. The second
step would allow for the employee or union representative to appeal within five days in
writing to the next level manager (who in turn must provide a decision within five days).
Again, the employee would have the ability to appeal the decision within 10 days. The third
step would require senior management to render a decision within 10 days and again, an
appeal period is provided of 15 days. The final step in the process would be an arbitration
meeting, with a private arbitrator, to be held within 15 days. Loewenberg (1984) suggests that
to increase fairness in a grievance procedure the time for appeals for each step should be
increased, and management should be obliged to give reasons for the decisions they make at
each level. Where a supervisor or manager is involved in the grievance, they should not be
involved in the process of grievance settlement as a decision maker (Keyte 1999).

Use of the Procedure

Ury et al (1988) identified that a key flaw in organisational grievance procedures is that
employees may not be motivated to use them. Whilst their study focused on employees who
perceived the grievance procedure as biased towards management, other studies have reported
a range of reasons why employees fail to use the procedure, often resulting in an escalation of
the conflict. For instance, Marshall (2005) reported the findings of a 1995 US Merit Systems
Protection Board survey, of federal government employees, which indicated that employees
were worried variously, that by using the grievance procedure they would be blamed for the
incident, they would be threatened by management, management would not believe them, or
that the complaint would not be kept confidential. She concluded that for many employees,
the workplace grievance procedure is a hostile and adversarial process. Similarly, Lewin’s
(1999) research on non-unionised workers found the fear of reprisal held them back from
using the process.

In Australia, a small body of case law establishes that where a grievance procedure is in place
there is a prima facie case that to disregard it would be unjust to the disputants. For instance,
in the case Mrs Eme Paule and HSUA v McKinnon House (VI 1495 of 1994 3 March 1995, Print 950103), the Industrial Relations Court of Australia held that in avoiding the procedure, the organisation acted unjustly.

**Grievance Procedures and Finality of Disputes**

It is a general contention of the international literature that where the grievance cannot be solved through the procedure, the employee or union can take the matter to arbitration where a binding determination will be made (Trudeau 2002; Lewin & Peterson 1988). Grievance procedure effectiveness has also been measured as a function of the perception that there has been neutral third party determination at the final step (Kuhn 1961; Peach & Livernash 1974; Chamberlain & Kuhn 1986). The acceptance that the third party is neutral has assisted settlement rates in workplace disputes (Tyler 1991).

In Australia, since 1904 the AIRC has presided over unresolved workplace conflict in both its conciliation and arbitration roles. A study of grievance procedures in 2000 Australian collective enterprise agreements (Van Gramberg 2001) found that 97.8 per cent of procedures referred the matter to the AIRC as the final step. Another study of 128 Victorian employers revealed that 53.1 per cent of respondents preferred their grievance procedures to refer disputes to the AIRC in their final step because it provides an enforceable decision, creates precedents and because the members of the AIRC are statutory office holders with legislated duties and obligations (Van Gramberg 2002).

The finality of the resolution is marked by the sense of fairness of the decision and the standing of the decision maker. As Brown (2004:455) explained:

> These third party roles only carry credibility when those who hold them are clearly independent. They have to be seen to be independent of employers, and of trade unions, but also of governments, which often have their own agendas. They have to be independent in terms of finance and of allegiance.

Under the changes to the industrial relations regime in Australia, arbitration will not be available in its current form (Government of Australia 2005:41), although in certain circumstances the AIRC will be able to make a recommendation if requested by all parties (s176D(7) Workplace Relations Amendment (Work Choices) Bill 2005). Instead, mediation will be the alternative outlet for employees and unions when they are dissatisfied with grievance outcomes. Mediation, though, does not give a binding decision to parties, as it focuses on a negotiated outcome to the grievance. Nor is mediation (a type of supervised negotiation) an appropriate mechanisms for determining rights. Thus, it is likely that failure to resolve issues at mediation will lead to increased workplace litigation, a situation not dissimilar to that of the US from where this model of workplace dispute resolution is based.

**Training of Managers and Employees**

Grievance procedures need to be adequately communicated throughout an organisation in order to influence their effectiveness (Swann 1981). Without knowledge that a grievance procedure exists, it is likely that employees will turn elsewhere for grievance resolutions. Therefore, senior managers need to be responsible for advertising the existence of grievance procedures and to educate and make certain that supervisors and managers know how to operate them appropriately (Swann 1981). Good grievance procedure design would stipulate that all organisational members should be trained in grievance procedure policy, operation and implementation. Organisations may supplement this education and communication by posting grievance procedures and related information posted on their intranet. Other forms of
promulgation include HR manuals containing grievance procedure information, and distributed to managers, employees and unions and newsletters, emails and notice boards (Keyte 1999). Important educational programs in the workplace to assist with grievance handling could include training programs related to the grievance procedure, conflict, negotiation and dispute resolution skills.

Rollinson, Hook, Handley and Foot (1996) found that a high proportion of managers were not aware that their organisations had a grievance procedure and were thus generally unaware of their content. They explained that in addition to a lack of training, it is also likely that managers have had a lack of past experience in dealing with grievance procedures. Clearly, manager training should encompass both theoretical and practical knowledge in grievance procedure operation (Swann 1981). Apart from training in the procedural aspects of the policy, managers need to be aware that problem solving and grievance negotiation is fraught with emotions (Golann 2004). Certainly, Australian research in workplace sexual harassment has shown that training of employees and employers is correlated with a greater understanding of what constitutes harassment (Antecol & Cobb-Clark 2004). It is not surprising that so many researchers advocate training for managers in managing emotions and communication skills (Masters & Albright 2002; Cloke & Goldsmith 2001; Ury et al 1988).

Legislation in the US requires new employees to be informed of grievance procedures when they start with an organisation (Rollinson et al 1996). Induction programs are also common in Australia and most HR policies and practices are outlined at that stage (Smith & Hayton 1999). Clearly, induction programs work more effectively when assisted by the promulgation of reminders such as workplace posters and awareness campaigns (Parry, Friedman, Jones, & Petrini 2004). A study of promulgation of workplace grievance and discipline policies in the UK revealed that the most common forms of dissemination were through an employee’s letter of appointment, the workplace manual and induction courses (Oxenbridge 2000). A supportive workplace environment, particularly from supervisors and peers would assist in training and the transfer of knowledge to employees on grievance procedures (Cromwell & Kolb 2004).

As discussed above, the forthcoming Workplace Relations Amendment (Work Choices) Bill 2005 requires parties attempt to settle the matter at the workplace between themselves (s171(a)). We have argued here, in light of the literature that training of workplace parties to use their grievance procedure is vital to its success. Curiously, the new Australian legislation prohibits the parties from including in their workplace agreement, provision for dispute resolution training (s116B(k)). A fine will apply to parties who attempt to register an agreement which contains such a clause.

Conclusions

In the light of an increasing rate of failed grievance procedures being referred to the AIRC, this paper presents an overview of the literature into the factors contributing to their success or failure. In this brief review we focussed on the parties who had an interest with grievance procedures, poor design and poor training. Specifically, grievance procedures require careful planning and design by those who will be involved in its implementation. The procedure should provide a balance between a range of alternatives and steps for the grievants as well as the time taken to ensure a fair outcome. Understanding and addressing barriers to using the procedure, such as fear of reprisal, may assist and increase access for employees. To be effective, procedures should also allow for a level of certainty. This means that the final step, if unresolved through negotiation based methods, should provide for cost effective arbitration. Finally, we canvassed the need for adequate training and promulgation of information.
detailing the grievance procedure in workplaces. A failure to do so may render the process vulnerable to litigation by dissatisfied disputants.

The paper also canvassed some of the forthcoming changes to Australian industrial relations legislation. Whilst the changes reinforce the importance of having a workplace grievance procedure, there are a few aspects of the changes which are at odds with the findings from the literature review. First, the imposition of a model procedure by the legislature fails to take into account the importance of tailor making a policy to suit a particular workplace. Second, the removal of arbitration from the AIRC will mean that parties will not receive finality in cases where a negotiated outcome cannot be achieved. This risks litigation arising from an unresolved workplace dispute. Third, making it illegal to include training provisions in workplace agreements is (amongst other possible criticisms) counter to the aims of assisting workplace parties settle their disputes at the level of the workplace. The next stage of the research will comprise an examination of the reasons for referral of cases involving failed grievance procedures to the AIRC and a survey of workplaces.

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Critical Realism: Insights for Labour Market Analysis

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Institutional labour market segmentation theory has made significant strides in developing a conceptualisation of labour markets that eschews the atomism and methodological individualism of neo-classical economics. This more realistic and useful conceptualisation of a labour market emphasises ‘emergence’, relations and place; that is, it emphasises connections rather than boundaries. It serves as the basis for appreciating the connection between employers singularly and employers as an interactive group that lies at the heart of labour market mechanics, a connection obscured by the unhelpful notion of the “internal labour market”. This paper describes critical realist ontology and method, as critical realism (with geography) has been the vehicle for recent developments in labour market segmentation theory. This paper’s particular contribution is to identify two ‘glitches’ arising in spatially-informed labour market research relying on critical realist method: the over-simplification of our units of analysis by a tendency to gloss over their ‘emergent’ character, and critical realism’s despatialised distinction between ‘objects’ and ‘structures’.

Introduction

Institutional labour market segmentation theory (LMS theory) has been extended and strengthened through insights drawn from geography and critical realism (Massey 1995; Morgan and Sayer 1988; Mylett and Zanko 2002; Peck 1996). Recently, Fleetwood (2005a) has argued that critical realism represents the most likely vehicle for constructing a theory of the labour market that is sufficiently thorough and coherent to replace the orthodox neo-classical economic labour market model. Similarly, Paul Edwards, Professor of Industrial Relations at the University of Warwick, argues that critical realism can enhance the methodology of industrial relations, redressing its ‘intellectual marginalisation’ (Edwards 2005: 264). Geography has commonly used critical realist method (see Peck 1995: 91-94; Sayer 1992). This paper discusses the contribution of geography and critical realism to conceptualising labour markets. Why is this important? It is important because such a conceptualisation can tackle the key spatial question in LMS theory of the distinction between “internal labour markets” and “external labour markets” (Mylett and Zanko 2002), or as Fleetwood expresses it, ‘where do organisations end and labour markets begin?’(Fleetwood 2005b). It is only by working with the spatial connection between an employer singularly and employers as an interactive group that we can appreciate how employers shape the labour market. Space only allows a discussion of ontology and method in this paper; for a theoretical application see Mylett and Zanko (2002) and for an empirical application, see Mylett (2003).

It is usual to preface a discussion of LMS theory with an overview of neo-classical labour economics (NCE) as NCE remains the orthodoxy. The bare essentials of NCE explanations of the labour market include: that employers and employees have equal Walrasian bargaining power, that there is a functional deterministic relation between wages and labour supply and demand, that labour market participants have perfect information and act rationally in pursuit of maximising their utility, and that market forces will provide economic efficiency (Fleetwood 2005a: 2; Mylett 2003; Thurow 1983). Lack of empirical support for this model can be ignored by adherents on the basis that they are caused by market impediments (such as
unemployment benefits) (McCloskey 1985; Solow 1990). NCE abstracts from the tricky influences of place and time because these factors are believed to wither in the long run in the face of universal laws. Criticisms of NCE are numerous, ranging from its unrealistic assumptions through to its tendency to limit its questions to subjects amenable to econometric technique. Econometrics relies on positivism, atomism and methodological individualism. It uses observations of particular objects or events, classifies them in terms of their similarities or differences, and then makes aggregations and looks for correlations. Knowledge claims are made based on the observations of regularities in aggregations, regardless of the underlying causal mechanisms, other sources of influence, and without careful theoretical analysis to qualitatively understand the properties of the objects and event being studied (Pratt 1994; Sayer 1992). Reliance on empirical regularities is dependent on an ontology of atomism, where the world is made up of discrete, unrelated objects that are not necessarily or causally related to any other object. NCE has no method for dealing with groups or society. Methodological individualism is akin to applying atomism to people: individuals are seen to be able to act on their preferences without constraint from social structures (Pratt 1994: 16). This stance should be rejected because individuals cannot act in a labour market without being part of a society (Sayer 1992). LMS theory offers a more realistic and more complex explanation of the labour market and is underpinned by a more realistic ontology; as will be explained below, one based on a social world of relations, interconnections and interconstitutiveness.

The main rival to NCE was dual labour market theory which introduced segments in the labour market to explain differences in labour market experiences of workers (namely primary and secondary segments and workers) that appeared to contradict the universalising and homogenising tendencies of the economic efficiency dynamic. Primary workers were argued to be employed in a series of “internal labour markets” (ILMs) which could be explained in terms of economic efficiency (Doeringer and Piore 1971). LMS theory developed from institutional dual labour market theory. The key difference is that it rejects an emphasis on economic efficiency as the underlying dynamic of labour markets and instead adopts an interest in aspects of the labour market more familiar to industrial relations-ists such as power and institutions. This multi-causal approach to LMS theory has been best elaborated by the Cambridge School whose work Fine (1998: 124) describes as being the most ‘sophisticated in range and depth’. The Cambridge School emphasises demand-side factors but also considers the role of the state, trade unions and many kinds of social regulation (see Rubery and Wilkinson, 1994a; Peck, 1996: 64-5, 111). A key point is that segmentation created through a differentiated jobs structure is seen to be functional for employers (Rubery and Wilkinson, 1994b: 31).

Peck’s (1996: 75) assessment of the Cambridge School’s conceptualisation of causality in the labour market is that:

the labor market is a complex, composite structure bearing the imprints of a diverse range of influences…. in the spheres of labor supply, labor demand and the state. Each sphere has its own characteristic structure and dynamic, and each brings with it different tendencies toward segmentation…. Segmentation is the outcome of the contingent and dialectical interaction of several causal tendencies.

Employers’ strategies are given most weight in LMS theory but indeterminancy exists linked to challenges associated with balancing the competing and contradictory demands for control over work and the economic surplus versus eliciting cooperation from the workforce (Rubery

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1 For a detailed review, see Peck (1996) and Fine (1998). The member of this school that has written most about the internal/external labour market relation is Jill Rubery (Rubery, 1994; Rubery and Wilkinson, 1994a and b; Grimshaw and Rubery, 1998).
Employers’ strategies are pre-eminent but argued to be constrained by product markets, labour supply, industrial relations, the legal environment and history. In terms of the labour supply, differentiation between workers may be built on differences between workers concerning non-labour market social processes and roles, such as gender. Employer practices consolidate and reproduce such social divisions (Rubery and Wilkinson, 1994b: 8). These factors interact, as employers respond to — and interactively reproduce — the ‘environment’; that is, the labour market.

Perhaps the most important institutional forces structuring the labour market are the employment strategies of employers themselves. These create the rules, norms, and structures which shape wage, job, and promotion opportunities in both the internal and external labour market and through which individuals progress, enhancing or diminishing their labour-market credentials. They also create for each individual employer the labour-market environments, internal and external to their firm, which act as important constraints on the range of employment strategies that an individual employer can devise and deploy (Rubery and Wilkinson, 1994b: 33).

LMS theory retains the ILM concept despite the Cambridge School’s cognisance of the interconnections between the “internal” and “external” labour market. Rubery sees the internal and external labour markets as mutually conditioning: ‘firms may develop different policies to meet similar needs, through the utilization of inequalities and segmentation in the external labour market’ (Rubery, 1994: 47). This interrelationship between the external and internal labour markets is the basis of Grimshaw and Rubery’s (1998) criticism of the new efficiency-oriented institutional labour economics. Grimshaw and Rubery (1998: 217) reach the conclusion that the external labour market is embedded in ILMs. Locating the external inside the internal is spatially problematic. In short, the internal/external dichotomy needs to be replaced by a conceptualisation of labour markets more sensitive to the complexities of organisation-environment relations and one that provides a way of thinking about employers in the labour market more than one at a time. The discipline of geography is useful for working with spatial questions.

Peck’s seminal book, *Work-Place* (1996) extends LMS theory through geography, highlighting the interconstitutiveness of employment at the organisation level with other levels of analysis, particularly the local labour market. Peck’s insights arise from examining labour’s simultaneous status as a commodity and as a social phenomenon. The labour supply is socially-determined and therefore independent of labour demand. Hence, social regulation is essential to the operation of labour markets. Peck (1996: 26-40) explains that social regulation of labour markets influences the four main processes managed primarily via the employment relationship, which are: the incorporation of labour into the labour market; the allocation of labour by employers; the control over labour; and the reproduction of labour. The analysis of the dual nature of labour as a commodity and social phenomenon brings Peck’s attention to local labour markets, because this is the scale at which labour is reproduced. The local labour market is also the scale at which labour and capital interact (Peck 1996: 159). This emphasis on the local labour market serves as a counterpoint to the Cambridge School’s tendency to focus on national institutions, but labour markets are the medium and outcome of activity at many scales.

**Geography**

Attempts to spatialise the industrial relations discipline in Australia have been in progress for some time, initiated by McGrath-Champ (1993; 1996; 2001) and developed by those interested in regionalism and labour geography. An explanation of geography’s lessons for...
industrial relations is beyond this paper, but this section provides some explanation of concepts that are relied on in spatialised LMS theory discussed above. It is not a matter of ‘adding’ space to labour market analysis; rather, labour markets are inherently spatial, and spatial blindness will lead to erroneous interpretations because of neglect of complexity (McGrath-Champ 1993; Ellem and Shields 1999). A full understanding of the unit of study, particularly in terms of power, lies in its connections to other units. For example, our appreciation of the powers of an employer lies in recognition of the employer’s relationship to employees. Such connections are inherently spatial. Therefore, qualitative understanding of units of analysis necessary for understanding the mechanics of things, things such as a labour market, requires understanding connections that are spatial.

Space, place and scale are not fixed or pre-given: they are constructed through social life by social relationships. Space and society are both simultaneously the medium and outcome of one another (Massey 1994; Massey 1995; Peck 1996; Brenner 1998). The physical location of phenomena in relation to other phenomena may produce social effects (Massey 1995: 51). Place is a sub-set of space—a smaller scale—but not conceptually different in that both space and place are constructed from social relationships (Massey and Jess 1995; Peck 1996). Place is ‘a particular articulation of [social interrelationships]…’(Massey 1994: 5). This emphasis on place-specificity and the likely retention and accretion of place distinctiveness is in contrast to the universalism of neoclassical economics where place distinctiveness is of little consequence in the long run. NCE method relies on aggregating things as though their connection to other things in various places has no causal effect.

The relationships that make up a place are not contained within a particular place, but extend into other places (Massey 1994: 5). Places are linked. If an employer/organisation can be seen as a ‘place’ (bundles of relationships), then the notion that such relationships extend beyond a place is the mechanism through which the interaction across scales can be conceived, such as the interaction between the labour market of a single employer and the labour markets of employers as an interactive group. Massey (1995) and Brenner (1998) represent social life as a mosaic, where a bundle of intersecting relationships forms a ‘tile’ that contributes to the overall pattern whilst maintaining its own distinctiveness (that is, the tile and mosaic are interconstitutive). That is, interactions at higher levels create new ‘places’ but not in a way that subsume the distinctiveness of patterns at lower levels (Massey 1995; Brenner 1998: 467). The labour market at the level of an individual employer can therefore be seen as part of the labour market for employers collectively, but the labour market collectively is more than just the ‘sum’ of the labour markets of employers singularly. The relationships that make up an organisation extend beyond and intertwine with relationships at other scales. ‘Mosaic thinking’ emphasises inter-connections rather than boundaries. In industrial relations, the tendency has been to consider particular levels of analysis as self-contained, with other levels regarded as having an influence but not as part of the focal level (McGrath-Champ 1996). This is misconstrued, according to geography. Boundaries and the notion that a particular level is just a container for social processes must be replaced with seeing social life as practice across interrelated, interconnected and interconstitutive scales.

As discussed above, labour market segmentation is built through a wide range of social processes. The spatial arrangement of social regulation/institutions works with the spatial arrangements of production to contribute to place distinctiveness. This creation of distinctiveness is relevant to the creation of labour market segments. It can be argued that particular combinations of levels of analysis found in labour markets (built from webs of relationships) interact with other combinations to shape labour markets and to create labour market segments (Massey 1995; Peck 1996; Brenner 1998). This process is a mix of the spatial and the temporal: history happens in places. It may seem that LMS processes are
shaped by ‘everything’. Indeed, Peck argues there can be no formula for studying segmentation because: ‘there can be no pregiven rules dictating how diverse causal forces will be reconciled in a particular empirical context, as the triad of causal processes associated with production, reproduction and social regulation interact in different ways at different times and in different places’ (Peck 1996: 94, emphasis in original).

Implications for Method
As discussed above, LMS theory identifies many variables that shape labour markets in particular places. This is one source of complexity. Conceptualising labour markets in terms of conjunctions of units with emergent properties in intersecting social relations articulated through different scales adds to this complexity. Accounts of the labour market should therefore be complex and multilayered (Peck 1996: 90). To this, Peck adds the complexity arising from the competing logics of labour market activity: competing logics of actors makes totalising explanations impossible. This leads to the temptation of empirical description rather than looking for general principles of how labour markets work. Segmentation theory may seem to be reductionist, where ‘everything is related to everything else’; but it is not suggested that everything is related to everything else in the same way. Some objects/phenomena stand in necessary relation to each other; some stand in only contingent relation; and some relations are of no consequence at all. A method that is appropriate for dealing with complexity, spatiality and multiple scales of analysis is critical realism, and critical realism is a method that can support theorising in conditions where general principles interact with place specificity and complexity to produce divergent effects. The goal of critical realism is to uncover causal mechanisms, and cause is found by understanding how connections give objects powers and liabilities. Acknowledgement of complexity means that research should be concerned with acquiring knowledge that is ‘practically adequate’ for acting in the world: ‘we should perhaps think of knowledge not so much as a representation of the world, as a means for doing things in it’ (Sayer 1992: 48). Aside from the effect of power and domination on knowledge, impractical knowledge will be intersubjectively winnowed out (Sayer 1992: Chapter 1).

Research to explain particular concrete phenomena must be empirical in nature, but guided by the careful conceptualisation of the nature of objects/phenomena in order to discover its/their causal properties. Industrial relations is concerned with particular units of analysis at particular scales. For example, we study individual employees at these scales: bodies, residence, community, industry, society, etc. Scales at which workplaces can be studied include: global, macro-regional, international, national, micro-regional, local, residences and bodies (Mylett 2003). Critical realism helps provide some meta-theoretical rigour to the notion of ‘units’ such a body, workplace or industry. Whilst the ‘units’ were identified from the usual considerations of industrial relations analysis, it is useful to conceptually differentiate them from scale via the concept of “emergence”. Emergence refers to a thing’s powers and liabilities that “emerge” from its relation to other things. The usual example is that the powers of the mind are real and have causal effect, and they have emerged from the physical and chemical structure of the brain. But the mind cannot be reduced to the brain (New 2005). Therefore, emergence is the word that critical realists use to describes how parts (“tiles”) make up the whole (“mosaic”) but that the whole cannot be reduced to a mere aggregation of the parts. However, this explanation of emergence to differentiate ‘units of analysis’ from ‘scales of analysis’ may be contentious but it is practical. It can help researchers identify the primary focus of study (a unit of analysis at a particular scale). However, the notion of scale and the notion of emergence are conceptually equivalent in that both are created through relations and arguably both have the property of
interconstitutiveness. The emergent mind is interconstitutive with brain matter in the sense that the mind gives meaning to the brain matter. Whether any such emergent relation is of importance depends on the researcher’s question.

Critical Realist Ontology and Epistemology

Critical realism as a method works from a particular ontology and epistemology. Realism rejects relativism by recognising the opportunities and constraints of the material world. It is accepted that non-social objects may be socially defined but they are not socially produced (Sayer 1992: 26). Realism also rejects naive empiricism by recognising the theory-laden nature of observation and experience (Outhwaite 1983; Sayer 1992). Practical activity includes working with concept-dependent and intersubjectively-created and understood social phenomena such as language; therefore, meanings and reasons should be part of social research. ‘What the practices, institutions, rules, roles or relationships are depends on what they mean in society to its members’ (Sayer 1992: 31). Meanings are intersubjective and social rather than individual. Individuals’ beliefs are social in that they are expressed in language but also because

they are constructed in terms of inter-subjectively-available meanings. Roles and personal identities also generally cannot be determined unilaterally by individuals (or even by groups sometimes). You cannot simply become an employed person by believing and declaring yourself to be one… [A]lthough systems of meanings and beliefs are not themselves material, they usually require some material mode of objectification if they are to communicate and function socially in a stable manner. In other words, practices, material constructions and systems of meanings are reciprocally confirming (Sayer 1992: 32 - 33, emphasis in original).

Related to their nature as concept-dependent and intersubjective as they are used in the world, social objects are also context-dependent (Sayer 1992: 36, 60). The implications of this for research design are that qualitative understanding of the meaning of certain practices and developments in temporal-spatial places is required. ‘One may grant that we know little about how beliefs… intentions… and actions… are connected, but there are few things in life that we do which don’t presuppose that reasons can be causes; indeed, in general, communicative interaction presupposes material results’ (Sayer 1992: 111). But understanding meaning is insufficient on its own: ‘understanding the meaning of an action is rarely sufficient to explain why, how and when and where it is done’ (Sayer 1992: 236).

The acceptance of reasons as causes is intertwined with the rejection of naive empiricism (explained in Sayer, 1992: Chapter 2). Critical realism requires an ontology beyond observation.

realists stress that what science is really interested in is the structures and mechanisms of reality. The combined tendencies of these structures and mechanisms may generate events that in turn may be observed, but the events take place whether or not there is anyone around to observe them, and the tendencies of the underlying structures of reality remain the same even when they counteract each other in such a way as to produce no (directly or indirectly) observable change in reality (Outhwaite, 1983: 321-322).

Following Bhaskar (1979), Outhwaite divides reality into three domains: the empirical, the actual and the real. Events in the empirical domain can be observed directly or indirectly. Events in the actual domain are not observed: because no-one has observed them or they are too small, etc. to be observed. The real domain comprises ‘the processes that generate events. The absence of an event—a change in the world—does not necessarily mean that there are no underlying tendencies toward change. It may just mean that they are counteracted by other
forces’ (Outhwaite 1983: 322). That is, there may be ‘general principles’ at work in shaping labour markets but there is no reason to expect that ‘general principles’ will consistently produce particular empirical results. Causal processes are tendencies rather than “laws” because one-to-one cause and effect relationships are unlikely. A single cause may have many effects or none at all (Outhwaite 1983: 324; Peck 1996: 92).

Cause in critical realism is researched through understanding the relationships between objects (Pratt 1994: 53). Understanding an object in terms of its relationships means distinguishing between its substantial relations in terms of necessary relations (essential) and contingent relations (incidental). Contingent relations between objects may have important effects, but the objects can exist without each other; for example patriarchy and capitalism (Sayer 1992: 91). Necessary relations refer to situations where ‘what the object is is dependent on its standing in such a relation’. For example, a master is only a master in relation to a slave (Sayer 1992: 89). Such study of social phenomena leads to an appreciation of an object’s causal powers and liabilities. For critical realists, ‘conceptualization is the very essence of explanation’ (Pratt 1994: 50) because understanding through observation of cause and effect patterns fails to account for the unobservability of causes that are counteracted by other mechanisms and the role of particular conditions (contingent relations) in triggering mechanisms (Outhwaite 1983: 324). An object must be understood in its complexity: ‘the way in which it is determined by its internal and external relations as an outcome of a multiplicity of interacting tendencies’ (Outhwaite 1983: 328). Critical realists use the term ‘tendency’ to explain an object’s ways of acting and use retroductive reasoning to discover an object’s tendencies (Sayer 1992: 106, 107; Pratt 1994: 54). ‘Events are causally explained by reproducing and confirming the existence of mechanisms, and in turn the existence of mechanisms is explained by reference to the structure and constitution of the objects which possess them’ (Sayer 1992: 235). Critical realists ask these (transcendental) questions: “what must be the case for such and such to happen?” and “what must be the nature of something for such and such to happen?” (Bhaskar and Lawson 1998; New 2005).

This way of conceptualising objects in terms of relationships can be extended to social structures. Social structures are ‘sets of internally related objects or practices’ that also have causal powers and liabilities (Sayer 1992: 91, 104). Critical realism’s explanation of social structures is in keeping with the discussion of the scale and emergence in the preceding section even though Sayer’s presentation of critical realism suggests the world has two ‘levels’: objects and social structures. Nevertheless, both are embedded in relations and have causal powers and liabilities. Therefore, it is possible to relinquish the distinction between objects and structures preferring instead to focus on scale.

Objects, people and institutions are often part of several social structures at multiple scales so the task of identifying which set of relations are necessary or contingent for a particular structure is difficult. This is associated with the perennial social science question as to the role of structure as a cause relative to the role of agency. In comparison to the interpretive school of realism and ethnomethodologists, critical realists place relatively more weight on structure (Outhwaite 1983: 329). Agency—acting and communicating—presupposes ‘the conditions such as material resources and social structures, including the conventions, rules and systems of meaning in terms of which reasons are formulated’ (Sayer 1992: 112). But critical realists reject structural determinism. Sayer argues that social structures should not be regarded as immutable or constant because they must be reproduced through (meaningful) action. Whilst ‘certain actions are only possible within particular social structures, the existence of the latter depends upon the continued (contingent) execution of those actions’ (Sayer 1992: 96). Agency may not have the intention of reproducing a particular social structure but does so anyway:
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people, in their conscious human activity, for the most part unconsciously reproduce (or occasionally, transform) the structures that govern their substantive activity of production. Thus, people do not marry to reproduce the nuclear family, or work to reproduce the capitalist economy. But it is nevertheless the unintended consequence (and inexorable result) of, as it is also the necessary conditions for, their activity (Bhaskar 1989 in Pratt 1994: 80).

Hence, critical realism holds structure and agency to be a duality (twofold quality) rather than a dualism (two separate things, eg. mind and body). Structure is a duality because it is ‘both the medium and outcome of practices which constitute social systems’ (Pratt, 1994: 58 quoting Giddens 1981). As valuable as this notion is, interconstitutiveness is a richer concept and one more consistent with the notion of emergence and the multi-scalar character of labour markets.

Pratt (1994: 11) has found that the emphasis on relationships and social structures in critical realism has at times been extended into determinism; that is, the denial of agency. On the other hand, atomistic approaches, such as that relied upon in NCE, have been associated with ‘methodological individualism’ (agency without constraint of social structures) (Pratt 1994: 16). Pratt suggests that the slide to determinism or voluntarism arises due to the difficulties encountered when trying to understand phenomena at various scales in terms of conceptualising the mechanisms and mediating conditions across levels (Pratt 1994: 66). Researching the actions of individuals (including the meaning of actions and the reasons for actions) in terms of causal power and liabilities and conditions is the way that critical realism may avoid determinism, particularly because of the recognition of contingent relations and the contingent nature of social structures (Sayer 1992: 97).

Critical Realist Research

Research concerns the search for necessary relations and theory refers to claims about necessary relations (Bhaskar and Lawson 1998: 9 - 10). The process of social research appropriate for critical realism is to start with the ‘concrete’ and work to the ‘abstract’, and then from the abstract back to the concrete. The ‘concrete’ is a combination of elements or forces and may be at a number of levels, for example, a body, a workplace, an institution, an economy or a nation, etc. (Sayer 1992: 87). The concrete needs to be ‘pulled apart’ to understand its nature; abstraction ‘isolates in thought a one-sided or partial aspect of an object’; then abstractions are combined ‘so as to form concepts which grasp the concreteness of their objects’ (Sayer 1992: 87). Isolating various aspects of concrete phenomena allows study of an object’s substantial relations (the way it connects and interacts with other objects) (Sayer 1992: 88). This includes contingent relations. Contingent relations can only be discovered through empirical research (Sayer, 1992: 238-239; Pratt, 1994: 55). The tendencies associated with an object may be identified through abstraction, but abstraction alone cannot reveal the contingent relations and conditions shaping concrete events (Sayer 1992: 240).

The abstract conceptualisation of an object relies on analogies with existing knowledge and using models to codify and process knowledge for application to concrete empirical study. The approach is iterative rather than linear (Pratt 1994: 52, 66). Critical realists regard theorising to be the ‘examined conceptualization of some object’ (Sayer 1992: 51) to identify its causal powers and liabilities in relation to other objects. Sayer argues that conceptualisation can draw from many disciplines and paradigms and the attempted conceptualisation of an object should try out a number of theories (Sayer 1992: 56, 86), for example by drawing from the industrial relations discipline for possible explanation of LMS processes. Therefore, critical realism offers a method appropriate for inter-disciplinary
research which is essential for explaining labour market developments, given Peck’s imperative that labour markets are an outcome of competing logics.

The evaluation of knowledge produced through abstraction and retroduction should be in terms of finding

inputs to our theories which are practically adequate, which work in other contexts, which are consistent with other knowledge and practices; our theories should explain the situation under study by giving an account of what produced it and not merely a way of ‘deriving’ or calculating the results; and finally, unless it concerns unique objects, we should expect the theory to be robust (Sayer, 1992: 71; see also Pratt, 1994: 60).

Critical realism is a method; it doesn’t tell researchers where to begin looking for answers. Critical realism is explicit that researchers exercise judgement (drawing from disciplinary knowledge) on the way to creating new knowledge that will eventually be evaluated through ‘practical adequacy’. Apart from the transcendental question of “what must be the case for such and such to happen?”, critical realists have used another question to identify starting points. Lawson (cited in Bhaskar and Lawson 1998) sees utility in asking ‘contrastives’ (‘why this rather than that in these conditions?’) concerning “demi-regs”. A demi-regularity is a partial event regularity, the study of which may reveal events and causal mechanisms/tendencies. For labour markets, quantitative descriptive data is a source of “demi-regs”. Demi-regs and contrastives relying on statistics or other patterns are useful but not sufficient for research. They are the starting point for choosing objects for study in terms of their necessary relations and causal powers and liabilities (Bhaskar and Lawson 1998: 12 - 14).

Conclusion: Labour Market Theory and Research Design

LMS theory as developed by the Cambridge School and extended by Peck through geography offers an astute and realistic explanation of labour markets that is ontologically defensible compared to the ‘atomistic fallacy’ underpinning NCE explanations of the labour market. The ‘atomistic fallacy’ holds that no object is necessarily related to any other. This means that objects do not have causal powers (Pratt 1994: 51). Recognising that things like an employer are related to other things such as an employee leads to a consideration of spatiality. Geography provides the concepts of scale and place that allow for reasoning out the connections between employers and the creation of labour markets at various scales that help appreciate that employers as an interactive group (amongst other social forces) create labour markets; a central tenet of LMS theory. Geography explains why a labour market is more than just an aggregation of single organisations, and that an industry is more than the aggregation of workplaces, and so on, through recognising interconstitutiveness.

Critical realism offers a method for working with the complexity inherent in spatially-informed LMS theory, highlighting the importance of understanding unit of analysis in terms of their necessary and contingent relations under particular conditions. It explains why research into labour markets needs to go beyond quantitative investigation because a qualitative understanding of units of analysis is required. By qualitative understanding, it is meant appreciating the substance and mechanics of objects in terms of their emergent character. It is not unusual to advocate a multidisciplinary study of labour markets and critical realism also offers a path for combining insights from more than one discipline because of the central, empowering question for researchers to follow: “what must be the case for such and such to have happened?”. Apart from providing an overview of critical realism that connects it to geography, the main contribution of this paper has been to argue that there is some conceptual equivalency between scale from geography and emergence from critical
realism. However, the practical exposition of research questions can benefit by using the concepts separately, so that research questions can be expressed as studying particular units of analysis (such as a workplace or industry) at particular scales after achieving qualitative understanding of the units of analysis by consideration of their emergent properties.

References


This paper addresses the possibility of integrating competing theoretical approaches within the field of industrial relations. It reviews recent attempts to re-conceptualise industrial relations systems that have come from North America and from Europe. These attempts have stressed institutions, in the industrial relations tradition, but have also suggested the need to incorporate actors and action. Here an attempt is made to build on this work. Complex systems analysis has stressed non-linearity. The ‘spherix’, presented previously (Ostenfeld, 2005) as a possible alternative to IR systems linearity, opens the possibility of mapping determinants of IR outcomes. Two recent advances in Australian industrial relations theory provide a basis for the interpolation of structural dynamics within this employment interactions model. Interactors, in their orbits of interaction, are located in a field of movement, with orbits conditioned by a range of behavioural and institutional factors. Bargaining structures are factored into this field of movement. As a result, a range of dynamics within the field may be identified, including ‘clustering’ or ‘dispersal’ of interactors, and ‘obstruction’ or ‘facilitation’ of interactor movement. From the chaos a range of patterns emerges for analysis from what appears as the fractal nature of employment interactions within industrial relations systems.

Introduction

This paper builds on the papers ‘Key Factors in Industrial Relations Outcomes’ (Ostenfeld, 2003) and ‘Gender and Ideology in Employment Interactions (Ostenfeld, 2005). In the 2003 paper a matrix of structural factors was suggested as a way to introduce complexity to formulations of industrial relations systems. Rather than arguing over whether ‘bargaining structures’ or ‘product markets’, for example, are more important in explaining industrial relations outcomes, it was suggested that an integrated approach to analysis is possible. Environmental contexts, concentrating on structural influences, were ascribed to the various axes of the matrix. Organisation was postulated as an aspect of position and movement of inter-actors within this matrix of structural factors.

This work, though perhaps foolhardy, has been inspired by various calls for the use of imagination and creativity in theory construction in the discipline of industrial relations. Poole, for example, has cited Singh as seeking ‘the earlier mechanised models of social systems (be) replaced by modern conceptions from the natural sciences, cybernetics and engineering’ (1984:30). Such was the spirit with which the issue of dynamism within the postulated matrix of structural factors was approached. The 2005 paper addressed the nature of the locus of power within such a matrix of structural factors, as a prelude to the investigation of dynamism amongst inter-actors within the field. Building on the feminist critique of industrial relations theory, it re-formulated structural factors as expressions of the dominant system ideology. The locus of power was presented as the point of intersection of these structural factors. Under the conditions of a dominant masculinist ideology, inter-actors position themselves as close to this locus of power as possible. It was suggested that movement aimed from the periphery to the point of axis intersection. With a multitude of structural factor axes to take into account, the field of movement was presented as a sphere (though it was not intended to infer perfect roundness and thus may have better been presented as a spheroid). This spheroidal matrix of axes became the ‘spherix’.
Having in these earlier papers mapped out this sphexir in terms of the natures of the locus and field of power, and postulated a general rule in relation to behaviour and action within the field, this paper turns to the questions raised by Dabscheck’s (1994) General Theory in relation to some further dynamics of employment interaction in industrial relations systems. Such questions require review of Dabscheck’s notions of ‘dominance’ and an ‘n’ number of inter-actors. It is suggested that interactors seek dominance within the sphexir as a whole, and also within clusters of interactors that form within the sphexir. It is also suggested that the number of interactors varies depending on the dimensions of the bargaining structures in place. This paper’s elaboration of Dabscheck will be related to the work of others on bargaining structures, but re-formulates such structures as expressions of dominant ideology impacting on outcomes in employment interactions. Bargaining structures, it is suggested, may be conceptualised as providing a dampener to what would otherwise be chaotic conditions in employment interactions. The bifurcation sets of those working in complex systems, it is suggested, may assist in understanding this function of bargaining structures.

**Bargaining structures and the dynamics of employment interactions**

This section first reviews recent North American and European formulations of complex industrial relations systems. Kaufman, from the United States, and Muller-Jentsch, from Germany, have both recently published, or re-published, integrative frameworks. The section then builds on Ostenfeld (2003 and 2005) in an attempt to integrate recent Australian advances in industrial relations theory. Dabscheck's General Theory and the work of Bray, and Bray and Waring on bargaining structures form the blocks to be joined. The result demonstrates the efficacy of the sphexir as a non-linear model of employment interactions in providing for the complexity sought from both the North American and European advances reviewed.

The Industrial Relations Research Association has recently published [Kaufman (ed), 2004] a collection of papers that update and synthesise developments in industrial relations theory. Bruce Kaufman, as editor, brought together an eminent international group of industrial relations researchers. Kaufman himself presents a couple of chapters, however it is his earlier chapter 'The Employment Relations System: A Guide to Theorising', that is reviewed, along with the opening chapter of the volume, that written by Walter Muller-Jentsch of Germany. Kaufman presents a diagrammatic representation of an employment relations system that is reproduced in Figure 1.
Figure 1. The Employment Relations System (Kaufman, 2004)

This is a successful attempt at reformulating the Kohan, Katz and McKersie model of a transformed system of industrial relations in North America. Here the levels of employment relations are better described in diagrammatic form. Furthermore, this is a truly integrative model, bringing together in schematic form structural factors, organisation, negotiation and 'social forces' through an integration of the labour process and management strategy at the level of the firm with collective actions, collective actions and the external environment. In the external environment are found structural factors such as the labour market, product market, technology and 'social forces' such as culture, class, ethics, ideology and history.

Kaufman positioned this advance just behind Muller-Jentsch's opening chapter to the 2004 IRRA volume. Muller-Jentsch presents his formulation of an 'extended (actor-centred) institutional approach' in this chapter. Here institutions, arenas and negotiation are centrepieces of the approach. Institutions are considered in similar terms to Kaufman's 'social forces'. Arenas are posited as 'a forum' or 'a battlefield', in which space 'actors not only pursue their interests but also strive to change the procedural framework conditions (the 'rules of the game')' (2004:31). Muller-Jentsch says that the 'extended (actor-centred) institutional approach' is a 'qualitatively new step' in industrial relations theory (2004:31). First published in German in 1998, Muller-Jentsch's work is deserving of such recognition. Kaufman's model is well positioned in following the contribution by Muller-Jentsch, and Kaufman's work does very well to diagrammatise what we know of institutions, arenas and negotiation so concisely.

The approach adopted by Kaufman is qualitatively different to that taken in Ostenfeld (2003 and 2005). In the traditions of industrial relations orthodoxy, Kaufman sets out the range of important factors to be considered in understanding employment relations outcomes. Ostenfeld (2003 and 2005) approached such an understanding of the interplay between these factors in a different way. There it was the problem of mapping divergent outcomes in terms of interactor position in the 'forum' or 'battlefield', to use Muller-Jentsch's terms, that was the starting point in setting out the range of important factors to be considered, and their diagrammatic representation. The difference in approach between Kaufman and Ostenfeld is solely in starting point, however. Both models are firmly grounded in an integration of the same literature reviewed by Muller-Jentsch in his contribution to the IRRA 2004 volume. Both models focus on the interplay of agency, organisation and structural factors in the field of interaction of employment relations. Together, it is hoped, these models may extend our understanding of this field of interaction.
The 'institutions' posited by Muller-Jentsch, and the 'social forces' that are a feature of Kaufman's model, equate with 'ideology' as it was considered in Ostenfeld (2005). There it was suggested that gender relations as a conditioning factor are similarly as influential as capital relations in industrial relations systems. From feminist theory the power dynamics of masculinity can be understood, as the power dynamics of capital are revealed through the radical writers. This notion of conditioners, reflected in social institutions, can be extended to allow the incorporation of a range of other social values that exert conditioning influences on the behaviour of any employment interactions system. These include racism, Protestantism, ageism, sizism and heteronormativity. In the same terms as the interaction between capitalism and masculinism (Grint, 1991:200-212), it is suggested that these institutional conditioners inter-relate and interact. Moreover, the power relations exerted by these dominant social forces have tangible effects of advantage or disadvantage in an employment interactions system. It was suggested as the general rule of interactor movement in the field, from Dabscheck (1994), that dominance (given a masculinist dominant ideology) is reflected in the proximity of the relevant interactors to the locus of power at the core of the field. The proposition was made that in a masculine employment interactions spherix, masculine men, women and intersex will predominate in inner orbits whist feminine men, women and intersex will predominate in outer orbits.

A clue to this formulation came in examining the gendered impact of changes in bargaining structures. The decentralisation of the level of formal Australian bargaining has led to greater diversity, or dispersal, in outcomes for interactors in the employment interactions spherix (as suggested by Bray, 1993). Earlier attempts to determine a relationship between bargaining structures and outcomes have focussed on the equity of rules outcomes within the population. More decentralised bargaining structures are said to have greater inequity in bargaining outcomes (Bray, 1993). This fragmentation and dispersal, or conversely, clustering of interactors is an additional dynamic to the centripetal and centrifugal forces from the core in the spherix. This dynamic depends on a range of structural, organisational and strategic factors including, Bray shows, the bargaining structure in place (see Figure 2).

**Figure 2. An institutional and contextual analysis of industrial relations (from Bray, 1993)**

<table>
<thead>
<tr>
<th>Bargaining Structure</th>
<th>Macro and Micro industrial relations / economic outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parties: organisation &amp; strategy (influenced but not determined by the environment)</td>
<td></td>
</tr>
<tr>
<td>The environment</td>
<td></td>
</tr>
<tr>
<td>History/institutional gravities</td>
<td></td>
</tr>
</tbody>
</table>
Both Dabscheck’s *General Theory* (Dabscheck, 1994) and the bargaining structures framework developed by the Oxford School (Clegg, 1976) and used as an analytic framework first by Bray (1998) and then extended by Bray and Waring (2002) have their origins in Dunlop's (1958) industrial relations systems framework. While the theoretical developments of Dabscheck and Bray and Waring are entirely discrete it is worth considering their commonalities. A range of links between the dimensions of bargaining, including level and scope of bargaining, and Dabscheck’s ‘n’ interactor model are posited. Also may be suggested are some relationships between the level of bargaining and the clustering and dispersal of interactors. For the description and initial discussion of Dabscheck (1994), Bray (1998) and Bray and Waring (2002), please refer to Ostenfeld (2003).

For the purpose of this paper, it is posited that a further feature of decentralisation in the level of formal bargaining, other than the greater fragmentation of clusters of interactors that results through dispersal of outcomes, as suggested in Ostenfeld (2003; 2004), is a greater *range* and *number* of interactors. In terms of range: recent examples in the Australian experience of decentralisation has been the advent of the Brotherhood of Saint Lawrence in seeking care to be taken of the working poor; the Women’s Electoral Lobby has intervened in National Wage and Enterprise Bargaining cases; and the Gay and Lesbian Rights Lobby has acted in relation to the Family Leave Test Cases. This range of interactors may cluster, in the form of alliance or coalition, in the way that Offe suggests in terms of social movement interaction (1987). This phenomenon was explored in terms of interaction between the gay and lesbian movement in Australia, an identity based movement, and the labour movement in Australia, a class-based movement (Ostenfeld, 1996; 1999; 2000). There, white-collar unions in the service sector were shown to be leading social change in coalition with a wide range of interactors operating in a ‘field of movement’ in employment relations (Ostenfeld, 1996:206).

In terms of a greater number of interactors as a result of decentralisation in the level of bargaining, at the extremes of corporatism and market individualism within advanced industrialised economies this proposition makes commonsense. Dunlop’s agglomeration of the actors into their employment relationship role-types: managers; workers; and agencies of the state, is representative of the three-party model of corporatism. Broken down to their constituent parts, in the way that Dunlop allows, and Dabscheck proposes, that is, to individuals, a decentralised and de-collectivised system has led to an increase in the number of interactors. Beyond 'n' number of individual interactors within such a decentralised system, the proposition that decentralisation leads to a greater number of interactors applies even if the analysis is restricted to the formal system in Australia. Naughton (1997) was among the first to identify this phenomenon with his identification of the Office of the Employee Advocate as a major new institution in Australian industrial relations, created through the ‘re’, rather than ‘de’-regulatory Workplace Relations Act, 1996.

Decentralisation of industrial relations in Australia had commenced prior to the introduction of formal individual agreements in 1996 and the quantum increase in the number of interactors that individualisation implies. The current period of decentralisation of Australian bargaining structures commenced with the 1987 and 1988 National Wages Cases (Bray and Ostenfeld, 1999) with their sectoral and industry level bargaining. At the level of the States, more radical decentralisation was setting the pace. The Greiner Government reforms in New South Wales created workplace representative organisations for workers in negotiating Enterprise Agreements. This institutionalisation of the workplace has been a neglected feature of recent developments in Australian industrial relations and is a further exemplar of the principle that decentralisation leads to a greater number of interactors. During the same timeframe, that is from the mid-1980s, at both state and federal levels of horizontal complexity in bargaining structures, Occupational Health and Safety Committees were being
instituted through regulation operative at the workplace and enterprise levels, constituting further evidence of decentralisation expanding the number of interactors in the system.

The amalgamation of trade unions that took place in this period, though counter to a proposition that a growing number of interactors is associated with decentralisation, can be settled into the equation given the simultaneous loose-tight properties the amalgamated organisational forms took. This simultaneous centralisation and decentralisation was encouraged by the decentralisation to enterprise bargaining. This, along with the arrangements made to protect existing power structures, necessitated decentralised trade union structures. Enterprise ratification of agreements through employee votes has had the effect of consolidating trade unions as bargaining agents at the enterprise level, whilst simultaneously constituting the employees of an enterprise as an organisation in a similar way to that of the earlier NSW reforms under Greiner. Trade unions also experienced declining membership numbers and there was lower trade union density experienced throughout the period of the 1990s in Australia. The advent of a greater and more specialised range of interactor agencies such as Occupational Health and Safety Committees and Equal Employment Opportunity Officers and Committees, along with the Anti-Discrimination Boards and Affirmative Action Agencies facilitating individual negotiation beyond the industrial relations club at least partly balanced this apparent diminution of the density (and size) of trade unions during this period. This was also the case with new workplace organisational arrangements for employees. The ‘managed decentralisation’ (Lansbury and Kitay, 1997) of the Hawke era initially developed employee representative/industrial democracy interactors at the enterprise level. Later, under Keating, the enterprise bargaining principles of 1991 and the Industrial Relations Reform Act 1993 instituted collective, non-union representative interactors at the enterprise level, as per Greiner’s earlier workplace committee experiment in NSW.

The growing nature of the scope of bargaining at the national, industry, enterprise or individual level is partly responsible for this greater number of interactors. This growth in scope requires greater specialisation – for example, the development of individualised, employee representative, Occupational Health and Safety Committees. Parallel to the development of these OHS committees was the development of more macro level representative bodies, similarly of a specialised nature. The Australian National Training Authority, for example, presided over an industry-level network of Training Advisory Boards, of an industrial democracy nature, however, in this instance retaining a collective-union representational structure. A further non-union representative structure, again at the enterprise and workplace levels, was established during the 1980s with the appointment of specialist senior staff as Equal Opportunity Officers, in larger organisations. These were mirrored in the advent of institutions such as Equal Opportunity Tribunals, Human Rights Commissions and Anti-Discrimination Boards. These provided an alternative mechanism for many disadvantaged groups beyond trade union ‘voice’ (Thornthwaite, 1992:514-515). Such bodies as equal employment and anti-discrimination boards and tribunals have created ‘ever widening ripples’ through the web of workplace regulation (Thornthwaite, 1994). These non-union voice mechanisms, much like other mechanisms at the level of the enterprise, were primarily individualised, though rulings have a systemic influence on the behaviour of interactors.

There are further possible relationships between bargaining structures and the dynamics of an employment relations spherix. For example, horizontal complexity may act as a dual force with the horizontal levels working sometimes in congruence and sometimes in disjuncture with one another. This may be evidenced in the move to enterprise bargaining in terms of award simplification and in interactions between the state and federal levels of regulation in Australia, where great congruence has been exhibited over recent years, in contrast to
previous periods of jurisdiction hopping. Further, the wider the coverage of bargaining, the fewer may be the number of interactors. The impact of horizontal complexity and the principle that wider coverage leads to fewer interactors will need further development in later work.

To this future work on bargaining structures, employment interactions and outcomes may be added explorations of labour market structures [for example, see Strauss, (1990:77-86) who draws on Osterman for an elaboration of four alternative labour market models], and both product and capital market structures. Jacoby notes, with regard to labour markets for example, that in the US or Japan efficiency incentives were not alone ‘strong or obvious enough for employers to generate internal labour markets’ which were forced by pressure from unions, government, and social norms. As these forces have weakened, employers have restructured, shrinking these internal labour markets (1988:29). The possibility of mapping the forces of the field of employment interactions in a spherix owe much to such suggestions but still needs much elaboration along such terms. Also along these lines, but related to the macro economic structure, Blyton and Turnbull identify a range of contemporary systems of capitalism including ‘competitive’, ‘monopoly’ and ‘social market’ (1998:27, 35) that might also be related to the spherix.

**Bargaining Structures as a Dampener to Chaotic Conditions**

One way forward may be to explore this detail within a trans-disciplinary theoretical framework. Chiarella (1989) has taken complex systems further with a dual Phillips Curve approach (incorporating product and labour markets). His explained exchange rate variability through non-linear economic dynamics. Guastello (1995) has also explored non-linear dynamic systems. His catastrophe models, for example of ‘the outbreak of cooperation as a function of group size and diversity’ in organisations, show that limited bifurcation sets produce some interesting results in non-linear dynamic systems (see Figure 3).

**Figure 3. Cooperation cusp catastrophe model (from Guastello, 1995)**

![Figure 3. Cooperation cusp catastrophe model](image)

The limited number of bifurcation sets, while producing some interesting effects in non-linear dynamic systems, presents a challenge to incorporating the range of structural factors posited as significant to employment interactions outcomes. However this work in applying chaos theory to social phenomena does suggest possibilities for the further application of such a
framework to employment interactions. As a first step, the role of bargaining structures in promoting any ‘outbreak of cooperation’ could be further investigated through chaos theory. The complexity of the dimensions and types of bargaining calls for a more elaborate conceptual framework. The usefulness of the spherix in conceptualizing the multi-dimensional field of movement of employment interactions might possibly be gauged through such an investigation.

Conclusion

To summarise, complex conceptions of employment interactions are well grounded in contemporary industrial relations as evidenced from the trans-Atlantic contributions of Kaufman (2004) and Muller-Jentsch (2004). Ostenfeld (2002) attempted to map out, from a different viewpoint, the relations between factors successfully diagrammatically developed by Kaufman. The spherix retains its merit on the basis of its viewpoint of employment interaction outcomes. In this paper dynamics of interaction in the spherix have been suggested. As a general rule, and building on the work of Dabscheck (1994) and Ostenfeld (2005), the quest for authority in a masculinist spherix will motivate the interactors to propel towards the locus of power at the intersection of the axes formed by structural factors. Second, it has been suggested that the dimensions of bargaining structures impact on interactors. Decentralisation and increased scope in bargaining both lead to a greater number of interactors. It is suggested that the wider the coverage of bargaining, the fewer will be the number of interactors. Further possibilities emerge: for example, interactors cluster and disperse. Further, as clusters form, the cluster itself exhibits a dynamism, generated by a quest for authority, among constituent members – reflected in the formation of oligarchies in trade unions so that union leaders may ‘escape’ their ‘working-class fate’ (Michels, cited in Shalev, 1985:354-355). To these dynamics should be added the detail suggested in Ostenfeld (2002 and 2005): that the structural characteristics of the spherix, including bargaining structures and the structure of labour and product markets, facilitate or obstruct interactor movement towards the locus of power at the core. The institutional multi-dimensionality of the spherix has also been discussed, with values and ideology in dynamic interplay quite apart from the structural characteristics that reflect and sustain those power relations. Decentralisation in the level of bargaining acts as a fragmenting and dispersing force in relation to clusters, for example, but is not a centripetal or centrifugal force in relation to the core. The winners from the decentralisation process cluster, facilitating movement toward the locus of power, but the losers in this environment of managerial flexibility have been dispersed outwards from the core.

Fiorito saw a ‘matrix’ of ‘levels by processes’ as useful in explaining employment interaction outcomes (1990:100). The spherix puts into a model, though he predicted futility in attempting to do so, Godard’s (1994) integration of structural factors and critical realist political economy (as an alternative approach to the MIT behavioural paradigm approach and logical empiricism). It is in the grand tradition of the ‘intellectual matrix from which industrial relations developed’, including the various attempts at theoretical synthesis of the clash in the nineteenth century between the classical and German historical approaches to economics such as Weberian sociology, Marshallian economics, and American institutionalism (Jacoby, 1988:1-2). From an employee or employer outcomes perspective, the spherix attempts to diagrammatisce the dynamic interplay of interactors in a complex system. Muller-Jentsch's attempt at a Jacoby-inspired synthesis lends hope for further development of such models of interaction as that presented by Kaufman, and here. Complex systems theory might be profitably applied within the discipline of industrial relations.
References


Joint Consultation Committee in the Malaysian Postal Industry

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Employee participation (EP) is an important area of research in the industrial relations field (Heller, Pusic, Strauss and Wilpert 1998; Markey, Gollan, Hodgkinson, Chouragui and Veersma 2001; Harley, Hyman and Thompson 2005). The literature discusses two different forms of EP: direct and indirect participation. This paper will discuss indirect participation and more specifically examine the process of a joint consultation committee (JCC) in the Malaysian postal industry. Fundamental arguments will focus on two aspects. Firstly, how the postal industry uses their JCC model to improve employee participation, and secondly, based on the work of Marchington (1992; 1994) which model of JCC best explains the practices of the postal industry in Malaysia. Research findings indicate the adjunct model of JCC best explains the practices of JCC in the postal industry. The study provides a theoretical extension of the models proposed by Marchington.

Introduction

Strauss (1998) argues the effectiveness of direct participation will be restricted if it is not combined with indirect participation. The arguments supporting indirect participation are significant because many high level decisions affect the people who work within the organisation, and vice versa. This is because the strategic direction of the company is usually a determinant of the workers actions and beliefs (Wilpert 1998). Therefore, high level company decisions should be made in consultation with a participative body of employees. Many European countries, for instance the Netherlands, have enacted legislation to support indirect participation through work councils (Goodijk and Veersma 2001; Parasuraman 2003). Worker representation is a large issue in Europe where National Works Council Legislation has a big influence on business (Markey and Monat 1997; Blyton and Turnbull 2004).

Across the diverse contexts of Europe, the United States of America, and the United Kingdom, different forms of indirect participation have been practiced. In most English speaking countries, indirect participation has been in the form of joint consultative committees, Collective Bargaining (CB) machinery, worker-director schemes, occupational health and safety and so on. In Western Europe and in most Scandinavian countries, works councils and co-determination have been important mechanisms for indirect participation.

While the developed world is working to achieve a balance for effective worker participation, the utilisation of effective schemes in developing countries, particularly Malaysia, is far behind. The research, from which this paper forms part, will be our pioneer work on the practices of JCCs at the firm level in Malaysia. In relation to this aspect, two basic questions arise: (i) how does one company manage its JCC; an example from the postal industry (after this referred as Posco) in Malaysia is examined, and (ii) to what extent is Marchington’s (1992; 1994) models on JCC applicable in Posco?

This aim of this paper is to demonstrate the actual practice of a JCC in Posco in Malaysia. The paper will begin with a brief overview of JCC’s and a discussion of the relevant literature. Secondly, the paper will discuss the main components of JCC in Posco. Finally, the paper will utilise the model of JCC, which is proposed by Marchington (1992; 1994) in order to examine the actual practice of JCC in Posco, Malaysia.
JCC: An overview of the literature

Marchington et al. (1992:1) define a JCC as:

A mechanism for managers and employee representatives to meet on a regular basis, in order to exchange views, to utilise members’ knowledge and expertise, and to deal with matters of common interest which are not the subject of CB.

There are two different competing views in regards to JCCs. Marchington (1992) explains that both managers and employees value JCCs as a meaningful form of involvement or participation. On the other hand, Ramsay (1990) under his ‘cycles of control theory’ argues that JCCs can be used by management to undermine the power of trade unions in the workplace. In other words, JCCs can be adversarial to CB which has a dominant influence in the traditional industrial relations perspective. Hyman and Mason (1995) further clarify the position of JCCs; either they can be management dominated forums or act as mechanisms for enabling employee representatives to influence aspects of organisational decision-making.

Beardwell and Holden (2001) take a different view; seeing JCCs merely as ‘rubber stamping bodies’ for management initiatives which focus on issues like ‘tea, toilets and trivia’ (p.573). Therefore, JCCs can play different roles in organisations effecting different outcomes depending on the selected mix of the primary components defined by Marchington (Marchington 1994).

Farnham (2000:254) reported that JCCs have a long history and can be traced from the recommendations of the Whitley Committee in the United Kingdom during 1917 to 1918 as a solution to the endemic industrial problems of the age. Since this time there have been several reforms. In 1998, the Workplace Employment Relations Survey (WERS) identified four types of JCCs: workplace committees; workplace and higher-level committees; higher-level committees and European works councils (EWCs) (Cully, Woodland, O'Reilly and Dix 1999). The survey indicated that JCCs were normally popular in larger corporations. Moreover, the survey also reported JCCs had less emphasis in the public sector and were more common in the private sector. In Malaysia, the situation is in reverse with JCCs being more common in the public sector (Idrus 2001). In Malaysia, JCCs were introduced under the Whitley Committee based on the British industrial relations system (Idrus 2001).

Marchington (1992) in his book ‘Managing the Team’ argued that employers introduce JCCs for several reasons. First, JCCs can enhance efficiency by increasing the stock of ideas, which are available within the organisation because of the wider exposure of an issue or problem. Secondly, JCCs can reduce industrial action as they provide an opportunity for employees to express their views. Thirdly, there is an argument that JCCs may lead to increased employee satisfaction. This is due to the greater level of commitment that JCC brings.

According to Markey (2001:1) JCCs are the preferred medium for indirect EP especially in English speaking countries like United Kingdom, United States, New Zealand and Australia. JCC also varies in terms of operation, powers, composition and jurisdiction. JCCs usually comprise a 50:50 mix of management and employees or union representatives. Membership can be appointed by management, the union or a combination of both, or members can be elected by employees. JCCs play an advisory role to management and can have decision-making power for certain issues. Markey (2001) further argues that JCCs can have additional jurisdiction on matters concerning industrial relations in the workplace such as investment policy, or issues relating to safety, work organisation, grievances and so forth. When required JCCs may also organise ad hoc task forces or standing committees charged with specific tasks for a specific period of time to deal with particular aspects such as organisational restructuring or mergers and acquisitions.
Based on the above discussions, Marchington (1994) explains there are at least five primary components and models in relations to JCCs.

The five primary components of JCCs in the organisation

First, the objective of JCCs should be explicitly written in the constitution so as to improve productivity and efficiency, and to enhance employee commitment to organisational decision-making. However, there is another argument from the radical perspective, for example in order to improve organisational performance through JCCs management must introduce tight work controls, which disadvantages employees. Therefore employers can use JCCs to hide an agenda which may undermine union influence in the workplace decision-making process (Ramsay 1983).

Next is subject matter, which is the focus of JCC meetings. The range of subjects that JCCs may be charged to discuss can vary from minor matters like social and welfare activities, the quality of canteen food, toilets, and parking, through to matters of strategic importance such as company investment plans and business projections (Knudsen 1995; Markey and Monat 1997; Goodijk and Veersma 2001).

Third, the process of consultation can also vary considerably and the flow of information can be either upward or downward or both. An upward flow is usually intended to capture suggestions or recommendations from the shopfloor, and is geared to benefit the company through the combined experience and knowledge of the employees (Marchington 1994:670). Downward flow of information takes place when employers disseminate reports and policies which are important to company operations. In the United Kingdom, this aspect of process is clearly articulated under Employment Law (Section 1 of the 1982 Employment Act). Marchington and Armstrong (1981) argue that communication should be bi-directional to get the most benefit from the JCC (Marchington 1994:670).

Fourth, is the issue of power. It is inevitable that power differentials will exist in an organisation, these struggles may not be dissipated through the process of JCC. Marchington (1994) argues that in firms with a strong union membership the inequality of power may be focused towards the benefit of employees. However, in firms where there is no union, power can rise more greatly toward management (Kaufman and Taras 2000; Gollan 2003).

The final component regards membership. Consultative committees normally comprise a member of senior management (personnel or HR department), a line manager, and employee and union representatives.

Different models of JCC

The literature discusses four main models of consultation which impact on CB. They are alternative, marginal, competing, and adjunct models (Marchington 1992: 136-142; 1994:672-682). These models are briefly discussed here.

The first model is based on JCCs being an alternative to CB. In this environment, employers will introduce and develop JCCs in order to oppose CB. The basic assumption is that consultation provides a means for employees to give their opinions to management and for management to disseminate information to their employees. This kind of consultation is not based on union channels and is initiated at department level irregardless of union recognition. Introduction of this model weakens the union’s power to influence the workplace decision-making process Marchington (1994). Employers establish this model of JCC in order to dilute the value and dependence of employees on unions.
The next model regards JCCs as being **marginal to CB**. In this model, JCCs have minimum impact on workers and management, and little mutual benefit is gained. Here, the trust between parties is lacking and management does not take the development seriously. Normally, the chairperson will be a junior manager, who will lack the authority to make decisions. Meetings are usually informal and friendly, and the subject matter can be quite trivial. JCC membership combines union and management representatives who are incapable of enforcing action.

Third is the **competing model**. In this model, the JCC is considered a direct competitor to CB. As such, employers attempt to upgrade the consultation machinery in comparison to the negotiation structure of CB. In this model employers are keen on JCCs because their aim is to undermine the power of the union in the workplace. The subject matter is more substantive, and the focus is on reducing competitive friction and increasing cooperation. Introduction of this model of JCC is designed to encourage shopfloor employees to commit to management actions and strategy. For instance, during JCC meetings, management will expect and employee representatives to encourage workers to support direct forms of EP.

The final model sees JCC as **an adjunct to CB**. In this model JCCs and CB have an integrative relationship where both can have different roles but together they achieve cooperation between management and employees. For example, CB is mainly to negotiate on wages, working conditions and distributive issues whereas JCCs focus more on investment decisions, new business plans, take overs and mergers, etc. Although JCCs and CB have different interests both are beneficial for management and employees.

These models have never been theoretically tested in Asia. Current research on JCCs comes mainly for the USA, United Kingdom and Australia (Davis and Lansbury 1989; Kochan and Osterman 1994; Marchington 1994; Markey and Monat 1997; Markey and Reglar 1997; Kim and Kim 2004). This research project offers a Malaysian perspective, and thus provides a greater understanding of JCCs for industrial relations practitioners in Malaysia.

Research method and background of the research respondents

The methodology used was based on a qualitative case study approach using a multi-method technique (Kelly 1999; Yin 2003; Hartley 2004). Over a period of ten weeks senior members of management, union officials and a cross-section of workers were interviewed and observed, various meetings were attended, and copious notes and transcripts were compiled. In addition, various documents were obtained from the unions and management, the analysis of which was added to the overall cache of empirical material.

While one case study cannot be generalised to represent the extent and the process of JCC in Malaysian firms. Gummesson (1991:76-79) argues that generalisation in case studies can be seen differently and that rigorous investigation with only one case which identifies specific issues and systems, and other important characteristics may be reasonably used to generalise similar cases or situations. This case however is a study of a firm which is heavily unionised, and therefore generalisation would be limited to firms of a similar characteristic.

The background of Posco

Prior to its privatisation in 1992, Posco was under the administration of the Department of Postal Services (DPS). One of the first EP schemes was implemented in 1957. Called ‘Skim Pandangan Pekerja’ (Workers Suggestions Scheme) the scheme was relatively successful. In 1958 union representation was implemented through the International Postal Union-IPU. In
1961 greater emphasis was placed on worker training and the Postal Training Centre (PTC) was established.

In the 1970s, greater emphasis was placed on quality of service, and various programmes were put into place to increase efficiency and effectiveness. In the mid-1980s Malaysia faced an economic crisis. To combat flagging profitability a moratorium was placed on recruitment, and computer based systems were implemented to maintain service efficiencies. Quality control circles (QCC) were also introduced to enhance productivity and service quality.

In 1992, DPS was privatised and began operations under a new name – Posco Malaysia Limited. At this point, Posco took over all DPS management and administration and established its own strategy, independent of government intervention. Under this new administration, Posco aimed to work more closely with the unions with a greater focus on protecting worker interests and maintaining industrial harmony. As part of this new focus management made it compulsory for all employees to undergo three days training at PTC before they officially began their new roles.

In 2001, another major event took place when Posco was acquired by Phileo Allied Limited (PA), a company listed on the Kuala Lumpur Stock Exchange (Annual Report 2002, Posco). With this change came a refocus on quality with the expectation that Posco would become a world-class service. The aims of the strategy were to enhance the standard of service by increasing productivity, completing the counter modernisation process, achieving zero defect delivery, reducing queuing time, increasing customer response rates, retaining customer loyalty, implementing e-commerce related business ventures (including a training programme to increase worker skills in IT) and achieving greater industrial harmony. During the takeover JCC was invoked by the union to mandate job security for workers through the retention of majority share holdings by the Government.

As mentioned above, Unions have been established in Posco since the time of DPS. However, for unions in the public sector legislation prevent their involvement with issues such as CB and collective agreement (CA). The Government, through the Public Service Department determines the terms and conditions of work for all employees. Unions play only an advisory role through the ‘Majlis Bersama Kebangsaan’ (MBK- National Joint Councils).

After Posco was privatised by the government in 1992, the first CA was signed between management and the seven unions in Posco. Some of the government’s terms and working conditions still applying to workers who were also covered under the CA. For example, retirement benefits, government hospital facilities, housing loans, computer loans and car loans still applied to employees who at the same time enjoyed the benefits of CA. In Posco today, about 90 per cent of non-managerial (non-executives) employees are unionised.

Union activity in Posco is relatively high. At the national level, there are monthly meetings of the National Working Committee (NWC). The issues discussed during NWC meetings are in preparation for JCC meetings which are held once every four months, at both national and state levels (Third CA Between Posco and UPUS Union, 2000-2002, Article 21,p.13), and include issues such as: matters or problems in the workplace raised at the State office level, union membership trends, training needs analyses, CA issues, grievance procedures, disputes among union members, discipline problems, and so forth (Direct observation National Working Committee Meeting, 12/1/2004; Interview with Assistant Secretary General of UPUS, 12/1/2004, UPUS President, 13/1/2004).
The practice of Joint Consultation Committee at Posco

As Malaysia is a former British colony, the structure of JCCs in the United Kingdom in terms of historical background, definition, scope, issues, level of participation and effectiveness has particular relevance to the case that is discussed here (Ramasamy 1994; Idrus 2001; Parasuraman 2004).

Posco established its JCC before it became privatised company. During this period of government administration it was initially called ‘Majlis Bersama Kebangsaan’ (National Joint Council-NJC). When Posco became a private company the name changed to ‘Majlis Perundingan Bersama’ (Joint consultation Committee-JCC). This JCC was agreed as part of the CA (see CA Between Posco and UPUS Union, 2000-2002, Article 21). The CA Article 21 states clearly: ‘A JCC will be established and represented by Posco management and workers’ representatives from seven high ranked union committee members’. The structure of this JCC is divided into national and state level. The national JCC is located in Kuala Lumpur and is set up to negotiate and discuss those problems which cannot be resolved at the State level. The structure of Posco’s JCC is shown in the Figure 1.

Figure 1. The structure of JCC in Posco

As discussed earlier, JCCs can be broken into five primary components. The first of these is the objectives: The purpose of JCC in Posco is to give employees a voice in decisions that affect them and to make the most from employees’ experience and ideas for optimising the efficiencies of the company. In Posco, both management and unions are keen to implement the JCC as it is seen to eliminate unnecessary conflict by giving management and employees an opportunity to understand each other’s views and objectives. These objectives clearly indicate a willingness on the part of the management to treat its employees as an intelligent and reasonable workforce who have the capacity to make a contribution to the efficiency of the organisation. As a result of joint consultation in Posco, management and unions are better able to minimise misunderstandings and to appreciate some of the issues which either side may experience. As Marchington (1992) argues; the objectives of JCC should be explicit and publishable. This is the case in Posco, as can be seen in the Code of Conduct for Industrial Harmony 1975 (Section Communication and Consultation, Articles 43-50). In relation to these issues, the HR Manager emphasises the importance of cooperation and harmony between employees, unions and management:

The primary principle is that the company believes in JCC, the workers are not aliens who must be coerced, they are human beings and partners in the company … They have their own specific interests and points of view which may clash with those of the management but the objective of JCC is to obtain greater harmony, remove grievances and create better understanding (Interview with IR Manager, 24/12/2003).
Subject matter: From the analysis of minutes taken during JCC meetings from 2001 to 2003 and from interviews with management and union representatives, the main subject matters arising through JCC meetings are: output and productivity, manpower policies, procedures, general conditions of employment, mergers, takeovers, business strategies, educational and training, safety, and employee services (JCC Minutes of Meeting, 27/12/2001; 28/6/2002; 24/2/2003; 29/9/2003; 21/10/2003; Interview with IR Manager, 24/12/2003; Union representatives, 12/1/2004; 13/1/2004). From a content analysis of these minutes it is clear that some decisions are made during the JCC meeting by the committee, while others are deferred pending further discussion. In regard to Posco’s JCC structure, State JCCs focus on operational issues like general employment, conditions of work, service and productivity, safety, training, and staff rules, while the national JCC discusses strategic issues like manpower matters, mergers and acquisitions, training and so forth. Most of time the union will provide input and advice but the final decision on strategic issues falls into the hands of management.

For example, during the state JCC meeting at Sabah, East Malaysia, an issue was raised regarding the upgrade of several post offices in Sabah, including the computerisation of private mailboxes. The State JCC were unable to make final decisions on the matter because it was a matter for national jurisdiction. Therefore the committee voted to raise the matter at the next national meeting of JCC (Sabah State level JCC Minutes of Meeting, 1/2003, Agenda 7.2. and 7.6; Interview with Branch Union Committee, 13/1/2004). Finally, this issue was resolved at the national level meeting.

Process: The process of JCC meetings in Posco involves a two-way communication where both managers and union representatives use the committee as a forum for the exchange of views. Under Article 21.3 of the CA of UPUS Union, management issues notice of meetings at least two weeks in advance. Staff are permitted sufficient time off work so that they may attend meetings (Article 21.4, CA of UPUS Union, 2000-2002). Posco meets all travel costs.

The venue for national JCC meetings is usually rotated within the three main cities of Kota Kinabalu, Kuching and Kuala Lumpur. This rotation of venues is due to the process of national integration between unions in Posco throughout Malaysia. The integration process allows management and union committee members from East Malaysia and Peninsular Malaysia to gather and gain a better understanding of the cultural differences emerging between East and West Malaysia.

Powers: In Posco, the JCC is used as a forum for management and union representatives to make decisions jointly. However, there are certain issues which are discussed where the union has no control over the final decision. In one instance, when the company proposed a policy on employee share options, the union was not involved in this policy development. ‘The union does not have power to discuss this policy in the JCC meeting because it is part of management’s discretion. We only inform the union about our policy. We have authority on this issue’ (Interview with IR Manager, 24/12/2003). The union interviewees confirmed this observation, commenting that they have no authority to discuss this policy. Most of time joint decision is made by management and the union through JCC on operational and strategic issues. It is clear from the evidence that management and the union are trying to achieve a balance of power through JCC.

Membership: JCC representation in Posco is divided into two levels. At the national level, on the management side, the Chief Executive Officer (CEO) appoints six managers. The CEO or a Senior Manager takes the role of Chairman. Most of the time it is the CEO who presides over the meetings because many of issues which are discussed require his final approval (JCC Minutes of Meeting, 27/12/2001; 28/6/2002; 24/2/2003; 29/9/2003; 21/10/2003; Interview
with IR Manager, 24/12/2003; Union representatives, 12/1/2004; 13/1/200). A similar structure is adopted at State level, except the chairman is usually a State Manager. The union representative of the main committee is elected as a permanent member at national and state level of the JCC. Membership comprises 50:50 union representatives and management.

**Discussion and Conclusion**

From Marchington’s conceptual framework of four models (1992; 1994), the fourth model – the adjunct model – is more applicable in the case of Posco. Based on the basic characteristics of the adjunct model, we can compare the model with the actual practice in Posco.

In the Posco context, JCC and CB have separate roles. On one hand, JCC is focussed toward joint decision making on selected operational and strategic issues. On the other hand, CB is concerned about pay structures and conditions of work in accordance with the Employment Act 1955 and Industrial Relations Law 1967.

Further analysis of the JCC in Posco, confirms the applicability of the adjunct model to the operations of Posco. While the operations of the JCC and CB may appear to be in tandem, there is a complementarity to their function; the model emphasises that JCC and CB have different roles, but in this case both committees share the same representatives. In the Posco context, CB is focussed on wages, working conditions and aspects of a distributive nature. JCC is used to discuss integrative issues at HQ or State level. The two representative committees are not seen to be in competition with each other, rather they each provide tangible benefits for employees and management. From interviews conducted with union representatives, there is keen agreement among employees for dual representation, as both committees (JCC and CB) are thought to provide bargaining power.

The main objective of this study has been to explore and examine the actual practice of JCC in Posco and to further extend Marchington’s model. From the above analysis, it seems that workers and unions actively engage in the workplace decision-making process, but only to a limited extent. The JCC model adopted by Posco is well structured in terms of representation, the number of meetings per year, and the meeting’s agenda. In terms of the genuine decision making process, the model adopted by Posco does represent the ideal model explicated by Marchington (1992). However there would be value in increasing the extent of equal participation where workers and unions can play an even greater part in all policy and process formulation.

**References**


Using the collective as the basis for understanding the dynamics of trade union organisation presents a definition of union purpose. It is argued that rational choice, union commitment and mobilisation theory approaches to understanding union collectives are inappropriate starting points for developing an understanding of trade union development. The resulting conceptualisation of union purpose provides an alternative starting point for the theoretical development of and a basis for empirical research into the dynamics of trade unionism grounded in the collective character of trade union organisation.

Introduction

It is not intended here to rehearse the long standing debates amongst and between economics and industrial relations academics over the purposes / functions of trade unions (see for example, Turnbull 1988; Mitchell 1972; Crouch 1982; Hyman 1971). This work is intended to provide a basis for developing an understanding of the dynamics of union development/decline rather than understanding union purpose per se. This is no small task ‘such a project must be capable of illuminating the immense range of trade union experience in its variegated relationships to capitalist imperatives and employing organisations’ (Smith 2001: 12). Nonetheless, this paper makes a start on that project by contemplating union purpose and its relation to the collective nature of trade unions. A conceptualisation of union purpose linked to the trade union collective is presented. This conceptualisation focuses on what Ross (1989: 7-13) identifies as the first of two widely adopted dimensions of union purpose, i.e. ‘whose interests’ are integral to union purpose. The conceptualisation presented has implications for the second dimension identified by Ross i.e. what goals are integral to union purpose. Trade union purpose as conceptualised here, unlike other definitions presented in the literature, does not restrict or prescribe the character or goals of trade union organisation. Unsurprisingly this is also the dimension over which most disagreement ranges in the various literatures on union purpose, particularly with respect to attempts to develop an economic model of union behaviour (Gahan 2002; Turnbull 1988; Farber 1986; Ross 1948). In addition, despite trade union organisations being widely understood as collective organisations, how this collectivity should be conceptualised is not clear (Kelly 1998: 5). Thus a conceptualisation of trade union collectivity is also presented.

Discussion of the collective nature of worker-union relations has commonly been underpinned by notions of Organisational Commitment (Mowday et al 1979) or variants of Public/Rational Choice Theory (Olson 1971). Debate about the applicability of rational choice approaches to trade union purpose is a prominent feature of the literature on union purpose (see in particular Turnbull 1988). The basic forms of the rational choice and organisational commitment approaches to understanding the collective nature of worker-union relations are considered inappropriate starting points for analysing the dynamics of worker-union relations. More recently Mobilisation Theory as presented by Kelly (1998) has provided an additional framework for investigating/understanding the relation. However this approach is also considered to be inappropriate. The unsuitability these approaches for providing a basis for developing an understanding of the dynamics of trade unionism is attributed to the emphasis they place on the individual rather than the collective. As Offe and Wiesenthal (1985) make.
clear, such approaches misrepresent the complexity of the relationships involved in trade union organisation.

Each of the three approaches to collective worker-union relations is discussed in turn below before consideration is given to defining union purpose and the associated nature of the trade union collective.

**Worker-Union Relations**

**Organisational Commitment (OC)**

Within the field of OC the way organisations are perceived has influenced its definition. Fincham and Rhodes (1992) describe two predominant schools of thought: one is concerned with the sociology of organisations, the other with the internal efficiency of organisations. It is this second school with its managerialist perspectives (ibid.) that appears to have had most influence on research into OC. The study of organisational commitment developed out of research into job satisfaction by industrial psychologists (Lydda1991) and, as highlighted by Gordon et al (1980) managerial perspectives have a long history of association with the application of industrial psychology. The influence of industrial psychologists has meant that research into OC has concentrated on the individual and has generally been pursued using positivist approaches. This has resulted in the development of research instruments that ‘assume causation’ whilst establishing correlations between [an individual’s] attitudinal variables (Snape et al 2000: 221). At the same time, managerialist perspectives have been reflected in the search for links between OC and the motivation of individuals to perform in line with stated organisational goals. As Guest (1991) makes clear, managerial interest in ‘commitment’ (albeit expressed via the introduction of employee involvement initiatives) is essentially unitarist and despite attendant conceptual problems such interest is attracted to the definition of OC developed by Mowday et al. They define OC as: ‘the relative strength of an individual’s identification with and involvement in a particular organisation’ (Mowday et al 1979: 226).

They further operationalise this definition as being characterised by three related factors:

1) a strong belief in and acceptance of the organisation’s goals and values;
2) a willingness to exert considerable effort on behalf of the organisation;
3) a strong desire to maintain membership in the organisation (Ibid.).

Although Mowday et al acknowledge that their definition includes some aspects of commitment-related behaviours they make it clear that they are concerned with attitudinal commitment and simply assert that ‘the organizationally [sic] committed individual will tend to exhibit the three types of behaviour [sic] identified in the above definition (1979: 26 emphasis added). This is an approach that conflates process and outcome (Guest 1991) thereby bypassing the relevance of process.

Research into Union Commitment (UC) has borrowed extensively from the research agenda developed by researchers interested in worker ‘commitment’ to the employing organisation (Snape et al 2000) i.e. Organisational Commitment (See Gordon et al 1980; Meyer and Allen 1997). Thus although researchers have attempted to determine the presence or otherwise of common and or divergent antecedents (Barling et al 1990; Snape et al 2000), there is an acceptance that the underlying models predicting OC and UC are similar (Thacker et al 1990 in Guest 1991). Implicit in this acceptance is the assumption that no significant conceptual
differences delineate OC from UC. This assumption is made explicit in the work of Gordon et al (1980) who pioneered research into UC and they state clearly their underlying assumptions:

Because scientific investigation of a concept demands measurement of all variables, development of a criterion is an obvious starting point for a study of union commitment. Such a criterion should be similar to an accepted definition of the more general construct of organisational commitment. An empirically derived commitment to the union measure should possess a factor structure that reflects the components identified in a priori definitions of organisational commitment (ibid: 481).

Not surprisingly given this approach, UC has been defined as the extent to which an individual:

- a) Has a strong desire to remain a member of the union.
- b) Is willing to exert high levels of effort on behalf of the union.
- c) Has a definite belief in and acceptance of the values and goals of the union.

(Gordon et al 1980 in Kuruvilla and Iverson 1993).

As might be expected given the above, research into UC has followed the pattern of research set out by those investigating OC. It is characterised by a preoccupation with attempts to discover the laws that govern the relationships between ‘causes’ and ‘effects’ (Banister et al 1994), the managerialist fantasy of prediction and control (Thompson and McHugh 1995), and psychology’s focus on the individual (Jackson and Carter 2000). These factors have combined to produce a research agenda that holds out the promise of a deterministic world where workers become receptacles, devoid of the powers of collective interaction and subservient to the needs of the organisation.

It should be possible for organisations to use the results of research examining antecedents [of OC]…….. to better manage the experiences of their employees so as to foster the development of the desired profile. (Allen and Meyer 1990: 15)

As we gain better insight into the mechanisms involved in the formation of commitment, we will be in a better position to design HRM systems that can be applied to develop desired levels of commitment efficiently and effectively without producing undesirable side effects. (Meyer and Allen 1997: 114)

An understanding of commitment is important – not only for psychological research on unions, but also for labor leaders who wish to address the deteriorating levels of union participation and increase democratic involvement of rank and file members (Fullagar and Barling 1987:).

These accounts are reminiscent of Granovetter’s (1985) description of oversocialised atomised actors whose behaviour patterns have been internalised such that ongoing social relations have only minor effects on behaviour. That the process of internalisation may be recognised as having social origins does not detract from the conclusion that the conceptualisations of OC -and by direct association UC- separate workers from their social context and each other.

Returning to the OC literature, Mowday (1982) identifies two broad definitional trends. One aligns ‘commitment’ with behaviour, that is, an individual becomes ‘bound by his [sic] actions’ (ibid: 225), for example, ‘the binding of an individual to behavioural acts’ (Kiesler 1971 in Angle and Perry 1981). The other aligns ‘commitment’ with attitudes / psychological state. In other words an individual is compelled by their values and goals (Mowday 1982), for example, ‘An affective attachment to an organisation apart from the purely instrumental worth of the relationship’ (Buchanan 1974 in Angle and Perry 1981). However, what is important from a theoretical perspective is that which unites these categorisations not the differences.
between them. Both categorisations presuppose that once behavioural and or psychological patterns become internalised continuing social relations become peripheral. The references to individuals being ‘bound’ and / or ‘compelled’ makes explicit the premise that once it is known exactly how an individual has been affected, continuing social relations and structures are neither here nor there. The situation becomes one where: ‘Social influences are all contained inside an individual’s head, so, in actual decision situations, he or she can be atomised’ (Granovetter 1985: 486).

Allen and Meyer (1997) recognise the complexity of the relationships involved and acknowledge that it may be necessary to consider methods of analysis that do not concentrate on the individual in order to develop a more complete understanding, whilst Snape et al (2000) call for longitudinal studies that treat commitment as an ongoing process. That is, the commitment approach is acknowledged by its advocates to be unable to adequately account for the impact of social interaction and change. Thus the marginalisation of ongoing social relations inherent in the conceptualisation of UC presents researchers with a somewhat idealised world unsuited to investigating the dynamics of trade union organisations.

Public Choice Theory

Public or Rational Choice Theory (RTC) is also ‘based on [a] highly individualistic sense of decision making and an extremely egoistic view of human nature’ (Ollman 1993: 148). It focuses on the functional calculations that direct individuals making decisions about whether to take part in collective organisations and activities.

Unless the number of individuals in a group is quite small, or unless there is coercion or some other special device to make individuals act in their common interest, rational, self-interested individuals will not act to achieve their common or group interests (Olson 1971:2)

Faced with the reality of trade union membership and activity and unable to abandon the centrality of individual rationality trade union membership is said to be the result of ‘compulsory membership and coercive picket lines’ (Olson 1971:75). Although Hyman (1975:65) notes that from the perspective of a collective the presence of ‘free riders’ endangers organisational strength making it ‘necessary to apply (or at least threaten) a measure of coercion’, available empirical evidence does not support the above conclusions (Kelly 1998).

Free riders are workers whose behaviour exemplifies the outcome of individual workers making rational choices. That is, individual workers will choose not to join a trade union because the outcome of union employer negotiations is a ‘public good’ that is applied equally to all. Thus the free rider calculates that s/he can obtain the benefits without shouldering any of the costs of union membership. Also within large collectives the input or lack of input by an individual is assumed to be calculated to be negligible and therefore of no consequence. However, the impact of social interaction and the formation of group identity have pronounced effects on the incidence of free-riding (Kelly 1998:72).

Rational choice theory also assumes that the costs and benefits to an individual of taking or not taking certain actions are reasonably straightforward. This assumption starts to lose its validity as costs, benefits and the relationships between them become less predictable. Also factors other than purely rational calculations of costs and benefits enter into the process. For example, imprecise factors such as political and emotional gains may be had from collective involvement (Fincham and Rhodes 1988) (see also Ross 1948; Turnbull 1988).

In the absence of … predetermined parameters, the mode of action … cannot be informed by any purposive-rational calculation (Offe and Wiesenthall 1985).
This is precisely the situation often found in industrial relations environments where the relationship between collective action, its costs, benefits, objectives and outcomes are frequently changing and unclear (Hyman 1975; Turnbull 1988). However according to Kelly (1998) in these situations RTC cannot offer satisfactory explanations of how or why trade unions become established in the first place.

If most people behaved as Olson suggests then the world of industrial relations would bear no resemblance to the one that actually exists. Olson’s account of unions is not just wrong on details: it is radically wrong on fundamentals. His basic concepts of rationality and individual self-interest are ill-defined and of questionable relevance; he has no concept of group identity as a way of understanding the regulation of people’s behaviour in group and inter-group contexts (Kelly 1998: 81).

Thus public choice theory does not offer a conceptual framework intended to explain / understand collective modes of thought and behaviour. As with the concept of union commitment, the approach adopts the unrealistic notion of a system made up of atomised individuals. However, here the impact of group identity on individual behaviour is ignored (under-socialised) (see Granovetter 1985). Recent empirical work by Gahan (2002: 282) points to ‘the weaknesses of this approach when applied to unions.’

Mobilisation Theory (MT)

MT as presented by Kelly (1998) is not a theory as such. It is an amalgam of several theoretical approaches to the conditions supporting the processes involved in the collective mobilisation of workers. Individuals are ‘transformed into a collective actors’ (ibid: 24) because of the interaction between the process of interest definition, the opportunity to mobilise and the presence of organisational effectiveness. The perception of injustice and its relation to collective interest definition is pivotal in the process of mobilisation (see Tilly 1978). Kelly (1998) advocates the use of MT as an antidote to the paucity of theory within the field of industrial relations. In particular he argues that ‘theoretical underdevelopment … hamper[s] our capacity to think usefully’ about interests, power and conflict (Kelly 1998: 2). As a consequence, according to Kelly, limited progress has been made in tackling ‘the central intellectual problems in contemporary industrial relations’ associated with these concepts. These problems are one, how do workers come to define their interests in collective or individual terms? Two, how should worker collectivism be conceptualised? Three, what are the most useful ways of conceptualising the power and power resources of workers, employers and states? Four, how should we conceptualise the relationship between worker and employer interests? (Ibid: 4-5).

Kelly demonstrates that MT provides a set of general and specific concepts that can be used to frame research and intellectual endeavour focusing on the social processes of industrial relations. Thus, unlike the union commitment and rational choice approaches, MT provides a basis for understanding ongoing complex social interactions such as the changing relations between workers and trade union organisations. With respect to collective processes, the main concepts in MT are interests, organisation, mobilisation, opportunity and forms of collective action. The impact of injustice, agency, identity and attribution are used to delineate how workers come to identify their interests as collective. For example, the origin of workers’ collective definitions of interests is individually perceived injustice.

The elements implicated in the movement from collective interests to collective organisation used in MT in part bear a resemblance to the conceptualisation of union purpose developed below. That is, the presence of worker collective interests systemically opposed to employer interests and the subordinate status of workers. These similarities are not surprising given their common Marxist lineage. However, there are important differences. In so much as the
relationship between individual interests and collective interests is brought into focus within the concept of union purpose, research would be directed towards understanding why individual workers do not see themselves or their interests as part of a collective. MT on the other hand directs our attention towards trying to determine what makes individuals identify with a collective. According to MT the perception of injustice first occurs as individual perception. This then has to be made collective via the activity of trade union leaders (ibid: 79). Therefore, the individual rather than the group appears to be the relevant basic unit of analysis for MT, as presented by Kelly.

As will be argued later, the approach adopted in this paper is not an attempt to deny the importance of an individual’s subjective understanding or to suggest that analysing individual perceptions is of no value. On the contrary, understanding the psychological barriers to the development of collective interests, identity and action may provide answers to the problem of explaining why an aggrieved worker subject to unjust treatment by an employer does not join a trade union (assuming the opportunity to join exists). Why s/he would be likely to do so appears readily discernable from their circumstances. However, it is to assert that investigating individual perceptions will not provide adequate information about the probable growth or decline of collective interests and organisation.

Also MT abstracts collective interests and collective organisation as separate things contingently related to each other and other concepts that may or may not result in trade union activity. This separation indicates the possible presence of fundamental ontological and philosophical differences between the two approaches. These differences require -together with the similarities- deeper investigation than has been undertaken here in order to determine whether MT represents an alternative or complementary theoretical approach to understanding change in union – worker relations. Therefore, despite the established and extensively developed framework of concepts associated with MT, MT is also not considered suitable starting point. Nonetheless, it seems likely that MT would prove a useful in investigating links between individual and collective aspects of union purpose.

In summary, Union Commitment (Meyer & Allen 1997) and Public Choice Theory (Olson 1971) approaches present one-sided perspectives within which social interaction is either ignored or treated as a single or limited number of discrete events. As a result they are unable to provide adequate accounts of changes in worker-union relations without ongoing modification. However, to consider a strategy of continual modification assumes that the basic approach is valid. Whilst MT, as presented by Kelly (1998), provides a comprehensive framework of concepts grounded in the theory and practice of social interaction, MT is also perceived as adopting the individual worker as the basic unit of analysis and is therefore also considered inappropriate. Therefore an alternative approach that is based on the collective rather than the individual is advocated in the discussion that follows.

Trade Union Purpose: A Definition

Whilst the conflict of interests between workers and employers underpinning this discussion is derived from Marx’s analysis of capitalist society, the assumed dialectical nature of the conflict is derived from a methodology informed by the philosophy of internal relations (Ollman 1993; ). This is a philosophy where basic ontological phenomena are ‘relations’ not ‘things’, and the boundaries that are normally used to organise our world (natural and social) are not assumed to be given and innate (although they might coincide). They are the result of what really exists and what has been excluded, in-part, by the process of abstraction involved in cognition. Knowledge is both immediate and mediated (Sayer 1992). However, abstraction grasped as a conscious flexible activity (methodological device) can also be used to facilitate
exposition, analysis and cognition. Particularly when attempting to identify the forms in which the more determinate (not necessarily determining) relations and relational aspects occur and interact within systems (Ollman 1993: 33-39). Thus, in order to understand trade union purpose from the workers’ perspective, employers, managers, full-time union officials and government interests have been temporarily abstracted-out of the definition of union purpose developed below. A definition of union purpose is developed that presents union-worker relations as a dynamic and necessary relationship between workers as groups or collectives and trade union organisation.

Adopting Marx’s perspectives on the nature of capitalist society as the social-structural context from which trade union organisation emerges, workers are abstracted as both the embodiment of a social-economic function [wage-labour] and as a group of people [workers] who perform this function. Matching these two abstractions is a dual conception of workers’ interests, a) ‘objective interests’ that are attached to the functional abstraction and b) ‘subjective interests’ that are attached to the social group. Included in workers’ objective interests are the social-structural arrangements that are needed for the mass of workers to realise their subjective interests. In Marxist terms, the mass of workers will only fully realise their subjective interests when existing capitalist social-structural relations are replaced by communist social-structural relations. This is a process that both determines and is determined by the mass of workers becoming ‘class-conscious’. At this time workers’ objective interests are included within workers’ subjective interests (Ollman 1993). However, in the meantime, partial realisation of workers’ subjective interests may be achievable via partial social-structural change.

For the purposes of this discussion such partial social-structural change includes the integration of trade union organisation into existing social structures, particularly workplace social structures. Thus, trade unions are conceptualised as organisations offering workers the possibility of increased realisation of their subjective interests via partial social structural change, however short of fully realising workers’ interests such changes may fall. Other social-structural changes resulting from the integration of legal, political and economic factors may also facilitate (or restrict) the realisation of workers’ interests. Such sources may support, compete with or even negate the integration of trade union organisation into workplace social-structures. Nevertheless, under capitalism trade unions can be differentiated from these other sources of change in that their purpose is necessarily related to the pursuit of worker interests.

The Role and Nature of the Collective

Trade unions must overcome individuality and define a collective identity and collective objectives to ensure their vitality … Their [workers] co-operation derives from their collective experiences as wage labourers, as does the definition of union objectives (Turnbull 1988: 111).

collectivistic modes of thought … are more evident in trade unions than any other institutions (Beynon 1984: 200).

Thus the perspective (abstraction) from which the objective and subjective interests of workers are established is embedded in the situation of the group and not the interests of individuals.

The collective is here conceptualised as embodying a shared interactive approach to understanding and acting upon the particular world workers have in common (not just union members). It reflects a set of judgments and behaviours reserved for these common situations where an individual’s fate is inextricably linked to the fate of the group. It embodies and
expresses a way of thinking done in common, usually in a common place, using common language and advanced or retarded by common pressures and constraints. This also means that the collective is elastic and changing. It encompasses all the stages in its evolution together with the time it takes to occur. That is, the process of developing a collective (trade union) purpose is not external to what it is but rather at its centre

By abstracting workers as a group or collective rather than a class a shift to a narrower level of analysis than the general level used by Marx is effected. This brings into focus differences between groups. This is not to say that trade unions are not in themselves class organisations but that they are not necessarily understood as organisations for the working class. Rather they are perceived as organisations for the collective. This understanding is readily subscribed to in the literature ranging from Rosa Luxemburg’s (1971: 253) perception that ‘the trade unions represent the group interests and one stage of the development of the labour movement’ to Hoxie’s view that ‘the aim of the union is primarily to benefit the group of workers concerned, rather than the workers as a whole or society as a whole’ (Hoxie in McCarthy 1985: 37). Accordingly workers who belong to or support trade unions need not be class conscious. However, workers who include the development of trade unions as part of their subjective interests can be said to be trade union conscious (see also Beynon 1984).

Thus, from the group perspective, union purpose describes a necessary relationship between the interests of the collective and the development of trade union organisation. This relational aspect of union purpose underpins the sectionalism characteristic of UK trade unions whereby ‘the existence of sectional organisations is a consequence rather than a cause of sectionalism within the working class’ (Hyman 1975: 60). This sectionalism enables trade unionism to accommodate all types of worker; professional, white-collar, managerial, craft, industrial etc. as trade unionists. This also means that trade unionism is divided into myriad groupings and the movement has no single subject. It is not a consciously constituted teleological whole. As a consequence internal conflict over trade union purpose is an ever-present reality for the movement and individual unions. This makes the theory and practice of union government particularly pertinent to any consideration of collective organisation and activity (see Offe & Wiesenthal 1985). (see also Ross 1948; Hyman 1975; Crouch 1982; Turnbull 1988)

The preceding is not intended to imply that individual interests are irrelevant but that collective union purpose is more than the sum of individual interests. It is something that grows out of the common circumstances, experiences, issues, problems and interests that gives life to the collective organisation underpinning workplace union activity in particular. It is not just that the sum is more than its parts. The individual parts are also changed by being part of the whole.

The workers spontaneous source of identity is collective solidarity with each other: each responds almost automatically to what he [sic] perceives as being the group’s goals, even if he [sic] believes them to be irrational. (Mann 1973: 50).

Thus what is important is what an individual comprehends and does as a member of the group, not his or her personal thoughts and actions. It is recognised that this approach runs the risk of elevating atomisation to the level of the collective i.e. oversocialisation. However this danger is reduced by acknowledging that a) outcomes are always transient and amenable to negotiation, b) collective modes of thought and action are necessary but not sufficient features of trade union development. For example, the growth of alternative means of realising subjective interests may present themselves as more attractive, opposing interests may prove too powerful, or poor organisation may undermine activity.

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1 This description has been adapted from Ollman’s (1993) discourse on Marx’s concept of class-consciousness.
Union purpose is therefore conceptualised as both a process and a relation that: -

1) Develops through individuals in the group interacting with each other and opposing groups in situations that are peculiar to workers as employees.

2) Has its main point of reference in the situation and objective interests of workers as a group in capitalist society and not the stated subjective interests of individual workers.

3) Develops from whatever the group purpose is, into and alongside the purpose that maximises the group(s) chances of realising their interests.

The above conceptualisation presupposes that for trade union organisation to exist the following conditions apply:

1. The existence of collective identity and interests founded on group and opposing group interests (that is, between workers and employers or their agents) often referred to in the industrial relations literature as ‘them and us’ orientations.

2. The perception that trade union organisation and methods offer a viable route to the realisation of group interests. Workers’ objective interest in developing trade union organisation is here given a definite role in their thinking.

3. A level of activity consciously directed towards the production and reproduction of trade union organisation and methods. That is, even where workers develop a collective identity and perceive trade unionism to be the most viable route to the realisation of their interests they must still respond in ways to make what is possible actual.

4. The direction of movement of union purpose amongst a group of workers can not be ascertained by identifying workers’ individual qualities. However, such data may help explain why the subjective aspects of union purpose might not develop in individuals.

In addition the following consequences flow from the arguments presented:

A. All workers can be union conscious: trade unionism is not restricted to particular sections of the working class.

B. A union’s objectives and characteristics will \textit{in part} reflect the collective will of its membership.

C. These objectives and characteristics will change as the collective responds in its own way to the prevailing material and ideological conditions.

Trade union purpose as conceptualised here, unlike other definitions presented in the literature, does not restrict or prescribe the character or goals of trade union organisation. What a trade union purpose is becoming is an empirical question. What a trade union purpose should become is a value judgement. The only defining feature of a trade union is that \textit{it functions} as a means of achieving workers’ collective interests. How workers’ collective interests are determined, what they are and how effectively they are achieved is mediated by the particular conditions within which trade unions operate both across time and location. It is not being suggested that union purpose can be reduced to a simple function of workers’ collective interests.

\footnote{This qualification is necessary in order to acknowledge the influence on union purpose of other actors, temporarily abstracted out of the argument. (For example, trade union officials and employers).}
Conclusions

This paper makes a start on thinking about the dynamics of collective worker-union relations from the perspective of the collective rather than the individual. Understanding/explaining the dynamics of trade union organisation using approaches based on individual identity and action will tend to oversimplify the impact of social interaction on the development of union organisation. Such approaches cut across the reality of collective identity and action associated with trade unionism. Thus despite being critical of MT for adopting the individual as its analytic base it is at this interface that this approach may prove fruitful.

The reason for trade union organisation, that is, union purpose, from the workers’ perspective is defined as a means of offering workers the possibility of increased realisation of their subjective interests via partial social-structural change. Union purpose is further defined as describing a necessary relation between the subjective interests of the collective and the development of trade union organisation. The principle components of these subjective interests are identified under items one, two and three in the list of presuppositions above (p.8). However, when considering the forces that sustain the process and give rise to the different components. The objective conditions within which workers develop their organisations and choose to adopt particular methods of putting together, articulating and attempting to achieve their interests will need to be given the same attention as workers understandings and perceptions of their conditions and actions.

Whilst the arguments and concepts presented may be as yet underdeveloped they provide both a starting point for further conceptual/theoretical development and a basis for empirical research grounded in the collective character of trade union organisation. Researching worker-union relations as presented here would focus on investigating the objective -both ideological and material- conditions within which the identified subjective components of union purpose develop together with the presence/absence of those subjective components over time. That is, because union purpose is understood as producing and produced by an ongoing process of collective interaction, researching the dynamics of worker-union relations not only requires an investigation of what the relationship between workers and union organisation is presently becoming and what conditions are supporting such movement. It also requires investigating what (historically) the relationship was becoming and what conditions supported that movement.

Whether the sum total of the material and ideological forces impacting upon collectives and individuals at any particular time and place facilitates or undermines the development of union purpose is an empirical issue. However, identifying the determinate components of such processes and what research approach is best suited to this endeavour is the next step in the process of re-thinking worker-union relations. How best to capture valid data relating to the interactive processes involved in the formation of union purpose becomes a real practical issue that returns us to the classic debate on union purpose between Ross and Dunlop (see Mitchell 1972; Farber 1986) albeit from a different perspective?

In themselves the attributes/propositions identified are not novel, although their combined derivation and identification may be. Further theoretical development and research is required to examine whether the approach adopted here has more theoretical validity than other approaches found in the various literatures.

References

Doing Time in the Retail Industry

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This paper uses survey data to explore employee satisfaction with working time arrangements within a large supermarket chain in Queensland. The findings confirm those in the literature that employees have a diverse range of working time preferences, and that employees will be more satisfied if those preferences are met by their employer. In general, many full-time employees wanted shorter hours and a sizeable proportion of part-time employees wanted longer working hours. This paper is a preliminary attempt at teasing out the explanations behind working time preferences.

Introduction
The retail industry is one that has seen a significant increase in operating hours over recent decades with the advent of regular late night and weekend trading. This extension of operating hours has been associated with an erosion of standard working time arrangements within the industry, in particular, the increased use of part-time employment, often casual in tenure. The literature on working time arrangements divides into those who take an optimistic view and argue that flexible working time allows employees more control over their work life balance, and those who are more pessimistic and argue the flexibilisation of working time means that control passes to the employer, to the detriment of employees. The survey findings discussed in this paper were drawn from a doctoral study into labour use strategies within one of Australia’s largest supermarket chains. This paper reports on survey data drawn from a sample of 272 supermarket employees to assess their satisfaction with working time arrangements in the supermarket sector of the retail industry. The findings confirm those in the literature that employees have a diverse range of working time preferences, and that employees will be more satisfied if those preferences are met by their employer, but it also highlights the heterogeneous nature of the casual part-time employee’ group and their working time preferences. The implications of this for employees, such as limited incomes, are acknowledged, but beyond the scope of this paper. The first section of the paper examines the standard working time model and changes to it. The second section briefly examines working time in the retail industry. The third section outlines the research context, the survey sample and discusses some of the findings in the light of broader debates and the findings from the qualitative stage of the research.

The Standard Working Time Model
The notion of working time assumes importance when paid employment is involved and a distinction created between employers’ time and the worker’s own time. Employers need to use the worker’s time productively in order to extract value. Hence, ‘time is now a currency: it is not passed but spent’ and employers make choices about when they require workers and how many workers are required (Thompson, 1967:61). Employees also make choices in relation to their working time. There is a trade off between the desire for increased working time and increased wealth, and reduced working time and increased leisure. The hours accepted as the standard for ‘employers’ time’ vary across nations and over time (Campbell et al., 2000:5).
In Australia, standard working-time arrangements have traditionally been: ‘continuing (‘permanent’) full-time employment of approximately 40 hours per week, distributed in equal daily segments over the daytime hours from Monday to Friday and joined with paid annual leave and public holiday entitlements equivalent to several weeks per year’ (Campbell, 1996:1). Thus, working time comprises three dimensions: duration, position and division (Campbell, 1996:5). Duration is the length of working-time provided over a period of time. Approximately forty hours each week with time off for a vacation annually and the provision of some days to be taken off for sickness was the accepted standard. Position is the distribution of working time over the day or week, with daytime hours from Monday to Friday standard. Division is the ‘degree of equality in the division of total working time amongst individual working days: a standard of equal hours on each working day has been common’.

The standardisation of working hours performs four functions (Hinrichs, 1991:37-8). Standard hours fix an upper limit on normal working hours thereby preventing worker burnout and to a degree enforcing the distribution of work across the labour force. Similarly, standard hours prevent the reduction of working-time and consequent reduction in income to subsistence levels. Standard hours serve as a ‘ratchet’ to prevent increased pay being linked to increased hours. Finally, standard working hours protect employees’ own time and provide predictable periods of leisure.

**Changes to the standard working-time model**

In recent years, the standard working time model in Australia has altered significantly. A range of new working time arrangements have emerged which include:

a. working shorter and longer hours over the day—with the growth in part-time and casual employment, and the emergence of 12 hour shifts in some industries

b. working over a larger spread of hours over the day—the 9 to 5 ‘ordinary’ hours is gradually being replaced by the norm of 6am to 10pm

c. working split shifts over the day—especially for workers in industries with irregular intertemporal spread of demand, e.g. retail, banking

d. working unpaid hours over the day or the week—the growth in unpaid overtime, the averaging of hours over the month or the year, the conversion from wage to salary basis

e. working less than five days per week—for part-timers, casuals and those with long shifts

f. working weekends and evenings—especially with the extension in product market deregulation, e.g. retailing, hospitality

g. changing the unit of time measurement from the day and the week to a longer time dimension such as the month

h. working without paid leave or holidays—as with casuals

i. working at more than one job over the day or the week—over 5% of the workforce are multiple job holders

j. working a shorter span of years over the life cycle—increase in participation in post secondary education, early voluntary retirement (Burgess, 1998: 38).

These changes to standard working time arrangements are linked to a decline in the capacity of employees to exert control or influence over their working time arrangements. A range of
supply and demand side factors have been identified as influencing these changes (Berg et al. 2004; Bosch et al., 1993; Campbell, 1996; Campbell, 2000; Campbell et al., 2000; Hinrichs et al., 1991:4; Tergeist, 1995). At a holistic level, Berg et al. (2004:334) identify three broad factors that influence the degree of control that employees have over their working time arrangements: the institutional context and regulatory structure in place within a country, the general conditions of the labour market, and management and trade union strategies. There is evidence of all three factors having an impact on working time arrangements in Australia over recent decades.

There have been significant changes to the regulatory structure governing industrial relations in the Australian workplace. In response to pressure from employer associations, such as the Business Council of Australia (BCA), who believed that the centralised award system constrained them from using employees’ working-time as productively as possible (BCA, 1989), a range of more flexible industrial instruments have been introduced. Employers can now choose from individual registered agreements, or Australian Workplace Agreements (AWAs), unregistered individual arrangements, collective enterprise agreements, made with or without trade union intervention, or an award. From the 2004 coverage statistics – 40.9% collective agreements, 39.1% individual arrangements and 20% awards (Peetz, 2005:93) - it is clear that employers have availed themselves of these opportunities to move away from the centralised system. The second factor is the state of the labour market in general. Employment is growing and unemployment is decreasing, but these statistics do not paint a complete picture (DEWR, 2005; NILS, 2005). The measurement of employment does not consider the levels of under-employment, the decline in male labour force participation, and the rising numbers of men receiving disability support and therefore not participating in the labour force at all (NILS, 2005). Additionally, there are emerging signs of skill shortages across the workforce, an increase in unpaid overtime, work intensification, and a sizeable proportion of the Australian workforce classified as living in poverty (NILS, 2005). Couple this with a decline in union density, down to around 23% of the workforce (Cooper, 2005), and it appears that, in many cases, employers have the upper hand in wage fixation and control over working time arrangements.

On the demand side, the driving force behind changes to working time arrangements has been the neo-liberal agenda of an unfettered labour market (acirrt, 1999:8). Employer pressures for changes to working time follow three primary lines of argument (Bosch, 1995:18-19). First, employers desire the extension of operating hours in order to fully capitalise on expensive capital plant and equipment. Second, due to fluctuations in business, flexible working time arrangements allow firms to match demand and supply. The third rationale is the replacement of expensive forms of organising working time with less expensive forms. Although some of the changes to working hours are in response to demands from workers, most are employer led in an attempt to cut wages and deal with uncertain economic conditions. Regardless of the rationale for changes to the standard working-time model, authors of all political persuasions agree that there has been a substantial shift away from the standard working-time model (Campbell et al., 2000; Campbell, 1996; Mangan, 1998; Buchanan & Bearfield, 1997; Wooden, 2000; Bosch, 1999).

At one level of examination, studies of working time calculate the duration of working time provided by workers. This definition of working time dominates policy debates on unemployment, retirement and job-sharing (Campbell, 1996:2; Tergeist, 1995:10). But, as Campbell (1996) suggests, the concept of working time is more complex than a mere consideration of numbers of hours. This research broadens the notion of working time to encompass the way in which the duration of working hours is organised and deployed within the workplace. From this perspective, the concern is with the duration of working time, the
distribution of working hours over the week, how working hours can be redistributed and by whom.

**Working Time in the Retail Industry**

When regarding working time arrangements, especially those in the retail industry, a distinction needs to be made between working time and operating time (Bosch, 1995:18). Flexibility may apply to both. Operating hours may remain the same with a range of new working time arrangements, such as two part-time employees as opposed to one full-time employee. Another option is the extension of operating hours, with staggered full-time employees. Retail is one of the industries where operating time has increased significantly. In the 1970s, operating hours were expanded to include late night trading. In the 1980s, Saturday afternoon trade was introduced and Sunday trading was introduced in the 1990s in some states (DeBruyn 1999), but not until 2002 in Queensland. The extension of operating or trading hours in the retail industry effectively broke the nexus between operating hours and working hours. The normal operating week has gone from 40 hours per week to approximately 84 hours per week in Queensland. At the same time, the retail workforce has changed from one dominated by full-time employees working 40 hours a week, over 5 ½ days, Monday to Friday and Saturday morning to one dominated by part-time employees, often casual in tenure.

The retailers argue that the increased numbers of women in full-time employment prompted the extension of trading hours (Donaldson, 1996). For retailers, extended trading hours make good economic sense; labour is a small proportion of total outgoings compared with the ‘interest bill on land, buildings and computers, the cost of electricity for refrigeration and lighting and the wages and salaries at head office’ (Donaldson, 1996:11). Therefore extended trading hours permit retailers to use their capital more productively. However, retailers argue that they need to reduce penalty rates and loadings in order to retain profitability. All the major retail chains have reduced the duration of working time, for the majority of employees, to 38 hours per week. This has been accompanied by a broadening in the position of those hours. Ordinary time now extends from 5.00am to midnight, Monday to Friday, 5.00am and 10.00pm on Saturday and 6.00am and 9.00pm on Sunday in the Coles Supermarket Retail Agreement 2005. In the Woolworths Queensland Certified Agreement 2004, ‘all employees hours are to be considered ordinary hours, whether rostered within the spread of ordinary hours or within overtime’. Ordinary hours worked outside 5.00am to midnight Monday to Friday, and 5.00am to 10.00pm on Saturday, attract loadings though. The provisions in Coles’ and Woolworths’ certified agreements assume greater importance when you consider the sheer size of these organisations’ market share, which in the latest available data was 69.7 per cent of the total defined grocery market (AC Nielsen 2002). As well as altering the duration and position of working time, the division of hours varies across the days worked.

This creates issues for retailers in that they need to find a labour force prepared to work at these times of the week, traditionally considered anti-social. Baret (2000: 45) observed that certain shifts were unpopular with employees because they disrupted family life, particularly evenings and Saturdays. In response, store management introduced systems whereby these undesirable hours were rotated amongst employees. Additional strategies for dealing with the staffing of these undesirable hours include the recruitment of student labour, and labour from non-traditional groups, such as older and retired workers (Freathy & Sparks, 1996:189). The Australian response has been the recruitment of large numbers of casual workers, primarily students. These employer driven decisions have effectively restructured the retail labour force from one dominated by full-time males to a highly juvenilised industry dominated by part
time workers. It should be noted that retail trade patterns in supermarkets are much more stable than in other forms of retailing and much of the flexibility provided by a casual workforce is not truly necessary, but this is outside the scope of this paper.

The Research Context

The supermarket where this study was conducted is a business division within one of Australia’s largest retail organisations. During the course of the qualitative research in this firm, which was primarily investigating management’s labour use strategies, a number of issues about working time arrangements within the firm were highlighted. This survey was designed to test the ‘other side of the story’; the employee’s views about working in supermarkets and their working time arrangements. The survey questions were designed to seek clarification of employee awareness and opinions in relation to the labour use strategies. The survey asked a range of questions: gender, age, length of tenure, job title, main income earner in household, current employment status, and preferred employment status, hours worked this week, last week and desired weekly hours, days worked this week, last week, and desired number of days work, parental status, student status, other paid work and caring responsibilities. As well, survey participants were required to respond to a series of statements related to their satisfaction with, and control over, their working time arrangements.

Survey Sample Characteristics

Staff in three stores within the organisation were surveyed. Store A was a large store, one of the busiest trading stores in Queensland, and was located in the relatively affluent western suburbs of Brisbane. Store B was a physically large ex-Franklins store on the Gold Coast, while Store C was the smallest of the three, in a very competitive market, and located in a southern suburb of Brisbane, classified as a low socio-economic area. All stores were surveyed during June and July 2003. The structure of employment within each store by gender and employment status is outlined in Table 1, accompanied by the survey sample characteristics.

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The survey respondents were almost perfectly representative of the structure of employment across the three stores. In total, the survey sample comprised 272 valid responses. Of the total sample, 267 respondents identified their job title and were therefore able to be classified in accordance with the nature of their job. The sample included 18 managers, 15 supervisory staff, 214 service assistants and 20 skilled tradespeople and specialist clerical employees. Of the 265 who responded to the questions related to student status, 50 employees identified as school students and a further 75 identified as tertiary students. This meant 46 per cent of the survey sample were students. Only two school students (4 %) held permanent employment status, whereas 24 (32 %) tertiary students had permanent employment status. The remaining
Price

student employees were casual employees. Survey responses were entered into an Excel spreadsheet. Data was entered twice and the sheets were compared to identify missing data and keying errors. The dataset was then imported into SPSS and analysed to determine differences between groups of employees. The following section describes the research findings in relation to the employee experience of supermarket labour use strategies.

**Survey Findings**

In table 1 it can be seen that, in each store, casual employees made up the largest numerical group. In much of the literature on employment status, it is asserted that casual employees are not employed on this basis by choice. This argument is usually aligned with assertions that casual workers are low paid, lack opportunities for training and advancement and are vulnerable (see, for example, Campbell et al. 2000). In order to attempt to ascertain whether or not this was the case, employees were asked to identify their current employment status and indicate their preferred employment status. Of the 144 permanent employees surveyed, 99 per cent wanted to be permanent employees and 1 per cent did not. Of the 120 casual employees surveyed, 66 per cent wanted to be casual employees, while 34 per cent wanted permanent employment. This suggested that the majority of employees within the company were actually satisfied with their employment status, while a sizeable minority were not. This high level of satisfaction replicates the findings in other surveys of casual workers (see Watson, 2004). In part, it reflects differences in the nature of casual employees within the firm, some of whom were students and others of whom were primary income earners in their household. Of the 120 casual employees in the survey sample, 95 were students. None of the students were primary income earners in their households, nor did any have children or other caring responsibilities. Of the combined 95 school and tertiary student casual employees 70 (74 %) wanted to remain casual, while 22 (23 %) did not, and 3 (3 %) did not express a view. Permanent employment, either part-time or full-time, guarantees a certain number of working hours, and thereby income level and it is likely that this was the reason for desiring permanent employment status. Permanent employment status does, however, mean that the employer can locate those working hours across the week as demand necessitates and for some employees whose own personal availability changes, due to changes in subjects studied or other activities, permanent employment was perceived as allowing less control over working time. This was particularly the case for employees who wanted school holidays or Christmas off work, as these are the busiest times of the year in the retail industry and retailers are loath to permit annual leave to be taken in these periods.

Grievances over the duration and location of working time were two of the issues which the firm’s HR Manager found most time consuming and contentious, so a series of survey questions were designed to examine employee opinions about their working time arrangements. In relation to working time duration, survey respondents were asked how many hours they had worked last week and how many they were working this week. These figures were averaged to provide a figure for average weekly working hours. This was done because many permanent employees within the firm work rotating two-week rosters whereby their weekly hours varied considerably from one week to the next. This was also the case for casual employees, all of whom worked part-time hours. Of note is the fact that only 29 of the 120 casual workers (24 %) surveyed worked the same number of hours in both weeks. Survey respondents were then asked how many hours they would like to work each week. Their average hours of the preceding two-week period were then compared with preferred working hours to get an idea of the ‘fit’ between actual and desired working hours. Due to the wide variations in the number of hours desired, a figure of two hours either side of the desired
hours was regarded as the ‘same’ for purposes of analysis. Therefore, an employee who wanted longer hours, wanted in excess of two hours more per week.

An examination of patterns of working time highlighted two consequences of existing working time arrangements. Generally, most casual workers wanted longer hours and a sizeable group of permanent workers wanted shorter hours. Of the casual employees surveyed, only 6 per cent wanted fewer hours of work, while 51 per cent wanted longer working hours and 43 per cent were happy with their existing hours. The capacity to employee workers on a casual ‘just in case’ basis, encouraged the firm to build in excess supply so that employees were always likely to be under-employed and this is one of the costs of casual employment for the employee. Of the permanent employees, 28 per cent wanted shorter working hours, 15 per cent wanted longer working hours and 57 per cent were happy with their working hours. The permanent employees who wanted longer working hours were predominantly part-time employees (17 respondents), however, five of the full-time respondents wanted longer working hours as well. The reason for full-time employees wanting longer hours was not apparent, as only one full-time employee expressed dissatisfaction with their pay and all except one were long serving employees. The results do indicate though, that a majority (51 %) of casual workers and 15 per cent of permanent workers in this firm were under-employed, and therefore subject to lower levels of overall income than they desired, which has serious financial implications for employees of the firm.

As far as the desired duration of working hours, 8 (3 %) employees surveyed wanted between 0 and 5 hours work weekly, 24 (9 %) wanted between 6 and 10 hours, 37 (14 %) wanted between 11 and 15 hours, 53 (19 %) wanted between 16 and 20 hours, 22 (8 %) wanted between 21 and 42 hours, 20 (7 %) wanted between 26 and 30 hours, 15 (6 %) wanted between 31 and 35 hours, 77 (28 %) wanted between 36 and 40 hours – a full-time job, 11 (4 %) wanted between 41 and 45 hours, and 4 (1 %) wanted between 51 and 55 hours per week.

Respondents were also asked to assess their overall level of satisfaction with the number of hours that they worked using a five point Likert scale ranging from strongly agree through neutral to strongly disagree. Overall, 65 per cent of permanent non-student employees were satisfied with their number of hours, as were 54 per cent of permanent student employees, with less than 12 per cent of both groups expressing dissatisfaction with their number of hours. Of the employees dissatisfied with their working time duration, all were managers or skilled tradespeople with long hours, or nightfillers with highly variable, but often short hours. Of the casual employees, only 42 per cent of non-student employees and 51 per cent of casual employees expressed satisfaction with their number of working hours. Of the casual employees who indicated their dissatisfaction with the number of working hours, 31 per cent were non-student casuals and 19 per cent were student casuals. It was also noticeable that very young (14-16 years) casual employees were more satisfied with the number of hours they received and this could be because they were comparatively inexpensive and more likely to get the full quota of working time hours they wanted. Around 28 per cent of student and non-student casual employees gave a neutral response.

As well as the duration of working time, the location of working time, and in particular the ability to exert some influence over the location of working time is an important factor for employees, as well as the firms that employ them. To ascertain the degree of influence or control that employees felt they had over the days and times at which they worked, survey respondents were asked to respond to a range of statements using a five point Likert scale.
ranging from strongly agree through neutral to strongly disagree with a separate column for not relevant/ don’t know. The responses for ‘agree’ and ‘strongly agree’ were combined for analysis. The statements included: ‘I have influence over the times of the day I work’, ‘I have influence over the days that I work’, ‘I can refuse extra hours if I want to’, ‘Casual staff have more control over their working time than permanent staff’, ‘I am satisfied with how regular my hours are’ and ‘I am satisfied with how much control I have over my working hours’. There were statistically significant relationships between control or influence over working time arrangements and job satisfaction. Respondents who felt that they could exert influence over the times of the day at which they worked, the days on which they worked, and who felt that their job allowed them the flexibility to balance other aspects of their lives were more likely to be satisfied with their current job. Working hours, and control over them, therefore had a positive influence on whether employees were satisfied with their jobs or not.

Of all these statements, the only one where there was a statistically significant difference between stores was ‘I have influence over the times of the day that I work’. In Store A, 55 per cent of employees agreed that they had influence over the times of the day that they work, whereas in Store B, the figure was only 30 per cent and Store C, 36 per cent. Across all three stores a similar proportion of employees expressed disagreement with the statement (Store A, 30%; Store B, 35%; Store C, 30%). These figures demonstrated that employees in Store A felt they had more influence over their working time arrangements than employees in the other stores. Given the budget constraints that dictated labour usage within the organisation, it was unlikely that this store was actually in a position to permit employees more influence. Although, increased sales turnover in Store A, might have given management here more latitude in their scheduling decisions. A more likely explanation was that the process of scheduling hours was better managed in this store so that employees perceived the process as giving them more influence. It is also possible that management in this store were better at managing and took the time to uncover what employees wanted in relation to their hours, or that they had less casual workers on the books and were therefore more able to distribute working time.

The survey results also demonstrated that casual employees felt that they had more influence and control over the location of their working time than permanent employees. As such, the survey data supports the findings of the qualitative research. Of the casual employees surveyed, 53 per cent agreed that they had influence over the days on which they worked and 16 per cent disagreed. Of the permanent, full and part-time employees, only 35 per cent agreed that they had influence over the days on which they worked and 39 per cent disagreed with the statement. Similarly, permanent employees were less likely to agree that they could refuse to work extra hours if they wanted to. Of the permanent employees, 65 per cent felt that could refuse extra hours, while 80 per cent of casual workers felt they could. Seventeen per cent of permanent employees disagreed that they could refuse hours and these were primarily management. Only four out of 30 non-student casual employees felt they were unable to refuse hours, and these were the employees who wanted permanent employment. Similarly, nine of the student casual employees felt they were unable to refuse extra hours, but only three of these employees wanted permanent employment. Casual employees within stores were overheard saying ‘if you don’t accept the hours you are given then you won’t get any’ and it is perhaps these employees who do not feel that they can refuse hours. It is also apparent that those employees who feel uneasy about refusing hours are those who would prefer to move to permanent employment status, so perhaps they perceive a need to be available and that this will influence the firm’s management to transfer them to permanent employment.
After noting management’s complaints about casuals refusing to work and the opinions of some casual employees that they felt they had to accept hours in order to retain employment, the researcher was curious to determine whether casual employees were perceived to have a greater influence over their working time than permanent employees. The statement asked whether ‘Casual staff have more influence over their working time than permanents’. Forty-five per cent of permanents and 51 per cent of casuals, agreed with this statement (including 58% of all managers), while 36 per cent of permanent employees disagreed and only 19 per cent of casuals. Proportionally, more casual employees indicated satisfaction with the degree of control, which they had over their working hours. Fifty-eight per cent of casuals agreed with the statement ‘I am satisfied with how much control I have over my working hours’ whereas only 51 per cent of permanent employees did. Again, there were differences between student and non-student casual employees. Similar proportions of permanent employees (24%) and casual employees (26%) gave a neutral response. Twenty-five per cent of permanent staff said that they were dissatisfied with control over their working hours and sixteen per cent of casuals. Dissatisfaction amongst permanent employees with control over working time was not an issue confined to one group of workers or one store, which suggested that the issue was a result of the business needs of the organisation dictating working time. These findings suggest that an opinion on who has the most control depends very much on the individual workers’ circumstances and their perceptions. For example, a casual part-time employee who does not want a long-term career with the firm, or a full-time job feels reasonably comfortable making themselves unavailable and therefore does exert a measure of control, but only the right of refusal. A casual part-time worker who wants a permanent position or full-time employment is much less likely to refuse additional hours or to say they are unavailable.

All casual employees in this firm had an expectation of continued employment, despite the fact that the organisation used casual employment as probationary employment and the entry point to their internal labour market, however, they had no guarantee of regular hours. In order to assess the ‘regularity’ of working hours, respondents were asked about their degree of satisfaction with the regularity of their working hours. Some 69 per cent of permanent employees and 47 per cent of casual employees expressed satisfaction with the regularity of their working hours. This suggested that some casual employees were indeed ‘regular’ casuals, whereas others were not. Yet, it should be kept in mind that only 24 per cent of casual workers actually worked the same number of hours across the two-week period assessed in the survey. Approximately the same percentage of casual (20 per cent) and permanent (18 per cent) staff gave a neutral response, while 13 per cent of permanent employees and 33 per cent of casual employees indicated dissatisfaction with the regularity of their hours. The permanent employees who were dissatisfied were primarily full-time members of staff who had regular hours, so it was possible that their dissatisfaction related to the six day/four day roster or to overtime hours worked.

Conclusion
This paper has highlighted some of the changes to working time arrangements in Australia over recent decades. In particular, the extension of operating hours in the retail industry from 40 hours per week to upwards of 84 hours per week has been outlined. The findings from a survey of 272 supermarket employees have been used to examine satisfaction with working time arrangements in the retail industry. The findings indicate a diverse range of employee views in relation to changes in working time arrangements in retailing. Permanent workers wanted permanent jobs, but a sizeable minority of casual workers (34 per cent) also wanted permanent jobs. A majority (51 per cent) of casual workers wanted longer working hours, as
did a number of permanent part-time workers. Across the stores, between 30 and 55 per cent of all employees felt that they could influence the times of the day at which they worked, suggesting that for most control over working time was an employer controlled decision. It was noted that those workers who felt they were able to influence their working time were more satisfied with their employment. For some, primarily students, this meant that casual employment appeared a better option. Although, there was not a clear majority of workers who felt that casual work gave the employee more control over working time than permanent staff.

These findings support the claims that working time arrangements need to be ascertained and negotiated at firm level as each employee’s individual circumstances will differ, as will the desired duration and location of their working time. The challenge for firms is to achieve a fit between the employee’s desired working time arrangements and the needs of the firm. An allied challenge is to deal with the process of allocation of hours in a way that permits employees to gain enhanced influence over the process and hence enhanced job satisfaction. The supermarket sector of the retail industry has responded to pressure for working time change by employing large numbers of workers for short durations of time. This survey has shown that many part-time employees, both permanent and casual, want longer working hours and thereby higher levels of income, and many full-time employees want shorter working hours. The paper raised issues about control over working time and identified that of the casual part-time employees, the majority of the student group wished to remain casual to give them the right of refusal over hours, whereas the non-student group of casual workers were more inclined to want longer hours and permanent employment. Permanent employees, part-time and full-time, however, felt they had less control over hours than casual workers. This is a complex issue with implications for workers and for the firms that choose these employment structures and it is one that requires further investigation.

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Developing employment relations teaching in New Zealand

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Recent changes in New Zealand’s employment relations framework has made the topic vital for many students but its multi-disciplinary foundation and its particular historical and cultural setting have proved difficult for student learning. This paper overviews our development of employment relations teaching materials and it shows how this development has been driven by specific shortfalls in the available teaching materials and by changing student needs. It is also emphasised how the teaching and research processes are interlinked and this provides an avenue for making research-driven teaching obtainable. In order to facilitate the students’ understanding of and interest in the research process we have developed a number of case studies and a CD-ROM design has been trialled in 2005. The paper overviews two of the case studies and it also details the development logic of the CD-ROM design.

The history: development of employment relations teaching materials

A number of inherent problems with teaching New Zealand employment relations became the impetus for the development of both teaching materials and our own teaching approach. During 1995 to 1997, it became clear to two of the authors that we were not meeting the needs of our students in the stage one introductory course in management and employment (at that time, teaching around 1,800 students a year) in terms of providing them with a good grounding in New Zealand employment relations theory and practice. In particular, there was no suitable New Zealand textbook and the various attempts to use a British textbook or course books (compendium of articles and book chapters) were roundly condemned in the formal and informal feedback from the students.

At the same time, it was obvious from teaching stage two and stage three courses that there was a lack of up-to-date and relevant New Zealand teaching materials in the area. This was caused, to a large degree, by the specific nature of employment relations in New Zealand, which had undergone massive legislative changes in the early 1990s and a substantial shift in its philosophical and empirical context over the previous 15 years (Deeks et al. 1994, Harbridge 1993, Kelsey 1997). In short, teaching employment relations was centred around country-specific legislation, labour market structures and trends. By 1997-1998, we realised that if the topic was to progress and if the students were to gain an understanding and a life-long passion for the subject we needed to review both our teaching tools, the methods of delivery and our teaching approach.

The initial textbook for stage one students was a brief overview of the fundamental elements of employment relations (Rasmussen & Lamm 1999) and was targeted at students with limited understanding of subject. This meant that it was short and easy to read (it was also relatively inexpensive which the students had stressed as an important feature in their feedback). The development of the second textbook was a more difficult proposition. The available textbook (Deeks et al. 1994) and its predecessor (Deeks & Boxall 1989) had set the benchmark for employment relations teaching at university level in New Zealand. However, the textbook was out-of-date, it was a very large book and, according to the students, its treatment of theoretical themes was confusing. It was decided, therefore, that a smaller book, but with more up-to-date theoretical and empirical material, was necessary. In the end, the
new book was 200 pages shorter than the previous textbook and still, its 400 pages contained a major extension of the theoretical and empirical foundation.

The textbooks brought us nearer to our goal of having up-to-date and relevant teaching tools which facilitated the integration of theory and practice. A further major step forward in this direction has been the development of a “living” website since 2002 in which material is continually being added and edited (refer to www.employment.org.nz). This universally accessible website is being used by both lecturers and students at the University of Auckland and at other New Zealand and overseas universities. The website has been built with several aims in mind:

- To support and facilitate the use of the textbooks in various teaching settings and to various levels of students. To this end, we have developed custom-made overheads and explanatory notes to the overheads. There are also case studies, question-&-answer sections, and the presentation of more in-depth research.

- To provide users with current information and resources as we are able to post revised teaching material in the form of new sections for the textbooks, outlines of legislative changes, references to new academic and non-academic research, additional links to important websites and, in particular, new information and new websites. The ability to provide users with the latest information is a very important aspect of the website and one of the reasons why it was decided to develop our own website instead of relying on the websites of the textbook publisher (although it is associated with one of the world’s largest textbook website run by Pearson Education and Prentice Hall).

- To facilitate the development of a wider coverage of teaching and research across New Zealand universities, polytechnics and private teaching institutions. For example, a number of teachers using the website have developed their own case studies and teaching tools to support their own teaching. These case studies and teaching tools can then be displayed on website for common use. As discussed in detail below, a colleague from another university has made a CD-ROM about the Employment Relations Act (Williamson 2005). Information about this CD-ROM will be featured on the website and it provides another exciting technological avenue for enhancing teaching materials and student access.

Case studies: the one-two-three approach

As stated, there was growing concern over the way in which employment relations was being taught. There was a need to develop an approach which would allow the student to view the topic from different angles and facilitate the exposure of the student to varying levels of detail on a particular topic. It was decided therefore to develop different versions of the same case study: the one-two-three approach to case study development. The short version – often 1-2 pages long with a few questions – was targeted at large class teaching and provided a limited exploration of nuances of the case study. The next version – often 4-5 pages long - allowed a more in-depth discuss of the chosen topic while the longest version – sometimes over 15 pages – was aimed at assisting students writing their essays on the topic or seeking a more comprehensive understanding. The longest version could also be used as a temporary collation of information on a topic which was still evolving, allowing student input to the subsequent re-writing of the case study.

Originally, the key purpose of developing case studies was to support textbook chapters and to highlight current key issues in employment relations. An example of this was the case study on the longest running, collective bargaining dispute in New Zealand involving the New
Zealand Fire Service and the NZ Professional Firefighters’ Union (see Rasmussen & Lamm 2002: 49-52). This conflict was front-page news for several months and resulted in a national referendum. It also highlighted some of contentious public sector bargaining issues under the Employment Contracts Act 1991. Analysing this case study made employment relations teaching more exciting and relevant as students who were able to read in-depth accounts of the machinations that characterised this dispute. The case study also had a number of spin-offs, for example, media reports of the dispute were analysed in terms of their biases, (see below) and examples of poor bargaining techniques and miscommunication were highlighted using this case study.

Case studies were also developed based on one’s own research which had the effect of not only refining research publications but also ensuring that the teaching material was credible and that the students were exposed to the latest discourse on a particular topic. Because there are few employment relations researchers in New Zealand, these research-driven case studies are invaluable as they are able to be presented sooner and to a wider audience than if they had been published in a journal article, as discussed below.

However, recently it has been recognised that there is a need to undertake further research in order to fill gaps in the curricula at the University of Auckland and other tertiary institutions. As a consequence a dialogue amongst a number of employment relations researchers has begun to highlight areas where there have been recent and profound changes in employment relations theory and practice and where there has been no research undertaken or teaching material developed (see below in the second case study example). This state of affairs is not unusual in employment relations where the topic’s key features - such as legislation, types of work, employment practices - are in a constant state of flux. Therefore, initiating research-based case studies driven by a teaching need was not necessarily a radical approach but a more pragmatic one aimed at fostering collaborative research and teaching that benefits both researcher and student.

Thus, case studies developed by other researchers have begun to feature as part of our overall package of employment relations teaching materials. In a small country, there is little room for more than one textbook on a given topic. However, this can create problems in terms of including a variety of ‘voices’ and ensuring that suitable research is incorporated. In order to overcome these shortcomings, we have made it clear to our colleagues at other universities and polytechnics that we are interested in featuring their case studies and other teaching materials (refer to www.employment.org.nz).

The real advantage of this inclusive approach is that it accommodates the many different disciplinary fields which constitutes the basis of employment relations, including economics, political science, sociology, history, employment law (see Deeks & Rasmussen 2002: 7, 17). For example, employment law and legal precedent have taken on a life of its own following the introduction of the Employment Contracts Act in 1991 and the Employment Relations Act in 2000 (Caisley 2004, Kiely & Caisley 1993, McAndrew et al. 2004) and is the reason why personal grievance cases studies have become an integrated part of employment relations teaching in New Zealand.

**Case study example I: employment relations in the media**

‘People’s view of employment relations is often shaped by their own personal experiences, but an overriding influence on their attitudes and impressions is what they read and hear through the media.’ (Rasmussen & Ross 2004: 21). The importance of media research has long been recognized and there have been a growing number of overseas studies on media
reporting and its economic and social influences (for example, Curren & Gurevitch 2000, Lindhoff 1998). There have also been some very significant New Zealand research on media trends and media influences (see Atkinson 1984, McGregor 1996, McGregor & Comrie 1995).

However, there have been relative few studies of media reporting of employment relations in New Zealand. The studies of Harbridge (1983) and Scott (1996) are the rare exceptions to the otherwise general lack of academic studies of news coverage of employment relations. In addition, there are distinct biases in the media reporting with a focus on dramatic events and personalities rather than underlying issues (Deeks & Rasmussen 2002). The shift towards decentralised and individual employer-employee negotiations and a lower number of industrial disputes in the 1990s took the media spotlight off traditional employment relations issues, such a collective bargaining, industrial disputes and unions, for a short period of time. Instead the media interest became more focused on public policy debates, as noted by Deeks and Rasmussen (2002: 14):

But while industrial disputes may no longer have been a permanently newsworthy topic in the 1990s, a profound lack of consensus over the Employment Contracts Act (ECA) kept employment relations in the media limelight. The ECA was a major political dividing line in the 1993, 1996 and 1999 general elections.

Although the lack of academic research of the area was the main driver of our development of case studies on the media, it was also driven by the research done for the Chronicle in the New Zealand Journal of Employment Relations. So far, this has involved on-going overviews of media reporting of employment relations for nearly a decade. The Chronicle was originally used in teaching as a way of providing extant teaching material. This was then further progressed by developing case studies of specific themes, for example the review and adjustment of the current legislative framework; the Employment Relations Act 2000; and nursing and employment relations (Rasmussen et al. 2005a & 2005b).

Finally, the attempt to create research-driven teaching has been turned on its head and we are now moving into teaching-driven research. This has, in part, occurred as a result of turning teaching materials into fully fledged research “outputs” to comply with the way PBRF – the new public research evaluation exercise - measures research (see Curtis 2004). The first result has been a book chapter (Rasmussen & Ross 2004). The research on employment relations in nursing and its associated case study (Rasmussen et al. 2005a) has also feed into other types of research. First, it provided an additional element in a larger research project on turnover costs in nursing (see North et al. 2005). Second, we are currently working on a similar study of the attempt to create a multi-employer collective agreement (MECA) across New Zealand universities. This will continue the research approach from the case study on employment relations in nursing. However, it will go beyond research of media reports and involve interviews of the key negotiators and a more extensive research of the attempts of the key ‘actors’ to influence media reports. This more in-depth research of the bargaining process will allow this case study to feed into Masters courses on bargaining and negotiations.

Case study example II: the Human Capability Framework

In the case of the Human Capability Framework, we started from the other end: the academic research output – a journal article – became the starting point and teaching materials and case studies followed. As editors of the New Zealand Journal of Employment Relations, two of the authors encouraged Dr Rupert Tipples to submit an article on the Human Capability Framework (HCF). It had become clear that the Framework was having a significant impact on public policy thinking. It was also being used as a research tool to explain and reconcile
labour market complexities: for example, contradictions in terms of skills shortages and high unemployment as well as employment and pay inequities between the genders and different economic and cultural groups. In spite of its popularity amongst policy makers and researchers, there were no publicly available academic publications on the topic. The resultant journal article (Tipples 2004) not only provided a useful overview of the recent developments of the HCF but it also added another dimension to labour market analysis in New Zealand.

It was envisaged originally that the article would become a seminal reading in the employment relations stage II and stage III of University of Auckland’s BCom degree. In this role, the article would provide a crucial pedagogical bridge between discussions of historical, theoretical and regulatory frameworks and the associated changes in employment relations policy and practices. This would add relevance and clarity to the complex overviews and discussions of fundamental changes in the labour market. The other intended outcome was to initiate students into the realm of academic writing and in particular, to enhance their ability to understand and critique academic journal literature.

In order to facilitate the students’ access to academic journal writing, two different overhead versions were developed: one overhead set provided a short overview and the second overhead set constituted an in-depth discussion of the Framework and how it could be used both academically and in public policy-making. As the practical application of the Framework is vital for its long-term importance in academic discussion, a specific case study was produced by Dr Tipples. This case study is based on a recent publicly funded report and it shows how the Framework have been used to establish future employment needs of the dairy industry. Besides illustrating the practical application of a theoretical model, the case study also points the students in the direction of available research reports.

At the point of writing, it is the intention to take the debates of the Framework further by dedicating a future issue of the New Zealand Journal of Employment Relations to research on issues and trends in the agriculture sector. These articles will then be used in teaching in a similar way as discussed above.

Case study example III: CD-ROM based teaching resources

An exciting new technological development has been the establishment by David Williamson, AUT of a CD-ROM platform for the delivery of New Zealand based employment relations teaching materials. The development of this resource was driven by a combination of specific learner needs that were identified through a series of focus groups, learning styles questionnaires and formal student feedback.

Specific Learner Needs

The CD-ROM was developed for a course titled “Hospitality Employment Relations” which sits in the third year of the Auckland University of Technology’s (AUT) Bachelor of International Hospitality Management. The Hospitality Employment Relations CD-ROM is one of four CD’s developed to support courses in the School of Hospitality and Tourism, funded through an ongoing series of Teaching Resource Development grants. This project was driven by a series of focus groups that identified several key changes in the educational environment and specifically in the quantity, skills, demographics and mindset of students attending AUT. The key factors were:
The drive for more open access to tertiary education has greatly increased the quantity and cultural diversity of students attending AUT. This has resulted in larger classes of *domestic* students that cannot be assumed to have a prior knowledge of New Zealand’s political, legal and cultural contexts. Traditional lectures could not deliver all the material required by these learners.

Aggressive marketing to overseas markets has greatly increased the numbers of international students attending the School of Hospitality and Tourism, especially from China. This student body clearly required increased local cultural learning resources and being English as a second language learners, they also required innovative teaching resources that could support text based materials.

There was a noticeable rise in domestic student feedback calling for more New Zealand based, hospitality relevant, up-to-date learning resources. There was growing resistance to the use of text books, videos and support resources based on American or European examples. The challenge was to create our own, contemporary, hospitality based resources.

The advent of the Performance Based Research Fund has increased the desirability of the teaching/research nexus - research based teaching and teaching based research. The CD-ROM projects were seen as an opportunity to link industry based research and innovative teaching practice.

The points listed above provided the driving force for the CD-ROM project across four courses and two programmes within the School of Hospitality and Tourism. These factors were closely reflected by feedback gained specifically from students in the Hospitality Employment Relations course. Almost 50% of the students in this course were second language learners, the vast majority from China. Analysis of the international students course work from previous semesters indicated reduced levels of English language proficiency and problems with underpinning political, legal and cultural knowledge. Learning styles questionnaires run at the beginning of the course consistently show a clear preference, across the class, for activist style learning (being involved in new experience, hands on exploration, being thrown in the deep end on tasks). The learning style results also show a clear class preference for visual, auditory and kinaesthetic learning. Formal feedback from the class regarding the content and delivery techniques of the course strongly suggested that more contemporary, hospitality based examples were needed to aid understanding of the theoretical concepts covered. The CD-ROM created was an attempt to meet these specific learner needs.

**The CD-ROM Format**

The CD-ROM format was chosen to address the specific learner needs listed above for the following reasons:

- The CD-ROM itself is robust, light, and reliable. It is capable of holding large quantities of text material and high quality video content. The technology required to run the disk is ubiquitous (the personal computer). Informal feedback has indicated that students are more likely to bring this resource to class with them and continue to use it in their professional lives, due to its light weight and small size.

- The CD-ROM allows students to learn at their own pace and at their own place. The reality of large numbers of diverse students in classes, who are predominately activist, visual, auditory and kinaesthetic learners, required the creation of support material that they would use outside of lectures. It was hoped that these students would be more
likely to explore and use the CD-ROM based materials (particularly the video content),
than traditional text book style resources.

- The CD-ROM format allowed us to package video interviews with text resources in an
interactive format. The layout of the disk was designed to encourage the exploration of
activist and kinaesthetic learners. The video content was a direct response to the needs
of visual and auditory learners.

- While the creation of the CD-ROM involves a considerable amount of front end time
and expense, once established, the format allows easy and highly cost effective
updating. This is crucial for the ongoing capacity to keep the resource contemporary.
With very little effort, new articles, readings and video content can be added to the disk
from semester to semester.

The CD-ROM content
The CD-ROM has three components: text based resources, video resources, and web links.
The text resources are designed to work in addition to the text book assigned to the course.
These text resources are a mix of contemporary journal articles, internet based readings and
newspaper or magazines articles. This material is the equivalent of a traditional, photocopied
readings book, but is digital and can be updated every semester at very little cost. The web
links are a collection of useful internet support sites, including Governmental employment
relations sites, union sites and the support site for the assigned text. The user of the CD-ROM
can simply click on a web link on the CD-ROM and providing they have their internet
browser open, they will be taken to the relevant site. While the CD-ROM has a very large
capacity for text based material, feedback from earlier prototypes suggested that student
prefer larger collections of text material in traditional forms, either a text book or a
photocopied readings book. Very few learners like reading text off the screen, and the
students resent the cost of having to print large quantities of text off a disk.

The heart of the CD-ROM is a collection of six video interviews with relevant hospitality,
Government and union representatives. The interviews are designed to provide the learners
with key contextual information the support the theoretical concepts covered in the course.
The video content allows the learners to see spokespeople for divergent perspectives on
employments relations making their arguments. Three of the videos feature interviews with
hospitality practitioners – owners of a restaurant, the Human Resource Manager from the
Hilton Hotel and a former restaurateur who had become a Member of Parliament and
employment relations spokesperson for her party. By placing these interviews in the
hospitality context, the learners can see contemporary examples of how the employment
relations theories they have studied are expressing themselves in the “real world”.

The remaining three video represent a cross section of political viewpoints on New Zealand
employment relations. This content allows the learners to see the impact of underlying
Pluralist and Unitarist assumptions on the perspectives of these commentators and also
demonstrates the divergence in political rhetoric regarding how employment relations should
be conducted in New Zealand. The video content was designed to allow the learners to see
employment relations through the frames of diverse perspectives. Representatives were
included from small business, large multi-national corporations, unions and political parties.
An effort was made to direct the interviews towards the most current issues, to ensure that the
material was as contemporary as possible. Interviewees were encouraged to use hospitality
examples wherever possible.
Evaluation

The CD-ROM was used, on a pilot basis, for the Hospitality Employment Relations course in semester one of 2005. Formal and informal feedback was sought from the students using the disk and stakeholders involved in its production. Overall the feedback was positive, with the students finding the format and content useful. Feedback included:

- The disk was robust, easy to use and performed as it was designed to. This was an important consideration in the design process, several complex functions were left off the final disk in favour of a product that would run consistently on all computers.

- Students with English as a second language liked the drag and pause function on the video clips. This function allowed the students to effortlessly repeat sections of the video and thus fully understand what was being discussed – something they often can’t do in lectures.

- The content was deemed helpful and relevant to the course outcomes. Students appreciated the hospitality context and felt the political theory involved in the course was well supported by the video content on the disk.

Considerations for the future development of the CD-ROM

- The video interviews would benefit from having clear captions that indicate what topics are being discussed.

- A challenge lies in incorporating the resources on the CD-ROM into the wider course content and assessment. Students felt that the videos could be used more intensively within lectures and assessment options like an essay.

- While a considerable amount of time and money is involved in creating the disk, updating it based on initial feedback is proving to be easy and cost effective. In addition, the video content is easily transferred from the disk to other formats (PowerPoint, Blackboard) for lectures, seminars and alternative delivery techniques.

In conclusion, the CD-ROM delivery platform has proved to be an effective and flexible response to specific learner needs in an employment relations environment.

Summary

This paper has described the various ways that we have used case studies as an integrated part of our attempt to reach the ‘holy grail’ of academic teaching: research-driven teaching and teaching-driven research. We are still not there, but a comprehensive package has already been developed, including textbooks, websites, dedicated case studies and a CD-ROM platform. Finally, the continuous improvement of teaching materials and the development of new case studies is an on-going process and being part of that process or journey is at least half the enjoyment for dedicated teachers.

References

AWAs: The High Road or the Low Road?

John Rice and Doug Davies
University of Canberra

This paper empirically assesses some of the propositions relating to the positive impacts of the introduction of AWAs and individual contracts within the Australian workplace. We study the impact of AWA adoption within 2028 Australian firms with between 20 and 200 employees. We find no support for the overall proposition that AWAs improve productivity and hence lead to increases in employment and wages. We offer some alternative conclusions, based upon the empirical evidence presented, as to their impact.

Introduction

The deregulation of the ‘ossified’ Australian labour market has been a key objective of the conservative Howard Federal government. A key part of this agenda has been the promotion of individualised employment contacts entitled ‘Australian Workplace Agreements’. A central tenet of the Howard Government’s push for enhanced use of AWAs has been their mooted impact on firm performance. Prime Minister Howard (2005) has been quoted thus:

I mean, my central philosophy is that the greater the spread of workplace agreements, which by their nature and particularly under what we propose will be attuned to the particular circumstances of individual workplace, the greater will be the productivity gains. That is the biggest single productivity boost that comes out of these changes.

The academic supporters of AWAs, most notably Dr Paul Gollan from the London School of Economics (Gollan and Hamberger 2003, Gollan 2003, Gollan 2004, Wooden 2001) have consistently pointed to both the ‘soft’ and ‘hard’ benefits of individual contracting, specifically the relational benefits of trust and consensus to flow from individual worker negotiations with their employers and also the performance benefits to firms (in terms of economic performance) and employees (in terms of higher wages).

The Australian academic community has been somewhat more reticent in its support, with a group of industrial relations academics (Lansbury et al., 2005) recently criticising the paucity of research for the expected positive outcomes of IR reform in Australia, and noting the potential substantial costs to individual workers.

This research seeks to extend this discussion by introducing relevant and salient empirical evidence on the impact of AWAs and other individual contracting arrangements on a range of factors, including labour and total productivity, average wages and total employment outcomes. We intend to test hypotheses drawn from proponents of AWAs and ICs to examine if indeed there is any merit to their claims of positive outcomes for workers, for firms and hence for Australia.

Potential Productivity Benefits

The essential logic of the proposed changes is that by allowing employees and employers to establish the conditions of employment locally, rather than have them imposed from exogenous agencies, more relevant and productive arrangements will occur. This primary outcome is seen to drive secondary and tertiary outcomes, as (a) firms share the productivity improvements with their employees through higher wages and benefits and (b) employ more
workers due to enhance economic competitiveness. These benefits are seen to drive improvements in the economy as a whole (Boreham et al. 1996).

There is some logical appeal to the above model, though there is little empirical evidence to suggest that such outcomes will flow from individualised employment arrangements. Indeed, contrary evidence is presented that AWAs generally lessen the rights and entitlements of workers under them (McCallum 1997; Roan et al, 2001; Van Barneveld and Nassif, 2003), enhancing the degree of unilateral managerial prerogative through the removal of a range of protections under both EBAs and award-based systems (Wolski 1998).

In many respects, AWA type approaches create new costs for organisations in terms of the costs associated with legal and contracting arrangements. Like all contracts, they raise the spectre of moral hazard and opportunism far more than would externally-agreed arrangements.

Tseng and Wooden (2001), in analysis of the same data set, found that firms with high AWA adoption tended to be more productive, though they did not look at the adoption of AWAs as an explanatory factor. Thus, AWA usage and high productivity may both be correlated with a third factor – perhaps firm age. This paper does specifically look at the impact of AWA adoption on firm productivity.

As such, it is important to assess the benefits of the introduction of AWAs in practice, to see if the mooted benefits (or costs) are evident in representative empirical data.

**Sample and Methods**

The sample for our analysis comes from the Australian Bureau of Statistics Business Longitudinal Survey 1994 – 1998. This survey was conducted among 9733 Australian firms between 1994 and 1998. These firms varied in size from 1 to 200 employees, as at the end of the survey in 1998 (i.e., for confidentiality reasons, larger firms were removed from the sample). We secured access to the survey responses in the form of a confidentialised unit record file, that allowed for the analysis of a variety of factors salient to this research, including the number of employees in an organisation, the number employed under individual contracts, firm financial performance, levels of unionisation and internal organisational management practices.

To narrow the sample, we looked only at firm with twenty or more employees as at the data collection period at the end of 1998. Recent evidence from the Office of the Employment Advocate (2005) indicates that the uptake of AWAs in firms with less than 20 employees has lagged other firms within the economy. We further narrowed the sample to include only firms who were operative throughout the period of the study. This narrowing of the data provided us with a sample of 2,028 firms with between 20 and 200 employees, with data for each of these firms across a large variety of variables.

While somewhat dated, the final two years of the survey coincided with the introduction of the 1996 Workplace Relations Act (Cwth) which facilitated AWAs. As such, we have been able to assess the impact of AWAs on a range of factors for those firms (and their staff) who have adopted them. The data has allowed for hypothesis testing relating to a number of contentious issues that hitherto have been debated at best anecdotally (i.e. Mitchell and Fetter, 2003; Gollan and Hamberger, 2003).
Data Limitations
As mentioned, the data is somewhat dated, though it provides a unique and large source of comprehensive secondary data of relevance for this research. While other research has investigated the industry-level impacts of the introduction of AWAs (Peetz, 2005), there has been no published research in Australia that has looked empirically and quantitatively on the firm-level impact of these changes on productivity. By adopting a firm level of analysis, this paper escapes the problems of broader drivers of productivity increases that may be impacting on industries (for example, specific technological change of relevance to an industry) that may provide a more comprehensive explanation of productivity changes.

While it would have been desirable to have the data reflect the presence of both AWAs and individual contracts, the data gathered by the ABS aggregated these two arrangements into “individual contract or agreement”. This provides a structural limitation to the analysis, as the research is focusing on the impacts of the introduction of AWAs, though it seems that most of the growth in the aggregate measure noted above was indeed growth in AWA usage over the period being examined.

It should be noted that the data set included only firms with between 20 and 200 employees. While this includes a large number of firms, it could not be held to be completely representative of all Australian organisations. Nonetheless, the troubling results within this group of firms is a significant issue for Australian policy makers.

Impact on Firm Performance
A key aspect of the Government’s rationale for the introduction of AWAs has been to promote firm productivity improvement. Indeed, the mooted improvements in productivity provide the logical basis for the other secondary benefits – increases in jobs, wages and economic growth. We extended this discussion of performance somewhat, to include outcome measures available in the sample. We were interested to investigate if the enhanced use of both AWAs were actually associated with higher levels of financial performance at the firm level and also if they were associated with improvements in labour productivity. To investigate this, we constructed from the data available a variable measuring (a) the change in profit/loss as a proportion of sales between 1996 and 1998 for the firms in the sample as a measure of firm productivity and (b) the change in profit/loss per full time employee as a measure of labour productivity. We estimated a full time equivalent employee number for each firm from the available data.

Hypothesis 1: The extension of the use of AWAs/ICs will be positively associated with an increase in firm productivity.

Hypothesis 2: The extension of the use of AWAs/ICs will be positively associated with an increase in labour productivity.

Impact on Wages of Employees
The proposition that enhanced use of AWAs will lead to higher wages has been actively promoted in Australia by their proponents. To test this proposition, we look at the average wage per employee in 1996 and 1998, and investigate any association between the rate of growth of wages and the extension of the use of AWAs. This measure is more precise than other data that has occasionally been quoted as to the average salary levels of AWA and non-AWA recipients (Hamberger 2001 – quoted in Hansard -
By looking at the relationship between the growth in total wages per employee between 1996 and 1998 and the growth of the use of AWAs, we can take into account the capacity of the existing award and EBA systems to adequately compensate highly skilled organisational employees for their valuable skills. The national average figures for AWA and non-AWA staff ignores the fact that few low skilled workers are AWA recipients, most being covered by their respective awards and minimum wage guarantees.

Hypothesis 3: The extension of the use of AWAs/ICs will be positively associated with an increase in the average wages paid per employee.

Impact on Total Employment

Proponents of the AWA changes have also argued that there will be growth in total employment in the jobs market in response to the greater flexibility delivered by AWAs and the productivity increases that they will deliver. In theory, the relationship between labour and total factor productivity and employment growth could be expected to be complex. On the demand side there would be the competing impacts of higher levels of labour productivity lessening the total demand for employees, as fewer employees produce broadly similar levels of output, while total firm productivity increases by firms, facilitated by improved labour productivity, would be expected to enhance firm competitiveness and drive business growth.

We would expect that these competing drivers would both have an impact on employment growth, though we wanted to test for any evident relationship between both AWA adoption and employment growth (as a secondary issue) and also firm productivity improvements and employment growth (as a primary issue).

Hypothesis 4: The extension of the use of AWAs/ICs by firms will be positively associated with an increase in total employment by firms.

Hypothesis 5: Improved labour productivity within firms will be positively associated with an increase in total employment by firms.

Hypothesis 6: Improved total productivity within firms will be positively associated with an increase in total employment by firms.

Results and Analysis

The results of our statistical analysis are presented in the following table.

Table 1. Descriptive Statistics and Bivariate Correlations

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S.D.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Change in AWA Usage</td>
<td>0.059</td>
<td>0.342</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Change in Employee Numbers</td>
<td>11.57</td>
<td>31.844</td>
<td>.137**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Change in Average Wage (%)</td>
<td>6.100</td>
<td>20.768</td>
<td>.197**</td>
<td>.233**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Change in Labour Productivity (%)</td>
<td>4.173</td>
<td>219.985</td>
<td>-0.026</td>
<td>0.022</td>
<td>0.069**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5. Change in Firm Productivity (%)</td>
<td>0.181</td>
<td>7.939</td>
<td>-0.003</td>
<td>-0.002</td>
<td>0.013</td>
<td>0.247**</td>
<td>1</td>
</tr>
</tbody>
</table>

N = 2028; **p < 0.01
Hypothesis 1: There was no statistical correlation between the extension of AWA usage and improved firm productivity. There was a small negative correlation, though this was not found to be significant.

Hypothesis 2: There was no evidence to suggest that the extension of AWA usage leads to an improvement in labour productivity at the firm level according to the measures employed in our analysis. The correlation was in fact negative, though not sufficiently so to be statistically significant.

Hypothesis 3: A statistically significant correlation was found to be evident between the uptake of AWAs and the growth in average wages per employee. This finding is supported by the work of Peetz (2002) who noted that certain managerial employees benefited substantially from the introduction of AWA arrangements in terms of remuneration, while those with less valued skills suffering from a deterioration of wages and conditions.

Hypothesis 4: Growth in the use of AWAs was seen to be correlated with an increase in total employment numbers. There are various potential explanations for this, though as there was no evident correlation in AWA adoptions and labour productivity, this may reflect a managerial preference for AWAs over awards and EBAs for new hires.

Hypothesis 5: Improvements in labour productivity in firms were not correlated significantly with higher levels of employment in those firms.

Hypothesis 6: Improvements in total firm productivity in firms were not correlated significantly with higher levels of employment in those firms.

Discussion

This research is preliminary in nature, and has been intended to test some of the propositions that are generally used by policy makers and other proponents to justify the introduction of individual arrangements within firms. The results present some interesting challenges for the proponents of AWAs and individual contracts in Australian workplaces. None of the mooted benefits regarding productivity were seen to be evident in this large and representative data set. As productivity improvements are generally proposed as the key positive outcome of AWA adoption, and the driver of other secondary and tertiary benefits (wage and employment growth and hence economic prosperity) there are some troubling empirical issues to further explore.

An alternative reading of the analysis would be that employers prefer the level of unilaterial managerial autonomy that AWAs can allow when hiring new employees. The higher bargaining and administrative costs of AWAs do not decrease total labour productivity for most workers, as these costs can be recouped through a lessening of total remuneration costs (wages and other benefits).

The absence of productivity increases raises questions about the impact of AWAs on the national economy in aggregate. Other evidence (Peetz 2002) has suggested that AWAs and similar instruments create greater disparities in remuneration levels across an economy. New jobs created under AWA arrangements, by virtue of the removal of many of the protections afforded under EBAs and awards, are contingent in that they are subject to separation conditions generally determined by the employer. As such, what may be expected to emerge will be growth in low paid, contingent jobs for low skilled employees, and high paid contingent jobs for highly skilled workers. Such use of contingent workers will facilitate more variance in aggregate demand, especially during economic downturns as employee numbers are reduced, further lessening aggregate demand.
Furthermore, questions of equity are ignored in the processes of individualisation. The creation of disparities in the labour market vis-à-vis high and low skilled workers will have serious implications for social relations at work and more broadly (Walsh and Bray 1998).

References

Macquarie, Marsden and the Sunday Muster Dispute: Some thoughts on the role of religion and the management of convict workers

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The role of religion has been recognised as an ingredient in the transformation of pre-industrial worker attitudes and values. While official objectives for transportation of convicts to New South Wales certainly gave religion an important role, some historians have been less than convinced of its impact in reality. This paper will examine the role of religion in transforming convict worker attitudes by examining a dispute between Governor Macquarie and the Reverend Samuel Marsden over their attitudes toward a Government Order requiring convicts to be mustered on Sunday mornings. The Governor argued access to worship would improve convict morals while Marsden, the Chief Chaplain of the colony, argued these musters only increased convict lawlessness and decreased employer control over their convict labour. In analysing these opinions, the paper concludes that religious motives were only a minor consideration and that at the heart of the dispute was a conflict over the power of capital and labour in the colony.

Introduction

The role of organised religion in transforming the attitudes, habits and values of British workers in the early stages of the industrial revolution is well noted. In contrast there has been much less analysis of the impact of religion on shaping the attitudes of Australian workers. This is perhaps understandable given that Australia’s free settler workforce was relatively highly motivated in the first place. Most made the long trip to Australia with the objective of land, business, employment or gold. As a consequence, the analysis of the link between work motivation and religion that has been made has concentrated on the convicts, who were often unwilling immigrants (Grocott, 1980). This paper will make a brief foray into this topic by examining an 1817 incident in convict New South Wales (NSW) which draws attention to the relations between religion and the control of convict workers. The shaping of convict attitudes and values was central to transportation because it was explicitly designed to inflict punishment and to rehabilitate the convicts (Clark, 1985: 183). A key objective was to weaken the convict predilection to crime and dissolution and to transform the convicts by instilling habits of sobriety and dedication to hard work. A great deal of the civil administration of convict life and employment was certainly consciously designed to address this transformation. Less apparent is the role that religion played.

In the early stages of settlement around Sydney Cove there is evidence that Reverend Mr Johnson, the first minister in the colony, saw his role not only as a moral force in the transformation of the convict character but also as a mitigating influence on the way convicts were punished or managed by the state (O’Brien, 1950: 218-219). In reality he appears to have little impact in either capacity. In the case of the Reverend Samuel Marsden, the second and certainly the most important religious figure in the first half of the convict system, there is less ambiguity. He was not, it seems, particularly interested in either saving the souls or the backs of convicts. As a magistrate he was particularly fierce in the punishments he inflicted on convicts brought before him while he even went so far as to flog female convicts. He was not, in the popular convict eye, called the flogging parson for nothing (Ward, 1974: 90).

In exploring the role of religion, particularly as preached and administered by Marsden, this paper will examine a brief dispute that occurred between Marsden (and others) and Governor
Macquarie over the Sunday muster of convicts in 1817. A muster was essentially a form of census taking and musters were held all over the colony on a regular basis. By bringing the convicts together they could be counted while other administrative issues and changes could also be brought to their attention. Marsden opposed the musters of convicts on Sunday mornings while Macquarie made them mandatory through a government regulation of 1814. To Marsden this gathering together made the convicts more conscious of their collective numbers and more innovative and subtle in their resistance to authority. To Macquarie the muster was an essential administrative tool and one which could also be combined with the good influence of a religious service. The administrator was interested in the souls of the convicts while the minister of religion saw covert combination and resistance.

This dispute appears to have been viewed by historians as simply another example of the clash between Marsden and Macquarie. Indeed it was one of many clashes between these two men. But, although it prompted Macquarie to briefly tender his resignation in a fit of self-righteous pique (it was rejected, HRA I. Vol. IX. Bathurst to Macquarie, 18 October 1818: 839) it is in fact revealing of much more about the management of convict labour in NSW generally. The attitudes of both men and their disagreement on this issue were more than simply a clash between two strong personalities. This paper argues the dispute was also a clash between two visions of social and economic management.

A Brief Literature Review

An examination of the impact of religion or indeed any coherent belief system on the formation and definition of social norms is essentially examining the dynamic of Gramsci’s analysis of hegemony: the construction of a dominant ideology of the social relations in a society (Gramsci, 1976). An exploration of the role religion played in constructing attitudes or values is therefore a study in hegemonic relations. Religion informs a significant part of the dominant social ideology of society, shaping a people’s attitudes to authority and to resistance to authority (amongst other attitudes and values). This may not have been how Max Weber saw his work but no discussion of the link between religion and economic and social development can surely be made without noting his contribution. In short Weber argued that the independence and self-motivation unleashed by the Protestant reformation created attitudes and values that stimulated or encouraged the emergence of market economies and what he called the Protestant work ethic (Weber, 1976). While Weber’s explanation may now be questioned, the value of his basic argument remains: the prevalent or competing social attitudes and values apparent in a society are linked to political, social and economic developments. R.H. Tawney took the link further with a social history of the impact and role of religious thought on economic and social development. Specifically he argued a link between the values of religious thought and the emergence of a particular form of economic organisation: capitalism (Tawney, 1972).

The Hammonds also identified the role of religion as important in the specific economic transformation of industrialisation in Britain (L. & B. Hammond, 1947). Sidney Pollard argued even more explicitly that one of the critical ingredients in the advance of the industrial revolution in Britain was the adaptation of the workforce to new forms of discipline. This required not only the mechanistic structures of technological and administrative controls but also ‘the assault…on [the worker’s] soul, occasionally by the employer directly, but more often by the religions of the day’ (Pollard, 1965: 243). However, perhaps no-one has argued more strongly the link between religion and the transformation of pre-industrial workers into the shape and orientation demanded of a new industrial workforce than E.P. Thompson. He concentrated his analysis on the impact of Methodism although his basic thesis, he claimed,
was applicable to other evangelical and non-conformist religions. Essentially Thompson argued that industrialists demanded more disciplined, methodical, reliable, submissive and honest workers and that Methodism offered a particularly powerful social mechanism for creating these values. Thompson argued, ‘The factory system demands transformation of human nature, the “working paroxysm” of the artisan or outworker must be methodoized until the man is adapted to the discipline of the machine.’ (Thompson, 1972:397-8). While the ferocity of Thompson’s argument may be open to some challenge there is no doubting that the morality of the working classes should be seen as a critical social ingredient in the transformation of British society at the time of the first decades of the convict system in NSW.

The Australian literature on convict attitudes toward religion has, until recently, been firmly of the view that the convicts were an irreligious lot who gave little thought to the salvation of their souls and therefore resisted the reforming influence of religion. In Suttor’s account of the formation of Australian Catholicism he described the convicts as having a ‘calculated irreverence at compulsory church muster’ (Suttor, 1965:19). O’Brien also noted the weakness of religious beliefs in the colony in the first decade of settlement but he made the interesting point that this was not always just a colonial feature and nor was it just concentrated amongst the convicts. O’Brien argued that church attendance was not widespread in Britain at the end of the eighteenth century while many officers and government officials in NSW were far from reverent toward religion (O’Brien, 1950: 216-218). Russell Ward however turned convict irreverence into a virtue when he claimed convicts saw ‘early Anglican clergymen as…part of the government machinery of pressure’ (Ward, 1974: 90-91).

A more explicit and larger study was offered by A.M. Grocott wherein he argued that the convicts as a whole paid little heed to religion and its leaders. In his view, the church was strongly associated with authority (both state and private) and, as a consequences, religion had little influence over the formation of convict attitudes and values (Grocott 1980). From this analysis there is little to sustain the idea that religion played the evangelical and reformist role that Thompson, Pollard and others found it played in Britain at a similar time. More recently the Grocott analysis has been challenged by Alison Vincent. In her account of the role played by clergy in the lives of convicts she found considerable evidence of attachment and integration (Vincent, 1999: 256-257). More importantly, she argues that clergy often interceded between the state and the convicts and in this way performed a role that was sometimes in opposition to the state rather than in support of it. The limitation of Vincent’s argument is that she concentrates on the last half of the convict system and in particular analyses the role of clergy in convict marriages. These are limitations because after 1822 the administration and objectives of the convict system were significantly different to those before 1822. Prior to this date convict workers yielded considerable economic and productive power despite their penal status. After 1822 and certainly by the 1830s the ability of convict workers to resist the state or their employers was well and truly subjugated under more efficient administrative and physical controls (Robbins, 2004). The emphasis on marriage is also a limitation because by the 1830s the state’s restrictions on convict marriages were much greater than in the past. The hostility of, or at least the bureaucratic complications imposed by, the state on convict matrimony made the clergy much more strategically important than in earlier years. However, this importance may not have translated into or reflected any greater affection toward religion. Indeed, the Reverend G.K. Rusden, often a champion of convict wedding vows, expressed the view as late as 1836 that convict society was ‘faintly impressed with the duties of morality and religion,’ an assessment which seems to confirm the view that religion did not play a particularly integral or active role in shaping convict attitudes toward work, authority or morality (Vincent, 1999: 256-257).
The Sunday Muster Dispute

While a brief study such as this cannot resolve an issue as complex and important as the role of religion in the creation of convict work attitudes and values, it can perhaps entice an interest in better exploring this topic of social hegemonic relations. The dispute in question certainly highlights, in quite an explicit manner, the ideal role religion was expected to play as well as a blunt assessment of the role it played in practice. But, just as interestingly, this dispute also highlights the less than unanimous hegemony of the wealthy ruling elite in convict NSW in the latter period of Macquarie’s administration.

On the 10th September 1814 Governor Macquarie issued a Government and General Order which required all convicts in remote districts of the settlement (ie. outside Sydney) to be mustered before the local Magistrate and Constable of Police on Sunday mornings (HRA I Vol. IX Macquarie to Bathurst, 4 December 1817, Enclosure 5, Government and General Orders: 516). The necessity for such an Order arose from the widely held perception that convicts in these districts were largely uncontrolled on weekends (HRA I Vol. IX, Macquarie to Bathurst, 4 December 1817, Enclosure No. 6, Circular letter from Secretary Campbell to the Magistrates of NSW: 520). One Magistrate claimed that ‘Prior to these regulations …numbers of convicts, after leaving their work on Saturdays, left their Master’s Farms to commit depredations in various parts of the Colony, and were seldom seen again until the Monday morning following’ (Enclosure 11, William Cox: 526-527). The Regulation was of course also explicitly designed to impose ‘the due observance of the Sabbath’ (HRA I Vol. IX. Macquarie to Bathurst, 4 December 1817, Enclosure No. 6, Campbell: 520) in order to ‘improve the Morals of the Male convicts’(Enclosure 5, Government & General Orders: 516). Of lesser importance was the complaint from the Colonial Secretary (Earl Bathurst) that Macquarie did not send enough statistical information on the convicts in his Returns (HRA I Vol. VII Bathurst to Macquarie, 23 November 1812: 669-670; HRA I Vol. VIII Bathurst to Macquarie, 2 March 1815: 436-437). More regular musters, particularly in districts beyond Sydney, would surely have generated greater data.

However, there was also another subset of motivations for the Sunday musters that were much more earthly. The Sunday musters were, in part, designed to confront the power of the Masters of assigned convicts and impose a practical restriction on the level of work that could be performed by their convict workers as well as a greater duty of care on the Masters as a whole. Macquarie claimed in his Order that there was evidence some Masters avoided paying their convicts for any extra work they performed by giving them time off to work for themselves on Sundays. This meant some convicts were working where-ever and for whomever they could on their own terms and were not subject to direct supervision or control. This also allowed ‘idle and disorderly Persons…to pass into Parts of the Country, where their persons were unknown.[and].commit the most flagrant and atrocious Acts under the idea that they will avoid Detection’. Macquarie also claimed that as an alternative arrangement some Masters allowed their convicts ‘to cultivate Grain and rear Pigs and other Animals in lieu of giving them the Wages, prescribed by established Regulations’. Convicts allowed such entrepreneurial opportunities apparently ‘frequently became Receivers of stolen Grain and Provisions, which, being blended with their own Rearing, baffles Detection and Justice is thereby often defeated’ (HRA I Vol. IX Macquarie to Bathurst, 4 December 1817, Enclosure 5, Government & General Orders: 517). As a consequence the Order forbade Masters of assigned convicts from paying their convicts for extra work in any way other than those established in the 1804 Regulations. These stipulated quasi piece-rates or an annualised wage of £10 (Robbins, 2004: 465–470). Masters of assigned convicts who did not wish to do this or could not afford to pay wages were required to return the convict workers to the government. The Sunday muster Order also assisted in the enforcement of convict clothing standards: that
the Masters of assigned convicts were seen to properly clothe their convict workers. In many respects this Order was as much about curtailing the discretion of employers of convicts as it was about saving the souls of the convicts.

The administrative detail in the Sunday muster Order is also interesting and gives further strength to the argument that Macquarie’s administration was increasingly complex and bureaucratic in its strategies (Robbins, 2000: 141-161). The Order specifies that the muster was also to be an opportunity for ‘All complaints…to be made to the District Magistrate’ by the convicts mustered before him. It was a new channel of communication even though some Magistrates (like Marsden) were also Masters of assigned convicts. After the administrative part of the muster was completed the convicts were required to be marched ‘to the nearest Church or place of Divine Service’ within three miles of the muster. The Order also applied to serving convicts and those holding a Ticket-of-Leave (a licence giving permission to the holder to live and work independently within certain restrictions). However the differing status between these two types of convicts was evident within the Orders because it even went so far as to stipulate that ‘Ticket-of-Leave Men are to muster on the Right of the assigned Government Men’. Such detail surely suggests the growth of an active bureaucracy. An additional stipulation was that convicts had to ‘be not only punctual in their Attendance, but also clean and decent in their appearance’ (HRA I Vol. IX Macquarie to Bathurst, 4 December 1817, Enclosure 5, Government & General Orders: 517). These are hardly surprising requirements given that cleanliness and time management were considered vital ingredients of a moral and disciplined worker. But, the responsibility for timekeeping and appearance was not simply a convict one. It was also recognised as a responsibility given to the Master. The right to attend the muster punctually was clearly implied while appearance was very much a responsibility of the employer of assigned labour. The cost of providing good clean clothes was a burden placed by the state on the Masters but there was scope to avoid this if the convicts could be kept out of public view. The Sunday musters, of course, put each assigned convict well and truly within the public and the official gaze. The Sunday musters, in other words, forced employers of convicts to demonstrate the full discharge of their responsibilities.

Not surprisingly there were some settlers who were opposed to the Sunday musters. This opposition was first given voice in the form of an anonymous letter to the British Colonial Secretary, Earl Bathurst in March 1816. In criticising Macquarie’s administration of the convict system the letter specified the treatment of the female convicts, the incidence of prostitution on the transports, the condition of the Parramatta Goal and the Sunday musters. These musters, the writer complained;

Takes them [convicts] away from their home, gives them an opportunity of making new acquaintances, and of forming plans for committing robberies; induces them under pretence of going to Muster to absent themselves the whole Day, and they frequently return home late at Night in a state of Intoxication. This Order I am convinced the Governor persuades himself is productive of great public benefit…but like many others I have repeatedly felt its ill effects. Would it not be more likely to effect a reformation in the Minds and Morals of the Men and to prevent Numbers of robberies, If Masters, I mean those of respectability who were not within the limits of a church, were allowed to assemble his Servants and to have Prayers read to them every Sunday. (HRA I Vol IX. Bathurst to Macquarie, 24 January 1817, Enclosure, Extract of a Letter (13 March 1816): 199)

Upon receipt of this letter Macquarie immediately assumed it was written by the Reverend Samuel Marsden, whom he accused of being the leader of the colonial malcontents. In reply to Bathurst the Governor claimed Marsden had opposed ‘every Measure and Regulation of mine’ and added ‘I do firmly believe that there is not a more malicious or a more vindictive
unfeeling character in existence than the Revd. Mr. Marsden’ (*HRA I* Vol. IX. Macquarie to Bathurst, 1 December 1817: 499). In reality the letter was written by Mr. Nicholas Bayly, ex-officer of the NSW Corp and landholder, although his opposition to Macquarie was also well known. It seems Bathurst did not fully accept the criticisms contained in the letter but, it is equally clear that he was influenced by it and by the opinions of Macquarie’s other malcontents. In his defence Macquarie canvassed opinion from amongst ten magistrates and clergymen by asking them to consider whether the Sunday muster Order ‘has or has not been attended with good Effects on the moral conduct’ of the convicts and ‘whether any and what Complaints have been made’ about it (*HRA I* Vol. IX. Macquarie to Bathurst, 4 December 1817, Enclosure No. 6, Campbell: 520). Macquarie made the replies to his survey available to Bathurst as Enclosures to his formal dispatches.

Of the ten responses eight expressed highly favourable comments and assessments and only two were critical. The assessments made in the positive responses tended to focus on convict behaviour, morals and appearance. For example, the Reverend Henry Fulton claimed the Order had kept the convicts ‘from thieving, drinking and lewdness’ while James Mileham asserted that the Order had reclaimed Sunday from the convicts who had before its effect ‘spent it in Idleness and Debauchery’ (*HRA I* Vol. IX. Macquarie to Bathurst, 4 December 1817, Enclosures No. 8 & 12: 522 & 529). In terms of its moral impact respondents such as Thomas Moore claimed the Order had ‘been conducive to Morality and good Order, and tended to the reformation of many bad Characters’ (Enclosure No. 15, Moore: 534). The Reverend William Cowper wrote, ‘Many I believe have been morally affected and improved by their attendance at Public Worship; and others have been greatly restrained from their vile habits and criminal purposes’ (Enclosure No. 10, Cowper: 525). William Cox also felt that attendance at Divine Service had had good moral impact and he dismissed criticisms of the musters on the grounds, ‘it is scarcely possible to expect a Man to be reclaimed to the Paths of Honesty, Sobriety and Industry, without some sense of Religion impressed on his mind to awaken his Conscience…’(Enclosure No. 11, Cox: 527). In the minds of the supporters of the Sunday musters, religion was seen as a positive force in the transformation of convict morality and attitudes to such things as crime and work.

The comments on the appearance of the convicts were also very consistent and often explicitly critical of some employers. All those expressing positive views of Macquarie’s Sunday muster Order thought the appearance of the convicts had improved. However, this did not happen overnight and was considered the main reason why some employers objected to the Order. The Reverend Henry Fulton explained, ‘it caused their Masters to be more careful in providing them with Cloths[ sic]’ while James Mileham wrote the Order ‘compelled the Master to furnish the Servant with proper cloathing [ sic]’ (Enclosure No. 8, Fulton: 522 and Enclosure No. 12, Mileham: 529). Some respondents felt that there were positive administrative outcomes of the Order in that the character and disposition of individual convicts could be better observed and this informed recommendations to the Governor for Tickets-of-Leave etc. However, it was William Cox who perhaps made the most interesting observation when he wrote;

It [the Order] certainly has the Effect of giving the Convict, who is well disposed, the Opportunity of getting what he justly earns better than he could have done prior to this Order, as he can see the Constable to make his complaint to, if he has any just Ones against his Master, and, if He make frivolous or unjust Complaints, he is liable to be punished for such Conduct; taking it altogether, the Convict is better protected, better Clothed, and stands a much better chance of being reclaimed…(Enclosure No. 11, Cox: 528)
From this it seems the Sunday musters performed a variety of roles. These were, however, often more supportive of the physical conditions enjoyed by convicts than simply their moral reformation. There is a particularly pragmatic view of Divine Service here. It is also apparent why some Masters of convicts might have been less enamoured with the Sunday muster. Cox claimed he had received a complaint from a farmer ‘who said bringing the Men together would be a means of their combining to raise their Wages’ (Enclosure No. 11, Cox: 528). Cox rather confidently dismissed this explicit industrial relations suggestion although the collective dimension of the muster cannot be so easily dismissed. In making complaints against a Master the individual convict would have surely gained advice, precedent and courage from being mustered with other men familiar with his situation.

Of the ten responses canvassed by Macquarie, the only two criticisms of the Sunday muster Order were made by Reverend Samuel Marsden and Mr Hannibal McArthur although Marsden did cite the names of John and Gregory Blaxland and Nicholas Bayly as also having misgivings. The crux of Marsden’s complaints were that the muster did not stop crime but inflamed it; did not inhibit drinking and other lewd activities while it reduced the power of Masters over their convicts. Although Marsden thought a religious service had ‘a tendency to promote the best effects upon [convict] Morals’ he clearly wasn’t convinced. Indeed, he concluded that ‘the good design of the Orders have been defeated by the invincible depravity of so many of the Convicts, which no power on earth can cure’ (Enclosure No. 16, Marsden: 536-537). McArthur was only marginally less pessimistic when he replied;

> the General Order…has been productive of No visible benefit; as a Magistrate I have had no Complaint against it; but as a Master I have felt, in common with most others, the Serious Evils arising from My Servants mixing with other dissolute Characters at the Muster, and have heard it universally complained of by those respectable Settlers, who wish to keep their Servants from forming improper Connexions with their Fellow Prisoners and free from temptations to Vice…(Enclosure No. 17, McArthur: 540)

In this quote McArthur invokes the name of all respectable employers and makes a distinction between his good convicts and other, corrupting ones. Of course neither critic mentioned the increased scrutiny of the treatment of assigned convicts that the musters offered officialdom or the official channel of complaint they gave convicts. Nor do they note the resultant higher costs from the better clothing, the stricter regulation of wages or the curtailment of weekend labour.

**Conclusion**

This Order was in part designed to better account for the convicts in each district, to facilitate administrative communication and to counter the lawlessness of unsupervised convicts. Conducting a Divine Service was also an objective although this was not always possible as some musters were held too far from a church or a clergyman. Nevertheless, participation in a Service was a consistent and important objective because it was widely considered a moderating and reformist influence on convict behaviour. Religious values were seen by some clergymen and magistrates as contributing to the creation of a more moral, hard working and reliable labour force. However, the Sunday musters were not only, or even largely, about morality and character transformation. They were not only concerned with transforming convict behaviour and attitudes but also those of the Masters of assigned convicts. The Sunday muster Order imposed many highly significant controls and restrictions on the power of these Masters. Through the musters the administration of Macquarie was better able to control convict wages and intensity of work. The musters also created a
bureaucratic mechanism of enforcing the minimum provisions of convict clothing required of Masters of assigned convicts under the assignment regulations. More importantly, the Sunday musters formalised a public process for hearing, acknowledging and perhaps even acting upon convict complaints against their Masters. Significantly, this forum was conducted within the physical presence of other convicts and so had a decidedly collective edge to its nature, even if wages bargaining was only a minor or imagined outcome.

The implicit control the Sunday musters offered Macquarie over employers of assigned convicts, quite naturally, generated resistance and criticism. Most of this criticism appears to have come from within the ranks of the colonial exclusives – wealthy free landholders. Ironically one of the most vocal critics was the Reverend Samuel Marsden, Chief Chaplain of the colony at this time. He (and others) expressed the opinion that the Sunday musters were failures because they indiscriminately brought large groups of convicts together where a sense of collective power was created. Of course, to Marsden and others this solidarity was focused solely on criminal intent although at least one critic argued the musters also played a collective wage bargaining function. In any case, all critics, even Marsden, dismissed the moral effect of the musters. The collective strength of bad convicts was, in other words, too powerful for the positive effects of Divine Service. This seems a remarkable confession for the Chief Chaplain to make although it is argued here that this sentiment is better understood as expressing the attitude of an employer rather than a clergyman. McArthur and Bayly, wealthy free settlers in opposition to the musters, essentially argued that only respectable employers could extract the positive moralising effect of religious worship by quarantining their convicts on the their private estates. The state, in their view, was incapable of imposing the benefits of religion.

The dispute over Sunday musters reveals the division between Macquarie and the powerful, wealthy elite of the colony. Macquarie’s administration was criticised by this elite for inefficiency and moral laxness, but its real sin was some limited recognition of the rights and interests of the convicts. Such a simple concession was seen as being at the expense of the wealthy Masters. This dispute was not caused by either side being particularly wedded to the idea that religious instruction could in reality transform convict behaviour and attitudes. Religion was not viewed as the evangelical weapon in the dismantling of convict self-interest as it was most certainly seen by many British factory owners at the time. Convicts were mostly irreverent in their attitudes toward worship not because they were morally deficient but because much of colonial NSW society shared their view. In reality, the dispute over the Sunday musters was about the role of the state vis a vis capital and labour. Macquarie used these musters, and therefore religion, not solely in the interests of colonial capital but also as an egalitarian concession to convict labour.

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Approaches to Partnership: A Case Study of Smorgon Steel

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A ‘partnership approach’ to employment relations was increasingly adopted by Australian firms in the 1980s and early 1990s. The main limitation of the concept of partnership is that its prevalence has not been accompanied by conclusive empirical investigation of the reasons for its adoption in the workplace. This paper explores the reasons for partnership practices through a case study of Smorgon Steel. The adoption of partnership practices at Smorgon Steel resulted in substantial improvements in organisational performance and has significant implications for other organisations.

Introduction

‘Partnership’ approaches to employment relations was increasingly adopted by Australian firms in the 1980s and early 1990s (Macneil, Rimmer, Watts, Chenhall, and Langfield-Smith 1996). Partnership is an ambiguous concept (Ackers and Payne 1998; Bacon and Storey 2000; Lucio and Stuart 2004) that refers to formal agreements by employees and management that provide for the joint regulation of workplace procedures, employment provisions, and dispute resolution (Guest and Peccei 2001; Kochan and Osterman 1994; Stuart and Lucio 2005). According to Coupar and Stevens (1998: 157), partnership can be defined as ‘a unique combination of employee involvement processes which has the potential to maximise the benefits to the company and to the employees in the process of change’.

Partnership requires trust between employees and management such that ‘shared interests and shared goals’ lead to employment practices that maximise mutual gain and harmoniously resolve conflict (Guest and Peccei 2001: 212). The pursuit of mutual gain through partnership can raise productivity (Kochan and Osterman 1994; Towers 1997) and increase employee benefits and trade union organizing ability (Ackers and Payne 1998; Haynes and Allen 2001; Munro and Rainbird 2000). Partnership can facilitate managerial–employee co-operation in achieving strategic, functional, and workplace objectives (Kochan and Osterman 1994: 46) and promote mutual gains for participating parties (Ackers and Payne 1998; Guest and Peccei 2001; Knell 1999; TUC 2002).

The partnership approach is managerially driven (Bacon and Storey 2000; Marks et al 1998; McBride and Stirling 2002; Oxenbridge and Brown 2002; Wray 2004) and frequently utilised to underpin organisational change (Martinez and Stewart 2002). Partnership may consequently curtail trade union power (Taylor and Ramsay 1998) and serve as a mechanism for increasing productivity at the expense of individual employee entitlements. Successful partnership requires ‘a set of reciprocal commitments and obligations between the organisation and the people working in it…[such that] principles of mutuality…provides coherence to employee relations within the business’ (Guest and Peccei 1998: 6). Reciprocal commitments mean that trade unions may ‘face significant difficulties and political risks in adopting the partnership approach’ (Stuart and Lucio 2005: 7) while firms may not necessarily reap increases in profit margins (Badigannavar and Kelly 2003).

The main limitation of the concept of partnership is that its prevalence has not been accompanied by conclusive empirical investigation of the reasons for its adoption in the workplace. While contemporary employment relations theory and practice have emphasised partnership as a mechanism for improving firm performance (Knell 1999; Marks, Findlay,
Hine, and Thompson 1998), the concept remains ambiguous (Undy 1999) and has incorporated ‘very different assumptions about its nature’ (Suff and Williams 2004: 31). Research has suggested that partnership approaches may be adopted for a variety of reasons including ‘financial problems, to win public sector contracts, facilitate change, implement quality initiatives or harmonise terms and conditions’ (Johnstone, Wilkinson, and Ackers 2004: 354; Brown 2000; Oxenbridge and Brown 2004). The rationale for the adoption of a partnership approach at the workplace is thus a significant issue for contemporary employment relations and organisation management.

The paper aims to address this limitation by exploring the reasons for adopting a partnership approach through a case study of Laverton Steel Mill within the Smorgon Steel Group. By adopting a partnership approach the Laverton Steel Mill now has an employment relations environment characterised by extensive involvement in international benchmarking programs, an innovative remuneration classification structure based on competencies, high levels of employee commitment, low labour turnover and absenteeism, a single trade union (the Australian Workers Union), and an impressive safety record. The substantial improvements at Laverton Steel Mill indicate that it is a significant case study with implications for practice in other organisations.

Organisational Characteristics

Having commenced operation in 1983, Smorgon Steel Group is Australia’s second largest manufacturer and the leading supplier of steel products. Through judicious acquisition and targeted restructuring, the Group has become a fully integrated steel business that is engaged in all aspects of the value chain – from scrap metal collection to steel manufacturing and distribution. Smorgon Steel Group has three operating divisions in Australia and New Zealand: Reinforcing and Steel Products, Smorgon Steel Distribution, Recycling and Resources. These divisions have significant market share in key product segments and service with over 50,000 customers through 140 distribution sites. Regarded as a world class steel business, the Smorgon Steel Group was listed on the Australian Stock Exchange in February 1999. Since then it has contended with difficult and highly competitive market conditions that have led to vigorous restructuring and cost saving initiatives, including a reduction in employees from 9,914 in 2000-01, to 5,975 in 2001-02. Competitive pressures have resulted in continuous cost reduction programs that have led to savings of $23 million per annum. Cost reductions are necessary in order to offset the high fixed capital requirements of steel manufacturing and are thereby important for sustaining competitiveness. For the financial year 2001-02 the Smorgon Steel Group achieved a net profit after tax of $50.5 million, compared with a loss of $247 million in the previous year (due to a $267 million write-down of intangible assets). Performance continued to improve in the financial year 2002-03, with net profit after tax rising by 23 percent to $103.2 million.

The Laverton Steel Mill is located on a 24.5 hectare site in Victoria and is now highly profitable. It is part of Smorgon Steel Groups’ Reinforcing and Steel Products Division. The Reinforcing and Steel Products Division employs over 2,200 workers at more than 50 locations around Australia and is an acknowledged leader in steel manufacturing technology. The Division is responsible for the manufacture of steel products, including raw steel billets, reinforcing steel, railway wheels, and wire. It operates two electric arc furnace mills at Laverton and Newcastle that have an annual production capacity of one million tonnes of steel. The Laverton Steel Mill utilises electronic arc furnace technology and manufactures almost of all its end products from recycled scrap metal. High grade steel is manufactured almost entirely from recycled iron or steel, and most of the production from the Laverton
Steel Mill is sold to Smorgon Steel Group’s downstream processing, distribution, and engineering businesses. The Division, and Laverton Steel Mill, do not manufacture a range of standardised products. Rather, manufacturing is based around idiosyncratic requirements of individual customers, leading to near daily changes in production specifications.

Diversity in production requirements necessitates flexibility in manufacturing, particularly in the utilisation of physical and human resource capital. The Laverton Steel Mill uses electric arc furnaces in manufacturing processes because the nature of the technology allows for rapid adjustments of production in order to meet demand and manage financial margins. This means that electric arc furnaces avoid the need for major capital expenditure, while providing operational flexibility and efficiency. Performance efficiency of the electric arc manufacturing process is dependent on the effective management of human resources, particularly relating to levels of workplace skilling and the nature of the industrial relations climate. Flexibility requirements in steel production necessitate a highly trained workforce that understands customer requirements and the competitive pressures confronting the Division. Temporal and functional flexibility of human resources are thus a core perquisite for efficient steel production at the Laverton Steel Mill.

The Laverton Steel Mill operates continuously with work structured around three twelve-hour shifts. Each employee has an eight day working schedule of two day shifts and two night shifts followed by four days off. The work at the Mill is labour-intensive, physically demanding, and risky. Employees are predominantly male and aged around thirty-five. The work is strenuous and difficult, incorporating inter-connected value-adding processes that require high skilled employees. The Laverton Steel Mill is the highest paying steel mill in Australia, with employees earning an approximate average of $90,000 per annum plus 9 per cent superannuation.

**Human Resource Practices and the Partnership Approach**

The approach to partnership at the Laverton Steel Mill developed from the experience of severe industrial relations problems that plagued the Mill from 1983 to the late 1990s. Conflict was sustaining and facilitating poor performance that was in turn undermining commercial viability. Intensified competitive pressures required performance improvements, and this necessitated a new approach to workplace practices. Four factors contributed to the negative industrial relations climate and created the need for new workplace practices under a partnership approach.

The first factor was multi-unionism. Employees at the Laverton Steel Mill were initially represented by three trade unions. Conflicting goals and bargaining ideologies between the trade unions resulted in persistent friction and recurrent problems with management. The existence of multiple unions pursuing different objectives and means for achieving those objectives resulted in significant communication difficulties between management and employees. Poor and distorted communication led to distrust and dishonest conduct becoming ingrained in both employees and management at the Mill. This culture of distrust resulted in rapid escalations of industrial conflict, with even minor workplace incidents becoming vehicles for dispute and confrontation. This was exacerbated by frequent intra-union (e.g., disputes surrounding election of representatives) and inter-union (e.g., disputes surrounding methods for protecting employee benefits) conflict that prevented both the clear articulation and pursuit of employee grievances, and the capacity for unified employee bargaining or agreement with management.
The second factor was a culture of distrust. Distrust and confrontation made operational and human resource initiatives difficult to implement. This difficulty occurred at two levels within the Mill: (i) employee initiatives and concerns were not being translated into policies, or considered, by management, and; (ii) workplace policies and practices were not adequately adopted or revised by employees. Operational and human resource initiatives were perceived by both employees and management to be a ‘top-down’ process. Concomitant with ingrained distrust at the Mill, this process of workplace policy formulation and implementation reinforced both actual and perceptions of industrial conflict within the Laverton Steel Mill.

The third factor was informal relations. The adoption of an informal and ad hoc workplace relations policy by management and trade unions created severe difficulties in formulating or implementing strategic and operational objectives. Both trade unions and management contributed to this problem. The pursuit of different objectives by the three trade unions led to complex and confrontational industrial relations policies that failed to adequately address the strategic and operational necessities of the Mill. Further, the adoption of a top-down process of strategy formulation led to inadequate consultation with employees, resulting in inadequate consideration of the limitations posed by strategic objectives on workplace practices.

Finally, the fourth factor was the distinct lack of leadership at the Laverton Steel Mill. Neither management nor the trade unions provided the necessary initiative for: (i) overcoming industrial conflict by either developing mutual understanding or agreed employment practices; (ii) linking employee participation with organisational performance and union benefits, while simultaneously communicating competitive pressures confronting the Mill and; (iii) aligning and integrating the needs of employees with those of Smorgon Steel Group in order to facilitate improved working life and organisational efficiency.

The preceding factors indicate that there was a distinct lack of understanding, leadership, and trust at the Laverton Steel Mill. This led to mediocre, and increasingly non-viable, performance outcomes. Poor and deteriorating results were evident across all key performance indicators, including: high levels of employee turnover and absenteeism, persistent industrial conflict and disruptions to production, low production levels, structural rigidity in formulating and implementing workplace flexibility (fixed award wages, no contract employment or outsourcing, and limited temporal flexibility), and no employee involvement or initiative in the formulation of workplace initiatives.

The imperatives for operational efficiency necessitated changes to workplace practices underpinning the manufacturing process. This led to the adoption of a highly successful partnership approach at the Laverton Steel Mill. Documented under *The Smorgon Way*, the partnership approach emphasises consultation, workplace harmony, openness, honesty, group decision making, commitment and a drive for continuous improvement. The following values are the cornerstone of *The Smorgon Way*: (i) two heads are better than one and, therefore, key issues will involve consultation and discussion, and; (ii) everyone has the right to be heard in a non-threatening environment and there is an expectation that the truth will be told.

The approach to partnership at Smorgon Steel Group has been implemented through numerous policies and practices underpinned by *The Smorgon Way*. First, genuine engagement commenced between the multiple unions at the Laverton Steel Mill and management. This was facilitated by there being newly elected trade union representatives, who were more open to consultation with management. Engagement led to a rationalisation of employee representation at the Mill under a single trade union: the Australian Workers Union (AWU). Management and employees agreed to sole representation by the AWU because it: (i) had a detailed and realistic understanding of the steel industry, the competitive pressures confronting the Laverton Steel Mill, and the manufacturing processes involved in steel
production; (ii) understood the inherent connection between the need for operational efficiency and the preservation of employee benefits in the long-term, and; (iii) was prepared to develop trust with management in order to harmonise workplace relations and thus benefit Smorgon Steel Group and employees.

Second, engagement with the AWU led to a comprehensive benchmarking program. This program had two important aspects: training and salary structure. Employee training has been conducted in association with the German firm, Badische. Smorgon Steel Group initially sent a selection of employees and managers to be trained in Germany. This presented a significant investment to the Group, but was nevertheless regarded as an important mechanism for improving performance, understanding, and trust at the Laverton Steel Mill. The initial training in Germany led to clear improvements in performance, but also to improved employee understanding of the business.

Training has continued to be comprehensive and is related to the salary structure. An annualised, competency-based salary classification structure was implemented in consultation with the AWU. This salary structure has: (i) allowed for skill development, training, and pay increases that relate the interests and performance of employees with performance outcomes of the Laverton Steel Mill; (ii) limited the impact of absenteeism on financial and productive outcomes by providing a system by which employees cover the absence of their colleagues, and; (iii) provided incentives for open and regular employee consultation that are designed to facilitate productivity improvements. The salary structure thus awards individual employee knowledge, skills, and abilities.

Finally, both the AWU and management developed a ‘Vision and Values’ program that seeks to clearly articulate the objectives of, and challenges confronting, the Laverton Steel Mill in order to dispel misunderstanding, conflict, and resentment. The program is predominantly rolled-out by employees with guidance from management and seeks to update employees on the direction of the business and its values and strategies, make employees aware of the significant challenges confronting the Reinforcing and Steel Products Division, and garner employee support, commitment and action for meeting these foreseen challenges. Specifically, the objectives of the Vision and Values program are to: (i) provide employees with understanding of the background to the formation of the Smorgon Reinforcing and Steel Products Division, and the rationale(s) behind the business and its structure; (ii) inform employees about the pressure on Smorgon Reinforcing and Steel Products Division to become a high performing organisation; (iii) endorse the work done by senior management in formulating strategic objectives, and; (iv) reinvigorate and reaffirm the importance of The Smorgon Way.

The partnership approach at the Laverton Steel Mill has been mutually beneficial to management and the AWU. The partnership approach has led to improvements across key performance indicators, and thus presents an important competitive tool for the Smorgon Steel Group. These improvements include: a 50 per cent reduction in costs per tonne of steel, a 90 per cent reduction in lost time, injury frequency rates, reduction in annual turnover to 1 per cent and reduction in annual absenteeism to 2.5 per cent.

**Implications for other Organisations**

The rationale and outcomes of the partnership approach at Smorgon Steel Group are summarised in Figure 1. The approach to partnership at Smorgon Steel Group has produced clear productivity increases that have improved the Group’s competitive advantage. This has three implications for other organisations.
First, the precursor to partnership at the Laverton Steel Mill was the state of workplace relations. Frequent and persistent industrial conflict, misconstrued intentions, lack of understanding and leadership, mediocre performance, and minimal employee involvement all contributed to an inevitable need for drastic change. This need for change was exacerbated by increasing competitive pressures that questioned the viability of existing practices. The changes at the Laverton Steel Mill were drastic and imperative, but also welcome and mutually beneficial. While implying dysfunctional practices and intensified competitive pressures as prerequisites for implementing a partnership approach, the experience at the Laverton Steel Mill also suggests that: (i) the catalyst for the partnership approach is a mutual recognition and understanding by employees and management of the potential for improved workplace performance that results in shared benefits; (ii) understanding and trust between employees and management is fundamental to the partnership approach, and though productivity increases should result from this, it is a fallacy to assume that partnership is predominantly dependent on productivity outcomes rather than understanding and trust, and; (iii) there is a legitimate and productive role for trade union representation under a partnership approach and, indeed, it would be difficult to envisage an effective approach to partnership in the absence of trade union representation.

Second, the partnership approach at the Laverton Steel Mill has been successfully integrated and aligned with the manufacturing structure of the business. This indicates that partnership is not an isolated or discrete competitive tool that affects only the employee-management relationship. Rather, partnership needs to be implemented in conjunction with the
manufacturing or organisational processes underpinning a firm’s core competencies. In the case of the Laverton Steel Mill, the partnership approach sought to improve operational efficiency by providing a training and salary program that increased production flexibility and quality while also delivering employment benefits. The successful integration and alignment of the partnership approach with the manufacturing structure was as much a bottom-up as a top-down process concerning formulation and implementation. This implies that partnership requires workplace leadership from both management and employees.

Finally, partnership involves managing mistakes and change through open communication and consultation. The quality of the partnership between employees and management will affect the way mistakes are perceived and addressed. A partnership approach that engages with the parties will minimise distrust, produce acceptance and understanding, and facilitate improvement in organisational performance. An ersatz form of partnership is likely to result in rupture and intensified dislocation between employees and management once the duplicity of either party is exposed. This underlines the importance of genuine engagement to any partnership approach.

Conclusion

The precursor to partnership at the Laverton Steel Mill was poor workplace relations. Frequent and persistent industrial conflict, misconstrued intentions, lack of understanding and leadership, mediocre performance, and minimal employee involvement all contributed to an inevitable need for drastic change. The partnership approach at the Laverton Steel Mill has been successfully integrated and aligned with the manufacturing structure of the business. This indicates that partnership is not an isolated or discrete competitive tool that interacts only on the employee-management relationship. Rather, partnership needs to be implemented in conjunction with the manufacturing or organisational processes underpinning a firm’s core competencies.

References


Economic Liberalization and the Ideology of Work Reform in India: Interpreting Middle Class Responses to New Economic Policies

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For just over a decade the Left-Front government in West Bengal has been making strident attempts to attract transnational corporations and foreign investment to the state where immense changes to the nature of work, and workplace culture, has taken place. This paper analyses these changes through the narrative accounts of middle class Bengalis and summarizes their views concerning work-related policy reforms, privatisation and restructuring. Overall we find that the Bengali middle class have welcomed the opening-up of the economy, yet in many ways they remain critical as they perceive themselves to have not benefited in any direct way from the liberalization process. A number of people have internalised the state’s rhetoric of global efficiency based on previous state discourses of modernisation and scientific rationality. For others, cosmopolitanism and globalism are things they welcome, yet they don’t want to lose the secure safety net provided by the state, and state employment. They remain sceptical of the supposed benefits of full privatisation and a de-regulated market. There is an obvious tension between state and labour that permeates many of these responses. By presenting an analysis of the underlying reasons for employees to reproduce the government ideologies of workplace efficiency, this paper draws attention to the ways in which their discursive understanding is formulated and mediated.

Introduction

The intensification of globalisation has marked the ascendancy of neo-liberal paradigms in development thinking. Its impact in the Asia-Pacific region has brought about significant social and cultural change. Over the last decade developing countries such as India have pursued policies of economic liberalization. The unswerving faith in liberalization policies as the solution to the overall improvement of the standard of living of the population underpins the state’s rationale for forging ahead with the economic reforms. The middle class is said to have expanded greatly and benefited from the structural adjustment reforms to the economy and industry. The popular press in India swoons over the rise of this new consumer class, with its seemingly unlimited thirst for consumer products and services (CNN, 2005). Yet, does the reality match populist presentations and academic generalisations? Based on fieldwork among lower middle class households in the Indian state of West Bengal, this paper examines the concrete experiences of those affected by these policies. In particular I examine the ways in which the reforms have made inroads into the lives of people who were ardent supporters of a different way of thinking.

According to a number of authors, neoliberal approaches have become the new orthodoxy in development (Brohman, 1995; Portes, 1997; Gosovic, 2000). The resurrection and hegemony of market driven approaches identify state intervention as inefficient and counterproductive and thereby calls for developing countries to privatise state owned enterprises, adopt a range of stabilisation measures to redress the balance of payment crises, and limit public expenditure. The deleterious effects of these policies on Asia’s poor (Scraser, Holden and Baum, 2003) and the positive consequences for the ‘new rich’ (Robison and Goodman, 1996) are amply evident. However, beyond these dichotomous analyses, the ways in which local communities, classes and specific cultural groups confront, challenge or acquiesce to the
shifts in non-interventionist approaches of governments in economic and social arenas remains relatively unexplored. In the Indian context, the competing narratives of the supporters of the reforms (Bhagavati, 1993, Ahluwalia and Little, 1998) and their critics (Corbridge and Harriss, 2000; Chandrasekhar and Ghosh, 2002; Chakrabarti and Cullenberg, 2003) overlook experiences of those who do not fit neatly into the extremes of the social spectrum. By contrast my research explores the complexities and contradictions of a segment within the middle classes who remain both supporters of the New Economic Policies (NEP) yet sceptical as to whether any benefits will accrue to them. The influences of the changing nature of policy orientation in West Bengal are crucial to understanding the responses of people in this study.

Further underlying this paper is that despite well over a decade of radical economic reform, there remains relatively little in the way of micro-level sociological research documenting the direct, and indirect, effects of the impact of economic reforms for individuals, communities and local groups. On the whole, most studies highlight a range of macro political-economic transformations taking place in India (see Bhattachraya 1999; Nagaraj 1997; Oshikawa 1999; Pedersen 2000; Corbridge and Harriss, 2000; Chandrashekhar and Ghosh, 2002). With few exceptions (Lakha 1999; van Wessel 1998) there is a paucity of ethnographic research on the social consequences of changing economic relations. Fieldwork reported here was conducted in Kolkata, the state capital, and the town of Siliguri in north Bengal, over a four-year period (1998-2002). We have returned to the field several times since for follow-up interviews and data collection. A total 120 people were interviewed (60 in each city). Among the respondents there were twenty key informants, most of whom we had known for over a decade from our earlier research in the late 1980s and early 1990s. Women constituted 48% of our sample, while men were 52%. The overwhelming majority (85%) were employed in the formal or organized sector of the labour force, while 15% were working in the so-called informal sector. Our respondents consisted of clerks, lower professionals and administrators, sales and service personnel. They largely constituted the lower middle class. In terms of sample representativeness, this study is a micro-level case study based on detailed ethnographic findings rather than being a large scale, quantitative study of labour reform in India. It is the depth and richness of the interview data generated which is significant, rather than statistical significance generated by large-scale data sets. Moreover, our focus is on lower middle class occupations, rather than all sectors of labour in the Indian economy.

Globalization, Liberalization and New Economic Policies: The Indian Case

Throughout the 1990s the International Monetary Fund (IMF) derived structural adjustment programs were implemented in India. In July 1991 the New Economic Policy (NEP) was formulated. West Bengal developed its own NEP in 1994. In a dramatic reversal of protecting domestic industrial capital, the current economic reforms aim at liberalizing the economy from various bureaucratic regulations and controls that are said to have stifled growth. Making the economy more efficient through increased market orientation is the major goal of the reforms. The central strategy is to secure a greater share of the global market in industry, trade and services through increased productivity. This is in marked contrast to the post independence developmental strategy of self-reliant economic growth and the rhetoric of ‘socialism’. Under the earlier five-year plans the government played an interventionist role in

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1 Research was conducted jointly with Dr Ruchira Ganguly-Scrase (University of Wollongong). Research reported here is part of a much larger project investigating the social impact of globalization and economic liberalization in India.
industrialization through the public sector, which assumed the ‘commanding heights’ through licensing and regulatory mechanisms. The new market oriented state ideology and economic reforms are confusing to many people. This was particularly the case in West Bengal, which has been ruled by a coalition of left political parties since 1977, dominated by the Communist Party of India, CPI (M). Initially opposed to market reforms in its rhetoric, the Left-Front government has now become vociferous in its attempt to attract foreign transnational corporations into the state. The Left Front’s position is central to my analytical concerns. As mentioned above, workers interviewed came from both the public and private sectors. Indian workers have their rights enshrined in various national and state labour laws, but it is fair to say that conditions for government workers are far superior in terms of guaranteed rights (pay rises, allowances, paid leave etc) whereas the employment conditions for private sector workers vary considerably. Conditions, though, are rapidly changing and can vary from state to state, urban to rural situation. Most ‘white collar’ or office workers in India still officially work a five a half-day week and most public sector workers, along with bank employees, are still heavily unionised. As they have ‘more to lose’, recent labour deregulation has inevitably had greater impact on public rather than private sector workers as public sector enterprises are being privatised or shut down, competitive tendering is being introduced, and more flexible work practices introduced. General computerisation and other technological innovations are revolutionising office work practices in India as well.

**Research Findings**

Mutually suspicious views existed among public and private sector employees. Public sector workers equated the private sector with insecurity and exploitation while some within the formal private sector assumed that their counterparts within the public sector lacked work discipline. Such perceptions were rarely grounded in experience or knowledge of the other side. While some views of those working within the private sector were largely shaped by media discourses, the public sector workers’ critiques were by and large centred on the practices of small firms that lack the protection of government employment. Beyond these extremes were a number of differing positions mediated by several factors: the generational divide; public sector workers’ own assertions of the need to be more efficient; and the critical consciousness of highly politicised workers. The latter’s world views were informed by class analysis and subsequently presented us with a critique of the ethos of market citizenship in which the disadvantages stemming from privatisation and deregulation are disadvantages not just to oneself, but to others as well. These conflicting sentiments are explored below.

**Privatisation**

An overwhelming majority (60%) of respondents disputed privatisation could bring many benefits to people in West Bengal. Their view is directly related to their attitudes towards the nature of the private sector. Quite a few people (17%) argued that privatisation would lead to job losses and contribute to growing unemployment. Some argued that the advantages of privatisation of a state enterprise are confined to those in managerial, professional and high tech positions. For many lower middle class people ‘private’ is synonymous with small-scale firms. Located within the so-called informal sector, these companies offer low salaries, little or no job security, and lack any well-founded labour protection laws. Insecurity and uncertainty in these organisations was the basis for rejecting privatisation. The majority of those employed in the ‘unorganised’ sector basically have no awareness of the work practices of Transnational Corporations or even large private companies like the TATA Corporation (India’s own multinational, which provides numerous benefits). Many government employees are similarly unaware of employee benefits offered in large corporations. If they lose their
jobs, then it is more than likely they will end up employed in the unprotected small-scale private sector. Among lower middle class households white collar work in secure government jobs is much coveted because given their level of education and skills the alternative is manual unskilled work- it is the only marker of status differential with poor. Such deeply held social and cultural meanings also underlie their reasons for slighting privatisation. A perceived low status of such enterprises within their families points to a preference for a government position that was considered to hold a special status. They appealed for continued government intervention, without which they feared job losses. Some were well aware that given their level of education and training, it was unlikely that they would gain entry into positions in major companies or TNCs.

Respondents repeatedly emphasised the safety nets offered in government employment. Not only was private enterprise characterised by insecurity; it was inherently driven by a profit motive. By contrast government organisations were identified as being more humane. They often compared the callous attitude of the private sector with the compassionate nature of the state. Although it was young people who most readily embraced privatisation and positive views of the private sector, when they directly confronted some of its deleterious effects, they became its trenchant critics. As a young police woman noted,

> In the police department if I work I will definitely receive my wages whereas a private firm can be closed all of a sudden. Then the payments are stopped; there are clashes between labour and the owners in private firms. It makes me furious when we get complaints from the daily wage earners that they are turned out without payments by the owners

A striking metaphor was used to describe the shift towards privatisation. One informant likened it to loss of access to nutritious food. He noted,

> If privatisation takes place, there will be less freedom for the workers, no matter what position they hold. When the population has been nurtured on high quality food, they cannot consume just anything that is put on their plate. It will not be suitable to your health or even palatable to your taste! The shift toward privatisation is similar. The conditions will be psychologically damaging for the whole workforce and to the individual. (Technical officer, educational training institute)

The metaphor of blood donation was applied to the public sector itself and therefore public servants were considered as blood donors. Its demise implied society’s denial of their contributions. A junior reference assistant at the National Library made this pointed remark:

> We cannot privatise everything. For example, those who donate blood to save lives of others, it is unfair to let them go without acknowledging their contribution. Similarly, this place is giving every drop of blood to create the brainpower of tomorrow. That is, it is preparing the future generations. At first glance, it may not seem financially feasible since this process costs a lot of money, doesn’t it? But its future rewards are unquantifiable.

In reflecting on the range of views concerning privatisation, a number of binary opposites characterised the respondents’ evaluations of the state and private enterprises. While the former was characterised by universal rules and was for the benefit of all, the latter was entirely driven by profit motives, left to the vagaries of its owners and managers. Other oppositions that can be identified:
Table 1. Perceptions of State and Private Enterprises

<table>
<thead>
<tr>
<th>STATE</th>
<th>PRIVATE</th>
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<tr>
<td>Impartial</td>
<td>Personality driven</td>
</tr>
<tr>
<td>Neutral</td>
<td>Arbitrary</td>
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<tr>
<td>Merciful</td>
<td>Authoritarian</td>
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<tr>
<td>Freedom</td>
<td>Surveillance</td>
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<tr>
<td>Benefit for all</td>
<td>Profit motive</td>
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The objectivity and open-minded nature of government bureaucrats were compared to the personal whims of employers in private enterprise. From the perspective of low ranking clerical employees personal vendettas of owners and managers in private enterprise were a concern. Some typical responses included,

In a government organisation there are universal rules and regulations that applies to everybody. In a private organisation you are under the constant surveillance of the owner. If you make a mistake in a government organisation, the officers are impartial. They will examine the situation and will judge accordingly. They will not have a personal vendetta against you because you made a mistake. Nor will they do you special favours because you happen to be in their good books.

(Male aged 31, Driver, state university)

Some one is always looking over your shoulder. I suppose we are relieved of that kind of authoritarian outlook in a semi-government and a cooperative set up.

(Woman aged 48, Purchasing Assistant, textile cooperative)

In private organisations you can sack an employee according to the proprietor’s whim. It may have nothing to do with the performance of the employee. In government jobs unless you have done anything illegal, you cannot be got rid of like that.

(Woman aged 51, Lower Division Clerk, Reserve Bank of India)

Asserting that IMF clauses on adjustment were farcical, a number of key informants argued that economic liberalisation was a policy choice engineered entirely by powerful classes and the government of the day proceeded in an undemocratic fashion to implement them. However, others countered the claims of citizens being excluded from the decision-making process by arguing that the reforms had not been implemented according to their original plans. These conflicting perspectives were primarily determined by their respective location in public and private sectors. Optimistic with liberalisation a number of formal private sector workers felt the ethos of hard work and efficiency inherent in the private sector should prevail among government employees. To put it another way, their current misery was attributed to their own failure. It goes without saying that such unforgiving attitudes were partly the result of never having worked in a public institution and was further reinforced by relentless media commentaries on state inefficiency. They are also consistent with notions of increased call for self-responsibility of workers.

Private enterprise ethos versus government workplace culture

In recent years the positive appraisal of private enterprise for its dynamism, initiative and offer of incentives have captured the public imagination and have come to dominate public opinion. Employees here are extolled with the virtues of punctuality, diligence dedication and enthusiasm. The public sector is its obverse: bureaucratic and unproductive; its workers
Advocates of private sector efficiency included workers from large private corporations, private school teachers and a handful of highly qualified civil servants and young people in general. The popularly held opinions concerning government employees, particularly their tendencies to skive off were universal among all of our respondents from the private sector. More often than not pre-existing disdainful attitudes towards public sector workers underpinned their assessment and assumptions. Typically they were from genteel social backgrounds -who had never worked nor had intended to obtain employment in the public sector. The case study of a tertiary educated single woman in mid-30’s most vividly illustrates some of these preconceived ideas.

Tapati currently works as freelance project worker. Her average estimated income per year is Rs 48,000, of which she sets aside to Rs 4000 per month. The family income is over Rs 25,000 per month². This was not always the case. During her early 20s the family faced a calamity, losing the head of the family to untimely deaths. Both her father and his elder brother died very suddenly. As the eldest child it was left to her to find employment. As she explained, “my mother said to me, ‘try to find a job –something in the technical area, perhaps. The other children are still studying. You’ve got to do something’…”

**Interviewer:** So, what did you do? Was there any chance of a government job?

**Tapati:** Never! I was going to sit for the WBCS. But then…well, I looked at the Government offices. They are filthy; dirty files everywhere; filthy walls, beetle nut spit stained on the walls. Horrible! It is the opposite in a private firm. Clean offices, nice neat reception area. People are polite. No, I’ve never been interested in getting a government job.

**Interviewer:** Do you still feel the same way?

**Tapati:** Most definitely! You go and stand there and no one even asks you to take seat. It is like they are doing you a favour. It is their job to help the public- aren’t they public servants?

**Interviewer:** What about your friends and other family members? Do they have a different opinion about government employment?

**Tapati:** Most of my friends are in the private sector, in the corporate sector, in newspapers. In their opinion privatisation is a good thing. In this country people don’t work in the public sector; there is a lack of a work culture. What a strange thing! I mean you draw a salary and you don’t want to work? Everyday there is this meeting, that rally. Hopeless.

**Interviewer:** do you know many people that go to protest rallies? Would you say this would be a majority of workers?

**Tapati:** Er…yes, only a minority…

**Interviewer:** How do you think privatisation has affected the rest? Most of the population doesn’t work in the public sector.

**Tapati:** How do you mean the rest?

**Interviewer:** I mean the entire the informal sector. Some people have two to three jobs just to make ends meet.

**Tapati:** Yes, some people work in casual jobs, part-time jobs. They work until 6 in the evening. And then from 6 onwards, they might have another job. Yeah, it’s like that.

**Interviewer:** We tend to get upset when we see government workers taking it easy. May be they got jobs at a time when you could get a government job. Do you ever see

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² Approximately 30 Indian Rupees = $1 AUD
Scrase

anything like that in the private sector?

Tapati: No, no. Inefficient people just won’t be able to get in. A person might be interviewed several times. There will be an IQ test. I’ve seen this with my own eyes. Forget English or shorthand or typing. That is just taken for granted. Then you will have your interview. The panel will be very fussy, very selective about whom they get. In government service you sit for the PSC or WBSC. That’s it. I am not talking about high-ranking posts, just ordinary jobs. After you are selected, there is no accountability.

While such pre-disposed negative opinions towards government employees explains the hostile attitudes of some respondents, it is worth noting that even some self-reflective and mild mannered respondents were also highly critical of the idleness of government employees. For example, a devout Christian for whom working hard was a moral salvation explained,

…the indiscipline that you find among government employees is completely absent in our workplace. Whenever I had had to deal with workers in government departments, when ever, I’ve had to go to a government office, I have observed that they are always *fanki mara* (slacking off). They tendency for *fanki mara* is highly prevalent among them. We cannot imagine that kind of behaviour here. To be here for 9 hours and doing nothing is unthinkable. They are doing this day after day. We cannot even sit around for one minute.

(Male, mid 30’s Senior Technical Assistant, large private corporation)

When asked whether he regarded this to be true of all government organisations, he replied, “No, naturally not. But there are some offices which does not have any work-culture what so ever.” Older state employees endorsed similar criticisms of their own colleagues:

The biggest problem with government employment is the opportunity for *fanki mara* (loafing around). You can’t do that in private enterprise!

(Male, early 40’s, Technical hand, Public Sector)

To immerse oneself in one’s work was a badge of honour for private sector employees. Derisive of their counterparts in government service many were at the same time resentful of the security they enjoyed. These contradictory sentiments are captured by the following conversation with a clerk in a small accounting firm within the informal sector:

Respondent: We keep very busy here compared to a government organization. A government employee works for 2-3 hours, at the most, in a day, whereas here we work for 8 hours, if required, instead of the mandatory 7 hours. This is the difference.

Interviewer: You’ve worked here for a while then, what would say are the advantages of working in a private organization?

Respondent: I don’t notice any such advantage. Rather, I feel that a government organization is better that way; it offers more security, more benefits than private organizations. However, may be there are benefits for people who hold very high positions. For us, there are none. *(original emphasis)*

(Accounts Assistant, aged Age-38; Education-BA; Income-Rs.1400)

While private sector workers dismissed their public sector counterparts for lacking the qualities of diligence and punctuality, they were well aware of their own exploitative conditions and became resentful. Some were embittered by the shabby treatment they received from their own firms. Despite their outward praises of their own firms during formal interviews, some spoke in private about pending insecurities, particularly in transnational corporations that were experiencing global down turn, pressure to relocate, restructure and rationalise. Employees in a transnational corporation had been amidst uncertainty for the past three years. The corporation’s global strategy is to transform the company by gradually
shutting down some of its large manufacturing units, to sub-contract out production elsewhere and the parent company to be more involved in marketing its products. The management had not informed the employees the full details of their future. During our fieldwork most workers relied on the print media for information. At that time it was being speculated that an Indian company would take over. Stunned by the new developments workers were anxious whether they would retain their jobs and existing benefits. Apart from attractive salaries workers currently enjoy a number of entitlements – medical benefits, LDA, free lunch, crèche, transport allowance and the company’s own transport service for workers. For them it was unthinkable that such a ‘solid’ company in which some families had worked over two generations would face the threat of closure. Rumours of the take over created disquiet about the new management’s commitment to honouring their existing facilities and conditions.

It is evident that experiences within a given type of work setting have shaped the outlook of employees. Since these were largely value orientations that were difficult to quantify, we specifically explored the experiences of respondents who had initially worked in the private sector and then joined government service. They compared both sectors and found that private sector work was monotonous and offered no freedoms. The latter was highly valued by many people. The absence of autonomy and freedom in private enterprise were at the heart of their critique. It was also a moral critique directed at the inherently profit driven motive of private enterprise which was always prone to rationalisation and staff-cuts.

It is worth also noting that many respondents deployed the language of managerialism to enhance efficiency while rejecting privatisation. Frequently used terms to describe the qualities that individuals and their co-workers possessed were ‘flexible’ and ‘embracing strategic changes’. In general, they were apprehensive about the negative social consequences of liberalisation, and feared that privatisation would result in large-scale retrenchments. However, they advocated that the approach of imposing strict work discipline in private enterprise should also apply to government employees. A common saying was, ‘No, I don’t want privatisation. But, I want people to work as if it was a private organisation.’

Discussion: Discourses Of Global Efficiency and the Dynamics of New Workplace Culture

How is it that some workers reproduced ideologies of work efficiency, often in the face of, and in conjunction with, the countervailing life-long thinking and practices? We found that the notions of efficiency, privatisation and deregulation were rapidly gaining a particular currency as the central motifs of the everyday language and practice of environments such as the workplace. However, this phenomenon has not manifested automatically, it certainly had help, from both governments and international inter-governmental bodies such as the IMF and World Bank, whose views are relentlessly propagated in the generally pro-liberalisation media. From these influences and impetus the discourses have developed a life and force of their own, such that they have become significantly responsible for developing new understandings of how individuals should govern themselves.

Stuart Hall’s (1988) analysis of the Thatcherite project is also revealing. According to him the discursive articulation of common objectives embodied in this program was purely aimed at disciplining people for capitalist market solutions, paradoxically with their “consent” – the strategy of connection with ordinary people. Despite being a highly contradictory approach, it was nevertheless able to construct ‘unity out of difference’ (1988: 166). “Common-sense” was remade, wherein the terminology of the market was “normalised” in combination with the disciplinary themes of order, family values and respectability – a package that formed the everyday conception of what constituted the ‘national identity’. From the point of view of

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naturalising workplace discourses of efficiency this neo-liberal hegemonic project constructed a popular morality. This was the development of a ‘practical material-ideological force’ that has a language, which maps out social reality clearly and unambiguously (1988: 143). Highlighting the inherent morality of efficiency and flexibility the message for workers was suffused with their common issues and problems. The wisdom of the nation was entwined in notions of efficiency in the workplace; to reject this would be amoral. Many of our informants deployed similar moral discourses of hard work in the service of the nation that have resonances with earlier narratives of anti-colonial nationalism.

According to Branislav Gosovic (2000: 447, 448), a type of global intellectual hegemony (GIH) has become one of the major characteristics of neo-liberal globalisation of the 1990s. This hegemony is perpetuated through the frequent use of particular terminology and clichés that legitimise this paradigm, imbuing it with positive qualities. In the language of GIH, neo liberal globalisation is packaged as new, modern, scientific, results orientated and inevitable. Any questioning of this paradigm is dismissed as old fashioned. Public institutions are represented negatively and as inefficient in contrast to private institutions (Gosovic 2000:450, 453). He adds further (2000: 452) that individuals, particularly those who are in the service of governments, may have their own reasons for not speaking out against neo liberalism, including their desire to keep their job and obtain promotions. Bourdieu (1998) discusses the insecurities that have become normative under the paradigm of globalisation as playing a significant role in the institutionalisation, and thus the adoption of particular market discourses into the language and actions of workers. The growing unemployment and casualisation of the workforce has shaped the actions and responses of many workers, breaking down any form of resistance, and more often than not, setting worker against worker. In light of these market articulations, and indeed out of fear, workers strive to become the most efficient, flexible and productive worker in an organisation. These forces affect everyone whether employed or not, ‘… the awareness of it never goes away: it is present at every moment in everyone’s mind’ (Bourdieu 1998: 82). People living under globalisation constantly feel that they are replaceable; as a result there is a definite sense that people come to regard work as a privilege, ‘… a fragile threatened privilege’ (Bourdieu, 1998: 82) and, most certainly not a right.

Fear of retrenchment was certainly ever present among some of our respondents. However, what struck us most was the growing prominence of a political rationality that is geared towards delivering an increased call for personal responsibility. Here the strategy of replacing old-fashioned regulatory techniques with techniques of self-regulation conceived by Foucauldian scholars may be relevant. Moreover, as Beck (2001) suggests, the ideal individual worker will take responsibility for their part in the creation of an efficient and responsible enterprise. The “price” of individuality means taking personal responsibility for any failure or misfortune. The benefit being that individuals can now feel a sense of control in that they are ‘not passive reflections of circumstances but active shapers of their own lives, within varying degrees of limitation’ (Beck, 2001: 167)

These competing perspectives offer some insights into the reasons for our respondents espousing the rhetoric of efficiency. However, the most salient feature of their acquiescence is the technocratic solutions that underpin market discourses. Technocratic solutions have a degree of appeal among our respondents due to their familiarity with the modernising discourses of rational planning characteristic of developmentalism in post-colonial states, regardless of political ideologies. Therefore the Left Front’s pragmatic embrace of market solutions, which are now being reconfigured as ‘rational’ progress towards better developmental outcomes, appears to our respondents, as being part of a continuum, not a radical departure.
Conclusion

In this paper I have examined the ways in which people give meaning to notions of efficiency and how they struggle with the contradictions that emerge as they navigate the terrain between government rhetoric and the reality of their own lives. A number of people in this study have internalised the state’s rhetoric of global efficiency and this is precisely through the continuum of earlier state discourses of modernisation and scientific rationality. A major reason for the talented managers being able to solve their problems was their firm belief in the modernising discourses of techniques and rationality. For some the transition from scientific socialism to scientific managerialism was made possible by the very process of modern education and political socialisation.

Significantly, this research shows that there exists an essential and ongoing tension between state and labour in West Bengal, especially in the urban areas. The uncompleted struggle is one whereby the Left Front government has to ideologically convince the urban middle classes of the benefits of privatisation and of the state’s New Economic Policy. However, NEP presupposes an individualistic, entrepreneurial spirit, which in comparison to other states, has not been so strong in West Bengal. Moreover, Bengalis see the benefits of collective action and unionisation, a view strongly and commonly held despite one’s political allegiances. In the final analysis, the Left Front government’s attempts to implement workplace change are looked upon suspiciously as a means to undermine worker’s rights and to take away the protection of the state, a protection fought for and won over several decades.

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The Management of Labour Conflict in China

A systematic literature review

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This study systematically reviews the extant literature on labor conflict and its management in China. It reveals that there have been widespread labor disputes, especially collective disputes, resulting from the violation of worker’s rights in every aspect of employment relations. While labor disputes in state-owned enterprises (SOEs) are mainly caused by insolvency and bankruptcy, those in foreign-invested enterprise (FIEs) and privately-owned enterprise (POEs) are caused by managements seeking quick profits by sacrificing workers’ rights. China has developed a third labor dispute management system with Chinese characteristics, which is different from the old systems, that is, resolving labour disputes via the state administration, and Western practices, eg collective bargaining. The third way is characterized by reliance on labor arbitration and judicial channels and management-state bipartism for resolving labor disputes. Contribution to theory and implications for practitioners and research are discussed.

Introduction

China’s transformation from a centrally planned economy to a much-lauded ‘socialist market economy’ has now fundamentally changed the way that China conducts its industrial relations. As one major process of corporatization or marketization, China has conducted personnel reform, the so-called ‘three systems reform’ (san xian gai ge) (Ng and Warner, 1998, Zhu and Warner, 2005). The essence of the three systems reform lies in, firstly, replacing the so-called ‘three old irons’ that existed in Communist China of 1) life-time employment (the ‘iron rice bowl’); 2) centrally administered wages and the cradle-to-grave state welfarism (the ‘iron wage’); and 3) state-regulated appointments and promotions of managerial staff (the ‘iron chair’) with labor contracts that emphasize greater productivity and flexibility. Secondly, the reform gives managers almost unlimited autonomy, particularly over employment relations, such as hire, fire and pay (Ding and Warner, 2001; Ng and Warner, 1998).

Industrial relations was never the Chinese government’s concern during the planned economy, but now the old harmonic workers (masters)- the state relations have long gone and, instead, there are considerable tensions and conflict between employees and managers. The situation has become critical with the emergence of labor conflict accompanied by inadequate social security, income inequality and high unemployment (Zhu and Warner, 2005). How labor disputes are handled has a significant influence on the stability and healthy development of the Chinese economy. Apart from considerable pressure from its own people, the Chinese Government is now under great pressure from outside, particularly the US and the European Union, to protect workers’ rights. ‘Labour issues are no longer in the domestic terrain, but are now linked with international trade and international political relations’ (Zhu and Warner, 2005: 359).

‘The dismantling of the administrative regulation of labour relations by the Party-state has been accompanied by the introduction of a new institutional framework for the regulation of industrial relations, often drawing on the example of developed market economy’ (Ng and
Warner, 1998: 77). The framework is centered on the legal and contractual regulation of labor relations, including labor arbitration and courts, accompanied by trade unions, tripartite coordination and collective contracts (Cheng, 2004; Clarke, Lee and Li, 2004; Shen and Leggett, 2004; Zhu and Warner, 2005).

Parallel to the impressively growing literature on China’s human resource management, scholarly analysis is increasingly being applied to examining China’s changing industrial relations. However to date, a systematic review that assesses and generalizes the findings of the existing but scattered empirical research is lacking, particularly in regards to how effective the existing mechanisms are with forestalling increasing labor disputes. This review study is yet another step toward this direction by posing the following major research questions. By answering these questions we shall also discuss the direction of labour disputes in the future and the prospect of their management in China. The research questions include:

1) What are the nature and causes of labour disputes?
2) How are labour disputes being managed?
3) How effective are the current mechanisms for resolving labour disputes?

Methodology

This study is a systematic literature review complying with the rules set by Cochrane Library. The databases searched include Academic Search Elite, Business Source Premier, Econlit and MasterFile Elite, IBSS, ProQuest, ScholarGoogle, Ingenta, Synergey, Emerald and EBSCO. These are databases that, combined cover virtually all areas of academic study, economics and peer-reviewed business and scholarly publications in English. The period chosen was 1995-2005 as this represents the period when the early 1990s economic restructuring in China began to make itself felt, and research on the topic flowed as a result. The major inclusion criterion for literature was scholarly publications derived from empirical research, either quantitative or qualitative, during the specific period. Studies that did not indicate robust research methodology, such as data collection method and date, and were reference-led reviews were excluded. The search terms included human resource management, personnel management, industrial relations, labor disputes, labor confrontation, labor conflict, trade union, workers’ councils, workers’ congress, workers’ rights, employment contract, collective contract, collective/tripartite consultation/negotiation/coordination, labor arbitration, labor court and labor dispute settlement/resolution. These terms were all combined with China when being searched. The titles and abstracts, where available, were screened to identify the potential relevant publications. Two reviewers independently identified the publications and extracted the findings of the studies included. Differences were resolved through discussions.

Results

Of the 7955 publications identified in our search, twenty six met our inclusion criteria. The findings were classified into labour disputes, trade union, collective agreement, tripartite negotiation and labour arbitration and labour court categories.

There is evidence showing that since the mid-1980s labor disputes are widespread, perennial and are becoming more complex due to the rising number of collective worker actions, expressed in forms previously unknown, from peaceful demonstrations to ‘wildcat’ strikes. Labor disputes involve all aspects of employment relations, with a strong focus on wage, dismissal, insurance, pension, enterprise mismanagement, compensation for lay-offs,
medicare welfare and employment contract. Some labor disputes involve issues that are beyond the scope of labor relations, such as allegations of management corruption and the creation of more jobs for laid-off workers. The following factors contribute considerably to the rising occurrence of labor disputes:

- enterprises’ insolvency or bankruptcy, which mainly occur in SOEs;
- the lack of clear regulations on employment relations. POEs and FIEs are more likely to mismanage their employment relations;
- the state’s granted unlimited power to and lost influence on enterprise management over employment relations;
- the lack of workers’ representative organizations give rise to unorganized, isolated and sporadic collective actions.

The causes of labor disputes differ between the different economic ownerships. While labor disputes in SOEs have been mainly caused by insolvency and bankruptcy, in FIEs and POEs they are mainly due to substandard working environment, unfair treatment and no pay or a delay in the payment of wages because management are seeking quick profits. Taiwanese, Korean and Hong Kong invested enterprises have been the focuses of labor disputes. Labor disputes, especially collective disputes are expected to increase in the future due to deepening corporatization of SOEs and rapid growth of non-SOEs.

The role of trade unions in China is encouraging and resolving disputes can be an ambiguous task. In the transition to the socialist market economy the ACFTU has been redefining its role as ‘representative of workers’ to respond to the constituents’ cry for protection. It has been trying to expand its representation in FIEs and POEs, assuming that the lack of union existence is a factor of increasing labor disputes. However, an intrinsic weakness of China’s trade unions is their traditional subservience to the party-state in general and enterprise managements in particular as the government resists any attempts to independently organize workers across the industrial sectors and cites. They operate as enterprise unions rather than industrial unions, and, thus, as Baek (2000) notes, obscure the differentiation of interests between labor and management. Trade unions cannot mobilize workers to strike against rights abuses by enterprise management as this may disturb industrial peace, scare foreign investors and ultimately endanger social stability. While there is scope for official unions to move into a state-driven framework, it is also clear that workers want their unions to be autonomous organizations and truly represent them. Trade unions at higher levels are the major proponent of establishing the tripartite coordination and collective contract systems. The higher level unions also deal directly with labor disputes when workers appeal to them. However, due to the fact that trade unions are not independent and decision-making bodies, they play only a ‘mediator’ or ‘moral supporter’ role in resolving labor relations. Trade unions within the enterprise mainly act as part of management distributing fringe welfare or dealing with workers. They sometimes act as the ‘messenger’ or ‘mediator’ between workers and management. Nevertheless, the regional unions set up by higher level union councils might be able to counterbalance enterprise management in the region.

Since 1992 the collective contract system has been widely established in SOEs, although with little enforcement in FIEs and POEs. The review presents debates on the objective of developing such a system. We are inclined to agree with Clarke et al. (2004) who argue that the collective contract system has developed as a means of attempting to secure harmonious labor relations within the framework of the workers’ democratic participation in management. This is because there is no reason for the Party-state to maintain any form, either direct or indirect, of administrative control over enterprises given the deepening corporatization and
marketisation. However, the collective contract system functions as ‘window-dressing’ as
contracts are not a result of collective bargaining, rather usually a repeat of some regulations
of the law on labor relations and exclude the items that might provide grounds for labor
disputes. Such a system has hardly played an effective role in alleviating labor conflict.

Tripartite consultative bodies are being established throughout China in the hope that such
consultation will forestall or resolve increasing instances of labor disputes. It is concluded that
apart from believing that tripartism resolves labor disputes, the ACFTU tries to legitimize its
continuing existence by representing its members during the new era of reform when its
traditional roles, such as production campaigner and welfare distributor, are diminishing. The
Chinese tripartite coordination system, at first, looks like a trilateral consultation mechanism.
In fact, due to the trade union’s subordination to management priorities and to the labor
administration organizations, this system has normally become bilateral negotiation between
the labor administration organizations and enterprises. The former tries to represent the
interests of both the employer and employees, but it is the latter that actually represents the
interest of the employer. Institutionally, the major role of the tripartite coordination is
confined to analyzing situations and putting forward suggestions on labor relations. The labor
administration departments chair TCC at various levels. Also, since the enterprise is
responsible for its profits and, more importantly, is no longer subordinate to the labor
administration organization, the labor administration organization is unable to make the
enterprise follow its orders. Therefore, the tripartite coordination system is nothing like
collective bargaining, and TCC is not a decisive authority in solving labor disputes. The two
limitations of the Chinese current legislation on tripartite coordination and collective contracts
are: firstly, the legislation is based on the traditional assumption of the unity of interests of
employers and employees, which is very different from the reality that employers have always
had an opposite stance to employees; secondly, the legislation is also based on the assumption
that trade unions represent and can protect the interests of workers, which is also different
from the reality that trade unions are subordinate to, or a part of, government administration
and management of the enterprise.

Labor arbitration and labor court are being widely implemented and have become relatively
more effective mechanisms for resolving labor disputes. This is reflected in the growing
number of cases they have dealt with in which workers have won. The reason labor arbitration
has proven to be effective is because the arbitration committee is a decision-making body and
arbitration is compulsory and regulated by law. However, the effectiveness and fairness of
labour arbitration and labour court are to a certain extent constrained by a lack of detailed
legislative regulations on employment relations.

Contribution to theory

Trade union-led collective bargaining is the main resolution mechanism for labor conflict in
Western industrialized countries. For historical reasons such a system is irrelevant and alien to
China (Ding and Warner, 1999; Ding et al., 2002; Shen and Leggett, 2004). Is it likely for
China to develop a ‘third way’ of labor conflict management that differs from the other two
systems, i.e. resolving labor disputes via the state administration, and Western practices?
This review study confirms that a third way exists and that it is characterized by reliance on
labor arbitration and judicial channels and management-state bipartism for resolving labor
disputes. Two workplace models of industrial relations are competing for dominance in
China: firstly, collective bargaining, which will require unions to be independent and conduct
real social dialogues; and secondly, a management-state bipartite model, which exercises
direct dialogues between management and the Party-state due to the dominant influence of the
Party-state and a weak union. Collective bargaining is unlikely to succeed because the current political framework will not allow the ACFTU to have a truly independent status and to separate its interests from management, the state and their members. Political reform would not accompany economic change and the unions will be retained as political instruments of party rule. As long as autonomous institutions representing both employers and employees’ interests are lacking, the collective contract and tripartite coordination systems won’t work. The judicial channels, labor court, together with labor arbitration, have been effective in resolving labor disputes and will continue to be the main labor dispute resolution mechanism. The Chinese practice indeed shows the significance of the rule of law as the basis of rational social order and the foundation of a market economy.

Implications for practitioners

It might be practical for the Party-state to consider separating the interests of workers from that of employers and instituting trade unions to represent only workers. Setting up regional unions (also industrial unions) to be a ‘rival’ stance to management (found in Shen and Leggett’s (2004) findings) may be a right step towards this. Practitioners also need to work on the policies beyond employment relations, such as unemployment insurance and social security systems, and reemployment projects. Now that many SOEs have been restructured, how in this decade (and given the demands of WTO membership and globalization) will the state lay-off millions of workers sequentially and not simultaneously in order to defuse community worries? Labor arbitration and court are currently the most effective labor dispute resolution channels and this is likely to continue in the future. However, the fairness of these two systems is always in question due to a lack of detailed policy on employment relations to use as a guide for settling labor dispute cases. Detailed regulations on employment relations are hence urgently needed. Moreover, retaliation of employers by sacking ‘trouble makers’, especially those who have won arbitration or court cases, are common and are threatening the legitimacy of labor arbitration and court resolution systems. Therefore, the measures on anti-retaliation are necessary in order to effectively protect workers’ rights.

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Labour Market Changes in the Sydney Tiling Industry
The role of subcontractors and immigrant workers

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Under the fordist subcontracting system, craft workers in the Sydney tiling industry enjoyed relative autonomy and control over the labour process. The system was influenced by subcontractors’ reorganisation of the labour process and deployment of labour force prior to the 1970s economic crisis. For maximising capital accumulation the subcontractors restructured subcontracting and reorganised the labour process using indirect labour market control. Furthermore, they started to deploy new immigrants including Italians in the 1950s, and Koreans and Chinese workers in the 1980s. As a result, the comparatively powerful position of the craft tiling workers in the labour process was gradually transferred to subcontractors in the late 1980s. Close attention is given to the deployment of labour associated with subcontractors’ restructure of subcontracting in the Sydney unionised tiling industry and its impact on the labour market and labour process.

Introduction
The tiling industry was dominated by Italian-born migrants until the middle 1980s. This predominance slowly shifted to Korean-born migrants from the late 1980s, who have dominated the industry since the late 1990s. This change is the crucial aspect of this paper. Thus, the subject of the paper is the role of sub-contractors and immigrant workers in the Sydney unionised tiling industry with clarification on how these subcontractors organise the labour process and deploy labour to maximise capital accumulation.

In order to clarify which factors led to this transformation, firstly this paper starts with a description of the traditional structure of employment. Secondly, it identifies what changed in the structure of subcontracting and employment status in the tiling industry between the two periods, 1950s and mid 1980s. Thirdly, it analyses the reorganisation of the labour process and the deployment of tiling workers since the late 1980s. Finally, this paper clarifies how subcontractors procure unfair benefits by reorganizing the labour process with the new migrants of Korean and Chinese background.

Methodology
This paper employs an empirical method with qualitative approach drawing on in-depth interviews from craft-persons, labourers and subcontractors in the tiling industry in the Sydney metropolitan area. The author interviewed 35 Korean-background, 4 Anglo-background, 9 Italian background and 5 Chinese-background tiling workers since January 2004. Also, 3 Italian and 1 Korean-background principal subcontractors were interviewed.

The second important research method for this paper is participant observation. Firstly, since 2000, the author has worked as the special Korean community delegate and bilingual interpreter for the Construction Forestry Mining Energy Union Construction and General Division New South Wales Branch (hereafter CFMEU) covering the construction industry in NSW, and has also assisted with processes to settle the wage claims of the Korean-speaking construction workers. A further source of information stems from the involvement of the
author in helping Korean-born tile-layers to enrol in and attend training courses to gain their contractor licence. Finally, a voluntary coordinating and advising role for the Korean Tilers’ Association (KTA) provided further participant observation opportunities. These roles have provided valuable empirical research and a detailed knowledge of the tiling industry and subcontracting.

Traditional Structure of Employment and the Labour Process

Until the early 1950s, subcontracting in the tiling industry displayed one layer contractual chain involving the following type of employment:

- Head contractors (builders) who made a contract with the client to complete a construction project and sub-contract-out to specialised tiling trade subcontractors.
- Subcontractors were the ‘supply and fix contractors’ who supplied both the labour and materials necessary for the performance of tiling work. They employed tiling workers directly on permanent base (Sutton, 1979: 6).

In the post-war construction boom, craft workers earned three or four times more money than their award wage in Australia (Greig, 1997: 324). Under Australian fordist subcontracting, skilled tiling workers on ‘craft-based housing projects’ enjoyed relative autonomy and controlled many aspect of the labour process. The Australian fordist capital accumulation strategy was implemented prior to the Second World War and reached maturity during the long housing boom after the war. The housing industry played a significant role in the stability and reproduction of the fordist regime of accumulation, linking mass production with mass consumption (Greig, 1997: 328).

Changes in 1950s and 1960s of Employment Status

Subcontractors reorganised the labour process to introduce a permanence-base payment (piece work) in the industry in Sydney in the early 1950s. Furthermore, they ended permanent employment in the late 1960s, earlier than other trade sectors which were restructured in the late 1980s (Ferguson, Interview 28/05/2005). As a result, the tiling craft workers’ power was ‘partly’ transferred to subcontractors because of the nature of the tiling work, technological changes and the option of employing migrant workers including Italian tile-layers.

Nature of Tiling Work

Tiling work can be easily costed, calculated by square metre (contract rate pay) in contrast with other trade works which are much harder to calculate (Shin, 2002: 160). The nature of calculation of the amount of tiling work has increased the number of contract workers. The overwhelming majority of wall and floor tile-layers in Sydney now work under contract which has resulted in a high proportion of casual tile-layers.

Italian Tile-layers as New Labour Sources

Most employers prefer ‘docile’ migrants who have the required skills and the ability to work (David and Wheelwright, 1989: 171). A new assisted migration scheme was agreed between Australia and Italy in 1951, which attracted Italian immigrants including tile-layers (Castles, 1992: 40). The new labour sources in the industry granted subcontractors an opportunity to deploy the labour force and reorganise the labour process.
The first generation of Italian-born immigrants came to the Australian construction industry in 1940s to 1960s. Most of them were trained on-the-job in Italy or Australia. Some of them attended a construction course in technical colleges in Italy which endowed them with a range of skills including tile-laying, concreting and brick-laying. The subcontractors could expand profit by employing multi-skilled Italian immigrant workers on a performance-basis since the late 1960s (Italian Tile-layers, Interview May-June 2005). Although the tiling subcontractors introduced a performance-basis payment system (piece work) in the early 1950s, they provided other workers entitlements for the contract workers including annual leave, public holiday pay and workers’ compensation premiums. Thus, there were two types of employment, permanent workers on wages and individual contract workers on a performance-basis.

In 1967, the subcontractors replaced their regular waged workers and piece workers in the unionised tiling industry with contract workers to avoid paying the workers’ entitlement to award coverage. They used this opportunity to engage new Italian-born tile-layers. The subcontractors implemented the new labour process without opposition because generally new migrant workers were not familiar with Australian working culture and thought they could earn money quickly with their multi-skills on ‘crafts-based housing projects’ (Ferguson, Interview 28/05/2005).

**Changes in Tools and Materials**

In 1960s, the construction companies in the Sydney area gained more power over the labour process with the development of automation, increasing mechanisation, the use of new materials and changes in methods, old skills faded and new skills emerged (BWIU, 1966: 2). For the tiling industry, the technological development provided new tools such as tile-cutters, mixers and grinding tools, and new materials including glues and grouts which introduced the new glue-down method, making tile-laying work much easier (A Anglo-background Tile-layer, Interview 30/05/2005). In general, the mortar (cement and sand) method for tile-laying requires greater skills than the glue-down method. However, the tiling work still remains an essentially skill-intensive trade. The production process continues to rely heavily upon the use of traditional skills and crafts which provides tile-layers ‘partly’ to control the labour process (Shin, 2002: 142).

**Weak Union Power and Amalgamation with BWIU**

The Tile-layers Union of New South Wales is a small union with approximately 200 members. They did not have enough power to resist the transformation of the hegemony over the labour process. The union’s strategy against the subcontractors was an amalgamation with the NSW branch of the Building Workers Industrial Union (hereafter the BWIU), which is now referred to as the CFMEU. A new tiling committee was established within the BWIU in 1967 (Ferguson, Interview 28/05/2005).

Under these circumstances, from late 1960s to early 1980s the BWIU developed union policies, such as portable long service leave, portable superannuation and portable redundancy to cope with the problems generated by subcontracting in the construction industry. All construction workers including tiling workers have been entitled to all the benefits from the union’s policies.
Restructure of Subcontracting and New Migrants in the Late 1980s

Until the mid-1980s, most construction workers in the large unionised sites were employed directly by building and construction companies (head contractors). From the latter half of the 1980s, management focussed more on contracting out labour which resulted in a wave of layoffs.

The reduction in the average size of a firm over the last few decades is directly related to the decline in apprenticeships in Australia. The number of apprenticeships was insufficient for the building and construction industry, particularly in the 1990s. This contributed to the skill-shortage in Australia over this period which then encouraged workers from overseas to join the Australian labour market. Hence, the deployment of labour force strategy of construction companies resulted in a failure to invest in apprentices to become skilled tile-layers, particularly with the increase in demand for tile-layers in the run-up to the Sydney Olympic Games, which created a labour shortfall that reinforced the interest in a global sourcing of labour.

The following statistics highlight the extent of the capitalists’ layoffs and externalisation of labour in subcontracting system. In the early 1970s, subcontractors employing less than 10 workers were estimated to employ about 5 per cent of the total construction workforce, while firms with more than 150 employees employed just under half of the industry workforce. By the late 1980s, firms employing fewer than 5 workers had increased their share of industry employment to 43 per cent, and to about 70 per cent by 1996/97. These small firms were also producing 54 per cent of industry gross product (Croce et al., 1999: 72). In contrast, by 1988-89, employment in firms with 20 or more employees accounted for 33 per cent of the total workforce and by 1996-97 it declined to 13.6 per cent (Toner, 2000: 45).

Under the changed situation, the CFMEU has negotiated Enterprise Bargaining Agreements (the EBAs) with head contractors (builders). Also, the CFMEU has EBAs with each trade subcontracting companies (e.g. tile-laying, carpentering and painting). The EBAs include common collective bargaining wage sheets, redundancy, superannuation, site allowances, workers compensation, long service leave and training in the all levels of subcontracting layers through ‘pattern bargaining’ (CFMEU, 1998:6). The EBAs allow head contractors to sublet work to subcontractors including carpentry and joinery, formwork, concreting, and steel-fixing companies who supply materials. Then subcontractors employ only a few direct employees, the rest are self-employed contract and casual workers in special cases. Furthermore, the EBAs between the CFMEU and the tiling subcontractors do not allow the subcontractors to sub-let tile-laying work to middlemen. However, in many cases in the unionised tiling industry, subcontractors breach the EBA and sub-let tile-laying work to middlepersons (labour-only sub-subcontractors). Korean and Chinese-background middlepersons, who represent the 3rd layer of subcontractor structure, make teams of skilled-, semi-skilled and un-skilled workers. They employ same ethnic background documented and undocumented tiling workers on permanence-payment basis.

From Separate Housing to Higher Density Housing and Building Base Accumulation

Between 1991 and 2001, in Sydney, higher density housing increased at more than three times the rate of separate houses (ABS, 2003) and big commercial building projects increased in the middle 1990s in pre-Sydney Olympic construction boom (A Korean-born Subcontractor, Interview 11/06/2005). This trend changed the central capital accumulation method from skilled craft-based housing projects (until 1980s) to higher density housing (apartments) and commercial building basis (1990s-current). This change attracted tiling teams to complete job for big and patterned tiling work which could be done by less skilled
worker comparing to craft-based housing tiling projects. This need was filled by the Korean and Chinese-born middlepersons with division of labour between skilled, semi-skilled and non-skilled new migrant tiling workers through the same ethnic community channel. The subcontractors in the unionised tiling industry reorganized the labour process and started to deploy the Korean-born migrants from the late 1980s.

*Korea-born Tile-layers' Craftsmanship and Efficiency of Tiling Workers*

Before the huge inflow of Korean-speaking tile-layers in the late 1990s, a bud for the inflow was initiated by a few highly skilled tiling craftsmen in the late 1980s. The interrelationship of the senior Korean tile-layers’ efficiency and the subcontractors’ benefits maximisation strategy pioneered the inflow of Korean immigrants during the pre-Sydney Olympic construction boom.

The subcontractors were also impressed by the Korea-born tile-layers’ positive attitude to work. The formation of their craftsmanship displays some interesting characteristics. For instance, firstly, they received very strict on-the-job training in Korea in the 1970s-80s, secondly gained over 30 years experience to improve their tiling skills, thirdly, they showed pride in their work and felt their true vocation was to be a tile-layer. The Italian tile-layers showed similar pride in their vocation.

Furthermore, this new situation, subcontractors (tiling companies) were attracted to Korean-born tile-layers because they brought a new efficient working method by using of the crouching position. When working on floor tile-laying, the crouching position proved to be more speedy and efficient than the kneeling position used by non-Asian-born tile-layers (Shin, 2002: 145). With their special craftsmanship, the few pioneer Korean tile-layers filled the desires of the subcontractors to improve capital accumulation based on big tiling projects by using pyramid subcontracting with lower contract rates than the contract rate for existing tile-layers including Italians.

*Influx of Korean-speaking Tile-layers in the 1990s*

The restructured subcontracting system encouraged subcontractors to recruit the Korean-born skilled tile-layers in the 1990s and early 2000. The internal factors causing the large influx of Korean tiling workers included skill shortages particularly when there was a high demand for skilled workers in the pre-Sydney Olympic construction boom. The Australian Federal Government also granted tourist visas in order to attract Koreans to visit Australia since the late 1990s. This tourist policy and the Korean community network between two countries made it easier for approximately 3,000 Korean workers to travel to Sydney to seek work. The external factors include the craftsmanship of Korean-born tile-layers, the efficiency of the Korean-born tile-layers and the oversupply of tile-layers in Korea during the financial crisis in 1997 – 2000 (Shin, 2002: 146-147).

These factors led the Korean-speaking tile-layers to become a dominant part of the wall and floor tiling industry in the Sydney metropolitan area since the late 1990s. They comprised approximately 10% in the late 1980s, 20 % in the middle 1990 and 50% since the late 1990s which is 3,000 out of the total 6,000 tile-layers in the 1990s during the Sydney Olympic construction boom (Shin, 2000: 59). The influx of Korean-born skilled tile-layers from the late 1980s to 1990s was directly linked to the reorganisation of the labour process and deployment of labour force strategy of the tiling subcontractors.
Inflow of Chinese-born Tile-layers in the Sydney Tiling Industry

These are the two origins of the inflow of the China-born tile-layers in the Sydney tiling industry. Firstly, after the repression of pro-democracy movement in China in 1989, the Australian Government granted four-year entry permits to all Chinese students in Australia at the time. These developments were largely responsible for the Chinese-born population in Australia more than doubling between 1986 and 1991. Some of them gaining 4 year entry permits were tile-layers with plastering (rendering) skill and some tile-layers who migrated to Sydney for family reunion (Chinese Tile-layers, Interview June-Oct., 2005).

Secondly, the pre-Olympic construction boom attracted the Chinese-background tile-layers in the Sydney tiling industry, but not as many Chinese as Koreans. Chinese comprised approximately 5% of total tile-layers in the Sydney metropolitan area in the 1990, and 10%, 600 in 2005 (A Korean-born Tile-layer, Interview 25/11/2005).

Pyramid-subcontracting and Subcontractors’ Unfair Benefits

The process of restructuring to pyramid subcontracting in the formal sector in the tiling industry has resulted in major decentralisation of production to small scale enterprises as well as the informal employment. Under this situation, subcontractors in the tiling sector have reorganised the labour process and manipulated the immigrants’ working cultures. They used Italian, Korean and Chinese workers’ different attitudes to self-employment and took advantage of their lack of understanding of the EBAs between the CFMEU and subcontractors. This manipulation produces unfair benefits for subcontractors by avoiding standard contract rates of pay, workers’ entitlements and using bad quality tiles.

Italian Tile-layers’ Working Culture

Currently, in the housing industry Italian-background tile-layers more commonly employ an apprentice or works by themselves. In the union sites, big commercial and apartments sites, Italians have accepted the EBAs which has allowed tile-layers to become a contract tile-layer (individually self-employed), a permanent wage worker or a casual worker in special cases (Italian Tile-layers, Interview May-June 2005). For them, tiling industry restructuring by subcontracting has produced a decentralisation of production to small enterprises, sole trader, but they are still working in the formal sector in the unionised sites in which they gain all workers’ entitlements including portable superannuation and redundancy and site allowances. They also gain receive little over the minium contract rates of pay in the EBAs (Better Contracting Pty Ltd and CFMEU, 2003: 36-37).

Korean and Chinese-born Tile-layers

Many subcontractors have violated the EBAs to sub-let their tile-laying jobs to middlemen (sub-subcontractors) who employ the Koreans and Chinese tiling workers. Sub-subcontracting to Koreans and Chinese middlemen has enabled subcontractors to reduce costs by taking advantage of culturally specific working arrangement. Most Korean and Chinese-background tile-layers prefer to work as a sub-subcontractor (middleperson) even though the EBA does not allow this. The changes in the employment status have restricted the middlepersons and their workers from obtaining workers’ entitlements.

By avoiding subcontractors’ responsibilities, they create a large amount of ‘illegal income’ by not paying portable superannuation (9% of wages), portable redundancy (6%) and site allowances...
allowances (5%) to be about $10,000 per year per tiling worker. Furthermore, subcontractors contract-out the Korean middlepersons at about 10% less than rates in the EBA and for at the Chinese middlepersons at about 20% lower rates. This confirms the subcontractor procures unfair financial benefits by reorganising the labour process in deploying Korean and Chinese middlepersons and tiling labour force even when they breach the EBAs.

To maintain their incomes, the middlepersons drive their workers to work longer and harder under this extended division of labour. These teams include skilled and unskilled tiling workers in the same ethnic communities who rely on performance-based payment (Korean Tile-layers, Interview since Jan., 2004; Chinese Tile-layers, Interview June-Oct., 2005). The new labour process is fundamentally different from the reorganisation of labour process in the early 1950s and late 1960s when the multi-skilled crafts tiling workers still controlled many aspects of the labour process in the ‘craft-based housing project’.

Subcontractors’ Unfair Benefits through Inferior Materials

Some subcontractor in the Sydney unionised tiling industry also provide inferior materials in order to expand benefits. This capital accumulation strategy is outlined below:

- Subcontractors make contracts with builders (head contractors) who promise to provide ‘A’ standard tiles.
- However, when almost 20% of the project is finished, subcontractors revert to ‘B’ or ‘C’ level quality tiles which reduces the cost of tiles by 20-30%. They procure large profits dishonestly through this material supplying method. Furthermore, this illegitimate method delivers less quality tiling work to consumers.
- Moreover, the material providing method burdens middlepersons as the labour cost is increased by 30% because jobs with less quality tiles need more time to complete (A Korean-born Tile-layer, Interview 25/11/2005). However, the middlepersons try to maintain a similar amount of income. Thus, this situation encourages middlepersons to avoid 10 % GST (Goods and Services Tax) and all taxes (about 20% of income) by misusing fake companies from overseas students, 457 working visa holders and working holiday markers when they return to their own countries (Shin et al, 2004: 23). This leads to the expansion of informal employment.

The three groups, permanent workers, Italian-background workers and Korean or Chinese-background workers respond differently to subcontractors’ use of inferior materials. Firstly, permanent base tiling workers do not generally complain about jobs with inferior quality tiles which take more time to complete. Because these jobs simply increase the labour cost for subcontractors. Thus the subcontractors generally provide standard quality tiles to permanent tiling workers to avoid extra labour costs. Secondly, individual contractors (self-employed) mainly Italians, are not given inferior quality tiles by subcontractors because the individual contractor will complain about the financial burden which will reduce their family income by about 30%. Thirdly, the Korean and Chinese middlepersons (sub-subcontractors) generally can not complain about receiving inferior quality tiles from subcontractors because they worry about losing their tile-laying contract. The middlepersons think they can earn more money by using fake companies if they get more jobs even with lower contract rates of pay and inferior quality tiles. Thus, subcontractors prefer to give tile-laying jobs to Korean and Chinese middlepersons because they can easily indirectly control them to expand capital accumulation rather than employing direct workers and Italian self-employed contractors.

However, the changes in the labour process sacrifice customers’ rights and reduce government revenue.
Conclusion

The head contractors (builders) and subcontractors in the Sydney metropolitan area transformed the central focus of the labour process from the skilled crafts-based housing projects (until 1980s) to apartments and commercial building (1990s-current). This strategy produced a decentralisation of production to small enterprises by pyramid subcontracting which encouraged the subcontractors to expand unfair capital accumulation. This change was also influenced by migration policies which attracted particular groups to work in the Sydney tiling industry. These immigrant workers brought their unique working cultures.

As a result, many aspects of the labour process of the tiling craft were transferred to the subcontractors by pyramid subcontracting. Under this situation, the subcontractors have procured dishonest benefits by avoiding standard contract rates of pay and workers’ entitlements and by using inferior materials. These activities have produced many problems including low level of skill formation, less revenue for government and less quality jobs for consumers.

Therefore, there are fundamental contradictions in the way in which competing interests of capital and labour have been reconciled, albeit temporarily. This paper shows more empirical research is required to inform the government, unions and other policy players in the tiling industry, in order to resolve the problems of reorganisation of the labour process and deployment of labour force. Only greater knowledge of the practices and factors affecting the tiling workers will overcome the issues of labour market globalisation and unfair employment relations.

Notes - Interviews

Tile-layers - 35 Korean-born, 4 Anglo-background, 9 Italian background and 5 Chinese-born tiling workers have been interviewed, January, 2004 – November, 2005.

Chinese Tile-layers have been interviewed between June and October, 2005.

Italian Tile-layers have been interviewed between May and June, 2005.

Korean Tile-layers have been interviewed many times since January, 2004, both formally and informally.

Subcontractors - 3 Italian and 1 Korean-background principal subcontractors have been interviewed, January, 2004 – October, 2005.

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Planning and Practicing Flexibility: Implications for Women in ‘Best Practice’ Australian Organisations

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Increasingly, flexible work practices are seen as remedies for work/life conflict, and although in theory they are gender-neutral, the reality is that women with family responsibilities comprise a large proportion of those working part-time or unconventional hours. Can flexibility created in response to business pressures also benefit employees? This paper examines the results of interviews conducted in Australian companies that can be considered ‘best practice’ organisations in terms of policies for women. It explores what these organisations mean by ‘flexibility’ and how it operates at the level of the individual workplace. The paper concludes that flexible work practices do not necessarily benefit workers but there are ways in which women, managers and organisations can find common purpose, and business and individual needs can coalesce. But our research shows that this is labour market driven and is not applied consistently across even ‘best practice’ organisations.

Flexibility in the Workplace

In Australia, the last two decades have seen the shape of the working week change from one of fixed hours, fixed rosters, overtime payments and additional payment for work outside Monday to Friday daylight hours in a highly regulated labour market, to one of extended trading hours, ‘flexible’ working arrangements, enterprise-based or individual contracts and ever decreasing regulation. Full-time workers spend longer at work than they did twenty years ago (Campbell 2002), but there are also more part-time and casual workers. Over the same period the number of women in the paid workforce has increased by 15 per cent, so that in 2003, 68 per cent of women aged 15 to 64 years were in the labour force (ABS 2005a). Women provide more than 70 per cent of part-time and casual work (Preston and Burgess 2003) with 47 per cent of women working part-time (ABS 2005b: 52). Women continue to carry the heaviest load of unpaid work in the home, family and community (Gray and Tudball 2002; Pocock 2005).

One response to these changes has been a realisation that work practices should be ‘family-friendly’ or should allow an appropriate ‘work/life balance’ (see, for example, Edwards and Wajcman 2005: 63). Burgess and Strachan (2005) have identified access to flexible leave arrangements, specifically the ability to switch between different types of leave and the ability to vary hours around family commitments, as key components of ‘family friendly’ work arrangements. In Australia, the choice of part-time or casual work for one adult in a household, most often a woman, has been the usual way in which families manage the combined responsibilities of paid work and caring for dependents (Bittman and Rice 2002). Mothers are likely to make work arrangements that are ‘family-friendly’ and allow them to manage their working lives to suit the needs of other family members, typically children (Gray and Tudball 2002) regardless of the impact this may have on their own career prospects. An organisational survey of workplace policies concluded that ‘working mums have a better opportunity to combine work and family as long as they don’t set their sights on managerial jobs’ (EOWA 2004a), and so we are led to question once more the relevance and accessibility of flexible work arrangements and their implications for women’s working lives.
This paper briefly explores the forces at the national, enterprise and individual levels which are currently promoting flexibility as a panacea for an ageing and increasingly feminised working population, before going on to examine in some detail what is actually happening in a small number of workplaces that provide ‘best practice’ or at least ‘good practice’ in relation to equal opportunity for women. We concentrate on various forms of temporal flexibility: scheduling of full-time hours as is seen in flextime or the compressed working week; flexibility in the length of the working day or the time at which the working day starts and finishes; and flexibility in the longer term, allowing multiple entry and re-entry points over the individual’s working life (Christensen 2005), all of which may include undertaking a number of different tasks. Functional flexibility (performing a wider range of tasks) and wage or reward flexibility are other aspects of a flexible workforce, which also have implications for women at work.

In the face of increasing globalisation, an ageing population and falling birth rates, the OECD Director for Employment, Labour and Social Affairs maintains that ‘ensuring…labour markets are dynamic and that people of working-age have opportunities and incentives to work is more important than ever’ (Martin 2005: 13). Nationally, the Australian government supports women’s increased workforce attachment: The 2004 national budget promised that ‘Mums will be assisted as they come out of the workforce to have children and they will be assisted as they get back into the workforce …we are re-vamping the whole work and family area and helping Mums who are trying to juggle work and family.’ (Costello and Riley 2004). The Minister for Workplace Participation states that ‘the only way to remain internationally competitive, guarantee more jobs, high wages for workers and better living standards is through greater flexibility and higher productivity in the workplace. That’s why the Government is committed to reforming the industrial relations system’ (Dutton 2005). According to the government’s own discussion paper, *Australia’s Demographic Challenges* (Australian Government 2004) capacity and productivity can be enhanced by offering better incentives to workers, and this includes ‘supporting more flexible work options’. Despite a worrying lack of detail, the discussion paper predicts a strong demand for part-time and flexible working hours, ‘especially for those with caring responsibilities’. The lack of flexible work practices have been specifically identified as a barrier to women’s participation and progression at work (Affirmative Action Agency 1998). Nevertheless, cultural and institutional change is slow and the reforms so far rudimentary (Pocock 2005).

Business has for the most part been prepared to embrace a measure of flexibility. Arguments that business needs more options and less regulation in the deployment and rewards of labour are widely circulated. Extended trading hours or communication across time zones put pressure on employers to contain costs while maintaining service or productivity. The business case for flexibility echoes some of these issues: recruitment and retention of employees, increased overall productivity, rapid response to changing demand, and cost reduction. But not all organisations find changing their work practices convenient or desirable (Dainty, Bagilhole and Neale 2001; Lane 2004). The inherent dangers for workers have not gone unnoticed (Dex and Smith 2002; Dickens 1999). Creagh and Brewster (1998) contend that ‘the increase and spread of flexibility is driven by the economic requirements of employers and, at the furthest extreme, that this is a way of degrading and cheapening the work with concomitant reductions in the income and security of the workers involved’. In examining the national picture in Australia and its changes over the past decade, we have agreed with this contention: ‘flexibility in working-time arrangements has more to do with employer cost reduction strategies than with any genuine concern for the family….the FFW [family friendly work] agenda sits uneasily beside a program of fiscal consolidation and a growing number of workers in low paid, non-standard employment arrangements’ (Burgess
The primacy of the business case and the role of managerial prerogative (as opposed to regulation) in developing and implementing policies that will benefit business potentially disadvantages some workers (Charlesworth et al. 2002; Burgess and Strachan 2005). In maximising productivity and recruiting and retaining the most valuable members of the workforce, flexible work arrangements may bypass the most vulnerable.

Flexible work options have not been shown to be equally available or accessible to all employees, even within one organisation. Managers, administrators and professional employees may have wider choice about the hours they work or the way in which they integrate work and non-work commitments than less skilled or lower status workers. Using AWIRS 1995 data, Gray and Tudball (2002) identified ‘control over start and finish times’ as one criterion for ‘family-friendly’ workplaces and found differential access to this work arrangement among employees within organisations (see Whitehouse and Zetlin 1999). Occupation was an important determinant, with professionals, managers and administrators, along with employees who had received organisation-provided training or had long tenure, having more control over this aspect of flexibility. Trade union members, part-time employees and plant and machinery operators were among those least able to choose starting and finishing times (Gray and Tudball, 2002). However, the Equal Opportunity for Women in the Workplace Agency (EOWA) reported that managers were somewhat less likely to work flexible hours, work part-time, job share or use family carers’ leave than other staff. This might suggest that advancement is more easily available to those who eschew these incentives (EOWA 2004b).

It follows that one workplace or organisation can offer different conditions for different employees (Burgess, Henderson and Strachan 2005). In a deregulated labour market, access to flexible work arrangements is not equally available within organisations, much less between them. Some employees may be loath to make use of, for example, flexible leave arrangements, even when they are part of a formal workplace policy because they are perceived to have negative career effects, or because the workplace culture discourages their use. (Pocock, Prosser and Bridge 2004: ch 3; Eaton 2003). Constraints of the workplace such as occupational health and safety requirements or production schedules are undoubtedly factors which are not easily overcome. Where, as is often the case, supervisors are able to use their discretion in allowing flexible arrangements, these may operate at an informal level (Bailyn 1993; Eaton 2003), and even within work settings, formal and informal policies may be applied inconsistently (Batt and Valcour 2003).

Where flexible work arrangements are available, are there gender differences in the way they are used? According to Albion (2004), men associate work/life balance with flexibility of hours and conditions that allow them some time off without loss of pay, while women choose to work reduced hours or to take various kinds of leave to accommodate family responsibilities. Whitehouse and Frino (2003) looked at gender-related pay inequality by comparing a large sample of collective enterprise agreements, and found that flexibility in working conditions is not the same for female and male dominated industries. The extension of ordinary working hours to include weekends is more often found in female dominated industries such as health services and retail trade, as are alternative overtime arrangements like time-in-lieu or averaging of hours rather than penalty rates. Such arrangements tend to be associated with agreements that provide lower wage increases, and thus agreements tend to reinforce a gender gap in earning power in at least some female dominated industries. They conclude that worker flexibility is not generally rewarded by higher pay (Whitehouse and Frino 2003). On the contrary, such workers may be sacrificing financial rewards as well as
security of employment, predictability of working hours, opportunities for training and advancement among other benefits for a measure of flexibility (Bailyn 1993; Eaton 2003).

While previous research has associated casualisation with erosion of labour market standards, including low levels of training, poor access to career opportunities and long-term occupational stability (Burgess and Campbell 1998; Pocock, Prosser and Bridge 2004), other researchers believe that it is ‘extremely misleading to characterise non-standard jobs as sub-standard jobs’ (Wooden and Warren 2003: 26). Flexible working arrangements, irrespective of the means by which they are planned and practiced, may have different and contested outcomes for women employees. In Australia, equal opportunity for women is often associated with the availability of part-time or flextime work (Burgess and Strachan 2005). Yet there is ample evidence from UK studies that flexible work arrangements have rarely satisfied the double demands of work and family and that employers change only ‘if they have to’ (Hyman and Summers 2004). It is apparent that there are many elements involved in finding a happy coalescence between the needs of businesses and their employees (Batt and Valcour 2003) and that men’s and women’s perceptions of these elements are sometimes at odds (Dainty, Bagilhole and Neale 2003; Hyman and Summers 2004; Batt and Valcour 2003).

Research Question

Creagh and Brewster (1998) ask, ‘are there examples of cases where the business drivers have been handled in such a way that the employees’ needs and values have been accommodated in a positive manner?’ We want to know to what extent flexible working arrangements are part of the policy and/or practice of Australian private sector organisations. Secondly, we ask whether these practices promote positive outcomes for women in terms of equal opportunity. Is the goal ‘that all employees have equal access to the opportunities that are available at work’ (EOWA 2005) supported or sacrificed by temporal flexibility? Thirdly, we wondered how polices are determined and justified. In simple terms, did flexible work practices or policies reflect a philosophy, a planned strategy or were they merely a tactical response to legislative, business and labour market forces? The answer to this last question is crucial in a labour market where commercial pressure is likely to increase and where a deregulated, ageing labour force is trying to achieve a balance between the responsibilities of paid and unpaid work. The implications for women workers in a small sample of organisations are considered.

Examining ‘Best Practice’ Organisations

Six private sector organisations at diverse locations in eastern Australia, and in different industries, were chosen for detailed analysis of their equal employment opportunity (EEO) policies and practices. Organisations were selected on the basis of having a EOWA report which showed that equal opportunity for women was taken seriously (including, but not exclusively, organisations which were accorded the accolade Employer of Choice for Women EOCFW or had been waived from reporting) and were willing to participate in the research project. One was a locally owned unlisted company, the others were part of larger national or multi-national organisations. Industrial agreements and published reports to EOWA were examined. At each organisation, the Human Resource (HR) manager, or the individual within Human Resources responsible for equity and/or diversity was approached and accepted responsibility for recruiting interviewees. HR managers at each company were asked about their EEO policies; a trade union representative was interviewed at highly unionised sites; a number of employees across a range of occupations at each workplace were interviewed to
find out about the experience of women as workers within these organisations. Each confidential interview lasted an average of 25 minutes and was semi-structured, with participants encouraged to respond to specific questions about their understanding of equal opportunity and gender at work as well as having the chance to talk about their working lives in general terms. Altogether, 61 individuals were interviewed individually or in groups. The interviews were later transcribed and coded using QSR NUD*IIST software.

To what extent is flexibility part of policy and practice?

Each organisation’s HR department and female staff had slightly different ways of defining ‘flexibility’. Three of the organisations were active in seeking employees with potential for advancement or enhanced roles (promotion or functional flexibility), and encouraging them to undertake further training. All offered or had recently offered training, promotion or specialist roles within the organisation to at least some staff, including part-time employees (with one exception), and we considered these to be instances of functional flexibility.

As for temporal flexibility, a mix of casual, full-time and permanent part-time work, with transition between these working arrangements to accommodate changing personal circumstances was the norm for most of this small sample of organisations. But Electric Co regarded conceding to a request from an employee to permanently alter his starting and finishing times to accommodate child care responsibilities as offering sufficient flexibility, while another allowed employees to take time off and ‘make it up’ in a way that operated on trust and depended on employees managing their own tasks and deadlines. Some women at Smelter Co, where they were in the minority and concentrated in clerical and administrative jobs, had worked part-time while caring for very small children, had then undertaken special projects on a part-time basis or with individually negotiated start and finish times and later returned to full time work. At the hospital a wide range of work systems were in place, and at Amusement Park Co workers were engaged in a variety of capacities, sometimes simultaneously.

There were more part-time workers in those companies where female employees equalled or exceeded male employees (see Table 1). The Hospital offered nurses a wide range of starting and finishing times, lengths of shifts and days worked, and other health professionals like radiographers and physiotherapists had a combination of formal provisions and informal arrangements which accommodated work and personal obligations, such as ‘swapping’ shifts or some hours with another worker or determining leave arrangements within the work unit. Casual and part-time employees at the Amusement Park were able to ‘multi-hire,’ meaning that they could undertake several discrete jobs at the workplace, putting together a full-time or part-time job (for instance as a ticket seller in the mornings and attraction operative in the afternoons). In each case, arrangements were contingent on business demands.

Among part-time and casual employees, a variety of formal leave arrangements were in place. This included ‘banking of hours’ (Amusement Park and Hospital) allowing employees to keep some pay in reserve and access it during periods when they were not working. Some workers were also able to take reduced annual leave, but at double the usual rate, or alternatively, double the leave but at half pay. However, at the Amusement Park workers were expected to be available for work at weekends and during school vacation periods. The same workplace allowed employees to take extended unpaid leave, for instance to take part in a movie, or, in one instance, to travel. This recognised the need to respond to employees with unusual talent or key roles.
Only one organisation (Electric Co) required women to return to full-time work at the expiration of their (12 months, mandatory, unpaid) maternity leave. Elsewhere, employers seemed prepared to negotiate return to work from maternity leave on an individual basis, and all those interviewed (permanent and casual employees) who had accessed this facility were satisfied with the arrangements they had made. Carers' and sick leave most often came from the same pool of leave, meaning that a worker who took sick leave on their own behalf had less paid time available to care for a sick child. A few employees regarded this as an unreasonable burden, but most accepted it.

Table 1. Workplace Profiles, Sample organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Electric Co</th>
<th>Smelter Co</th>
<th>Computer Co</th>
<th>Clothing Co</th>
<th>Amusement Park Co</th>
<th>Hospital Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Manufacture, service</td>
<td>Manufacture</td>
<td>Manufacture, service</td>
<td>Design, distribute</td>
<td>Tourism</td>
<td>Private surgical</td>
</tr>
<tr>
<td>Employees</td>
<td>335</td>
<td>1005</td>
<td>1055</td>
<td>325</td>
<td>700</td>
<td>2500</td>
</tr>
<tr>
<td>Part-time</td>
<td>3</td>
<td>10</td>
<td>40</td>
<td>27</td>
<td>200</td>
<td>940</td>
</tr>
<tr>
<td>Casual</td>
<td>7</td>
<td>5</td>
<td>17</td>
<td>120</td>
<td>375</td>
<td>670</td>
</tr>
<tr>
<td>Women</td>
<td>14%</td>
<td>5%</td>
<td>16%</td>
<td>53%</td>
<td>61%</td>
<td>83%</td>
</tr>
<tr>
<td>Women managers</td>
<td>1</td>
<td>15%</td>
<td>13%</td>
<td>50%</td>
<td>50%</td>
<td>67%</td>
</tr>
<tr>
<td>Flexible hours</td>
<td>no</td>
<td>some</td>
<td>some</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

Source: EOWA, reports, accessed July 2005. Note: some numbers have been rounded.

Flexible work arrangements were not equally accessible for all employees in an organisation. It depended on the nature of the job as well as seniority, but did not conform to a particular pattern. So, for instance, clerical workers and line managers at Smelter Co. and Clothing Co. had more access to such arrangements than their opposite numbers at Hospital Co or Amusement Park Co, but less than those at Electric Co. Generally, flexibility reflected the work role and the expectations of the organisation’s management and customers. Generally, managers were more able to take short breaks in the working day to attend to personal matters without loss of pay or use of sick leave or other formal leave provisions, but on the whole worked longer hours and were not paid overtime. Direct service workers, such as in health care or at the tourist attraction, had some control over the days and hours worked, but could not leave their posts easily. They had less choice about working on public holidays or during school vacation periods than at other times. At the hospital, nurses could be pressured into working overtime at short notice to meet unexpected extra demand. Some workers were able to arrange things by having another worker fill in for them and agreeing to ‘repay the favour’ at another time, thereby tapping in to an informal network of cooperation. Men used flexible working arrangements, but, as Albion (2004) concluded, did so differently from women.

Three of the organisations had significant union membership and involved the relevant trade union in negotiating EBAs; two had some trade union presence but the relevant HR manager thought that they had little impact; in one organisation membership of a trade union was negligible and employees at all levels of seniority made individual contracts. This also applied to the majority of women employed at one of the union-controlled sites. Professional women, those with recognised leadership skills, specialist knowledge or advanced technical training were found in almost all of the six organisations to be more often among those offered promotion or flexible work arrangements. Gender issues were not of prime importance.
during the EBA negotiations. For example, two organisations had discussed providing day-care for the children of employees, but lack of rank and file support had seen such proposals abandoned at an early stage of the bargaining process. In the manufacturing companies, childcare was not seen as of central importance for the majority of employees, and hence was discounted in the early stages of enterprise bargaining.

Unsurprisingly, workers had unequal access to flexible working hours irrespective of gender; the larger employers were able and willing to offer a greater range of working arrangements and career paths (Burgess and Campbell 1998; Pocock, Prosser and Bridge 2004; Whitehouse and Frino 2003). Even where there was an ideological commitment to affirmative action, equal opportunity or fairness, as at Hospital Co, Clothing Co and Technology Co, or a corporate culture of valuing diversity as at Smelter Co or Amusement Park Co, the researchers were repeatedly told that supervisors or managers had discretion in offering varied working arrangements, depending on the organisation’s needs and the employee’s roles. Consistency in practice from one department to another, or indeed between individuals, was frequently lacking. For instance, one manager at Electric Co noted that ‘different people have different circumstances. People who aren’t clock watchers get a bit more flexibility’. At Amusement Park Co one employee noted that the supervisor ‘is very good and very flexible. I know other parts of the park aren’t as flexible as she is, trying to help us as much as possible (ticket seller, Amusement Park). Technology Co’s HR managers acknowledged some inconsistency between departments, but Smelter Co and Hospital, although open to change, considered that flexibility had been extended to the limits of safe operation. Organisations with more women employees were more likely to tolerate or encourage flexible work patterns for women, perhaps reflecting the reality of the job market.

What is the strategy for ‘flexibility’ policies and practices?

The case studies made it clear that most of these employers, including the ones who have received the EOCFW award, regard temporal flexibility as a solution to immediate and mid-range workforce needs: ‘To maintain your staff and to retain your staff you have to be very flexible and you have to take into account their family life – their children, if they are carers. You always do the best you can’ (nurse manager, Hospital). For half of the case study group, this included a process (which was not the same for every organisation) of identifying and encouraging employees, and particularly women employees to apply for promotion or acquire new skills. That did not, however, preclude a commitment to equity or to redressing the historical inequalities of women’s employment opportunities. The hospital, whose mission statement rests on its Christian values, regards diversity and tolerance as a basis for all its policies. Smelter Co has a well articulated commitment to a diversity model of employment and Amusement Park Co has an appreciation of its role as a major employer in a local community. These organisations have a value-based outlook which supports flexible work practices because they match a strategy intrinsic to their operating model, but also because these practices meet their business needs.

Implications for women employees

Overwhelmingly, HR policies in these organisations, including those which support or encourage equal opportunity for women and provide flexible working arrangements for employees, exist primarily to meet the needs of the enterprise. In each case, providing flexibility to women employees was seen in terms of recruiting, retaining and perhaps developing the best workers. At the hospital, where women are in the majority and have
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specialised skills that are in short supply, they are encouraged and supported to take on
different roles and responsibilities, and there is an understanding among HR professionals and
line managers of the need to be flexible in terms of allowing a work-life balance. Where there
are close to equal numbers and equivalent skill bases, as in Amusement Park Co and Clothing
Co, the policies suggest an appreciation of the work/life balance for men and women. The
male-dominated Computer Co is consciously heading in the same direction. At Electric Co
women are more likely to be marginalised or sidelined into jobs which offer no opportunities
for functional or temporal flexibility because its culture is one which suits a male-oriented
view of linear progression (see Dainty, Bagilhole and Neale 2001).

There is disagreement over whether flexible work practices may or may not be regarded as
positive by employees or have easily measurable outcomes (Dex and Smith 2002). In recent
perspectives on strategic HRM ‘there seems to be more interest in the position of the workers
(as a competitive advantage)’ (Loosse, van Riemsdijk and de Lange 1998: 466) and Creagh
and Brewster (1998: 492) assert that ‘the reality is that the two perspectives can both sensibly
be applied to many cases of flexibility.’ However, the use of ‘flexible’ work arrangements
may be to the detriment of workers, especially lower-paid workers, many of whom are
women, and especially where working hours are irregular and unpredictable (HREOC 1997).
‘Flexible’ arrangements give less security to workers, introduce shorter shifts and many other
changes that disadvantage workers (Watson 2004) and contribute to the ongoing gender pay
gap in Australia, a gap which has remained steady for a decade (ABS 2005b).

Earlier research has demonstrated (for example Burgess and Strachan 2005), and these case
studies have further confirmed, that women regard the ‘flexible’ policies and practices
outlined in this paper as crucial to maintaining a work-life balance. This does not seem to
have impacted on women’s commitment to their work role, but does influence the way they
view it. The evidence of these case studies suggests that neither functional nor temporal
flexibility is equally available to employees within or between organisations even where the
same legislation and regulation is in place. Workforce segregation still applies, but its effects
are different in different industries, so that, for instance, nurses and some retail, clerical and
administrative workers have been given more control of working hours than plant operatives
or technicians. This has been in response to labour force demands. Therefore the result of
these practices may or may not promote positive outcomes for women. The goal ‘that all
employees have equal access to the opportunities that are available at work’ (EOWA 2005)
exists in only some of these ‘best practice’ workplaces where extensive policies are
promulgated by HR and understood by managers and staff. Policies and practices have
developed in an ad hoc way in these organisations in response to business needs and labour
market forces, and equity policies have been grafted on to other initiatives to suit the business.
In this way they are not integral to the approach of the organisation, but react to labour market
forces.

The companies we examined were happy to support an agenda of equity for women and
pleased to see women advancing in their organisation. HR managers and most line managers
were well aware of the need for workers, and especially women with families, to achieve an
appropriate balance between their responsibilities to paid and unpaid work. Women were not
denied opportunities, but they were the subject of individual rather than collective decision-
making. The conclusion has to be that there is a way that women, managers and organisations
can find common purpose, and that international, national, enterprise and individual needs can
coalesce. But our research shows that this is still done best where HR needs for recruiting and
retaining workers who are already skilled, competent or have potential for advancement are
valued remains the core business case argument for flexible, family friendly or EEO
objectives.
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Defending Dock Workers –
Globalization and Labour Relations in the World’s Ports

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Using data from an international survey of port labour unions, combined with extensive case-based research, we demonstrate that globalization has precipitated a major restructuring of the world’s ports and brought in its wake a marked deterioration in dock workers’ terms and conditions of employment. Many trade unions have found it difficult to protect their members’ interests against this international ‘race-to-the-bottom’, most notably in those countries where dock labour has been historically poorly organized but also where industrial restructuring has been used as a vehicle to de-unionize the industry. Other unions have been more successful, most notably in Europe and North America, either by working in concert with private employers and public port authorities or by mobilizing their membership to contest and contain the process of industrial restructuring.

Introduction

What is the impact of globalization on workers’ terms and conditions of employment? Much will depend on the particular manifestation of globalization in different countries, industries and firms (Lee 1997), the relative mobility of capital and labour (Levi & Ahlquist 2004), and the ‘structural’ as well as the ‘associational’ power of (organized) labour (Wright 2000: 962). For example, attempts by capital to ‘spatially fix’ crises of profitability by relocating to lower cost economies are more difficult in some sectors, most notably port transportation which is characterized by high sunk costs, the immobility of infrastructure capital, and the strategic location of many well-organized employee groups in the transport chain. Historically, this sector has been marked by high levels of industrial conflict in defence of workers’ terms and conditions of employment (Silver 2003: 98-100; Turnbull & Sapsford, 2001).

In a contemporary context, the pressures and processes of restructuring in the port transport industry can be explained in relation to capital’s preferred configuration of port ownership, organization and management, as well as associated forms of labour regulation (see Turnbull 1999). The emergence of an ‘optimum’ form of management and industrial organization does not, however, herald a simple convergence of port labour relations across the globe. As Locke and Thelen (1995: 338) point out, ‘international trends are not in fact translated into common pressures in all national economies but rather are mediated by national institutional arrangements and refracted into divergent struggles over particular national practices’ (original emphasis). Moreover, the diverse ‘starting points’ and ‘institutional and political points of departure’ of different countries will affect the valences of these international trends (ibid: 344) and will influence both the nature and extent of restructuring in different ports around the world. Trade union responses to port restructuring will also vary systematically over time and place (see, for example, Saundry & Turnbull 1999; Turnbull 1992). Any assessment of the industry’s current and future labour relations must therefore ask: What is the nature and extent of restructuring in different ports around the world? What has been the impact of port reform on dock workers’ terms and conditions of employment? How, and to what extent, are port labour unions able to alleviate any adverse effects on their members’ terms and conditions of employment?

1 The financial support of the Economic & Social Research Council (R000235425 and H52427500696) and the British Council (Anglo-German Academic Research Collaboration, No.1151) is gratefully acknowledged.
To address these questions, we initially develop a four-way classification of the world’s ports according to the extent of restructuring (based on four key elements of port reform) and the potential influence of recognized trade unions (based on various measures of structural and associational power). The classification is used as a basis for assessing the relationship between the extent of industrial restructuring and its impact on dock workers’ terms and conditions of employment, as mediated by trade union influence on the process or, in some cases, the very possibility of port reform. By combining survey and case-based data, we are able to characterize and explain the observed variation in port restructuring and the effectiveness, or otherwise, of different trade union responses to globalization.

Classifying the World’s Ports

Using survey data from 46 port unions affiliated to the International Transport Workers’ Federation (ITF), respondents (unions) were classified, first, according to the similarity of their experience of restructuring, and then, secondly, according to their potential influence over the process and outcomes of port reform. The classification is undertaken using cluster analysis, whereby multivariate techniques allocate cases into sub-groups based on a measure of similarity between profiles of included variables (i.e. components of restructuring and union influence) in such a way that any differences between groups are greater than any differences within groups.

The classification for port restructuring is designated as either ‘major’ or ‘minor’ and is based on respondents’ answers to simple ‘yes’/’no’ questions about the privatization of port services (i.e. the sale of public port companies or the leasing of public port facilities to private operators), the liberalization of competition (i.e. the removal of restrictions on access to the port services market), the deregulation of employment (e.g. the reform or abolition of statutory ‘dock labour schemes’ or union hiring halls), and the introduction of more flexible work practices (including functional, numerical and temporal flexibility) (the proportion of cases reporting each of these elements are listed in column one of Table 1). Two-thirds (67.4 per cent) of responding trade unions reported at least two elements of reform at their country’s major ports, with more than a quarter (28 per cent) reporting all four reforms. A sizeable minority (17.4 per cent), however, reported the absence of any form of port restructuring.

The classification for union influence is relative rather than absolute and is therefore labelled as either ‘greater’ or ‘lesser’. The construct is based on respondents’ answers to a series of factual questions describing a range of structural and associational dimensions of trade union power which were included in the questionnaire, namely: union shop (100 per cent membership density); legal or collectively agreed restrictions on the employment of recognized dock workers; the proportion of port workers employed on permanent contracts or union-regulated ‘casual’ contracts (such as longshore workers allocated from the hiring hall at US West Coast ports); multi-employer collective bargaining; union involvement in setting health and safety standards; and employer recognition of union health and safety representatives (the proportion of cases reporting each of the elements of potential trade union influence are listed in column one of Table 2).

Separate cluster analyses were undertaken for the port restructuring and union influence constructs. For the purpose of the classification, all variables were normalized to a mean of zero and a variance of one. The empirical validity of the two cluster solutions was considered

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2 The questionnaire was administered through the ITF headquarters in London, which ensured a very high response rate (the 46 respondent unions represented two-thirds of all dock workers affiliated to the ITF).
using the standard practice of identifying a discontinuity in the fusion, or agglomeration, coefficients. The conceptual validity (or statistical distinctiveness) of the clusters was verified, first, using significance testing, including the simple ‘t’ test for the difference between sample means and the Chi-square test. Secondly, clusters are used as target variables for a discriminant analysis (cf. Cregan 2005). As the results in Table 1 indicate, all the components of the restructuring construct are significantly different between the two clusters at the 1 per cent level. The discriminant function correctly classifies 43 out of 46 observations (93 per cent). Wilk’s λ measures within group variation as a proportion of total variation such that a measure close to zero indicates a successful classification. Wilk’s λ is 0.169 and is significant at the 1 per cent level. The most important variable in the classification is deregulation of employment. All the cases classified as ‘major restructuring’ reported employment deregulation compared to only three of those classified as ‘minor restructuring’ (in these three cases, no other forms of restructuring were reported). Privatisation is the least important discriminating variable and when a stepwise method is used it is excluded from the discriminant function.

Table 1. Classification by Level of Port Restructuring

<table>
<thead>
<tr>
<th></th>
<th>All Cases (mean)</th>
<th>Minor restructuring (mean)</th>
<th>Major restructuring (mean)</th>
<th>‘t’ test</th>
<th>Chi-square testa</th>
<th>Discriminant coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Privatization of port services</td>
<td>.43</td>
<td>.22</td>
<td>.65</td>
<td>***</td>
<td>***</td>
<td>.244</td>
</tr>
<tr>
<td>2 Liberalization of competition</td>
<td>.54</td>
<td>.30</td>
<td>.78</td>
<td>***</td>
<td>***</td>
<td>.272</td>
</tr>
<tr>
<td>3 Deregulation of employment</td>
<td>.57</td>
<td>.13</td>
<td>1.0</td>
<td>***</td>
<td>***</td>
<td>.923</td>
</tr>
<tr>
<td>4 Flexible working practices</td>
<td>.67</td>
<td>.39</td>
<td>.96</td>
<td>***</td>
<td>***</td>
<td>.352</td>
</tr>
<tr>
<td>Index of restructuring</td>
<td>2.78</td>
<td>1.17</td>
<td>4.39</td>
<td>***</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

N 46 23 23

Notes: * includes Yates correction for 2x2 contingency table
*** significant at 1 per cent level

The union influence construct is less well-determined, as indicated in Table 2. Three of the six union influence components were not significantly different between the two clusters at the 5 per cent level of significance. Nevertheless, the discriminant function correctly classifies 41 out of 46 observations (89 per cent). Wilk’s λ is 0.315 and is significant at the 1 per cent level. The most important variables in the classification were union shop and union involvement in setting health and safety standards. The only uniform characteristic of the unions with ‘greater’ potential influence was their involvement in establishing and regulating health and safety standards (via recognized health and safety representatives). Only half the unions with ‘lesser’ influence were involved in establishing health and safety standards although three-quarters provided health and safety representatives.
Table 2. Classification by Level of Union Influence

<table>
<thead>
<tr>
<th></th>
<th>All Cases (mean)</th>
<th>Lesser union influence (mean)</th>
<th>Greater union influence (mean)</th>
<th>‘t’ test</th>
<th>Chi-square test</th>
<th>Discriminant coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Union shop (100% membership density)</td>
<td>0.33</td>
<td>0.08</td>
<td>0.65</td>
<td>***</td>
<td>***</td>
<td>0.91</td>
</tr>
<tr>
<td>2 Legal or collectively agreed restrictions on employment of ‘dock workers’</td>
<td>0.76</td>
<td>0.65</td>
<td>0.90</td>
<td>*</td>
<td>*</td>
<td>0.31</td>
</tr>
<tr>
<td>3 Proportion or permanent or union-regulated casual workers</td>
<td>0.72</td>
<td>0.66</td>
<td>0.80</td>
<td>ns</td>
<td>ns</td>
<td>0.56</td>
</tr>
<tr>
<td>4 Multi-employer collective bargaining</td>
<td>0.41</td>
<td>0.35</td>
<td>0.60</td>
<td>*</td>
<td>*</td>
<td>0.53</td>
</tr>
<tr>
<td>5 Union involved in establishing health and safety standards</td>
<td>0.72</td>
<td>0.50</td>
<td>1.0</td>
<td>***</td>
<td>***</td>
<td>0.50</td>
</tr>
<tr>
<td>6 Recognized union health and safety representatives</td>
<td>0.87</td>
<td>0.77</td>
<td>1.0</td>
<td>**</td>
<td>**</td>
<td>0.27</td>
</tr>
</tbody>
</table>

Index of union influence

<table>
<thead>
<tr>
<th>Index of union influence</th>
<th>4.90</th>
<th>3.74</th>
<th>6.41</th>
<th>***</th>
<th>n/a</th>
<th>n/a</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>46</td>
<td>26</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: * includes Yates correction for 2x2 contingency table * significant at 10 per cent level ** significant at 5 per cent level *** significant at 1 per cent level

Having established a robust classification, we depict the allocation of cases in Figure 1. The purpose of this classification is twofold: to allocate the cases to sub-groups (Boxes I-IV) as well as to describe the characteristics of these sub-groups. Figure 1 identifies the cases in each sub-group. The presence of cases in each of the four Boxes in Figure 1 indicates that there is no simple relationship between the level of restructuring and trade union influence. In particular, union influence is not simply deployed to preclude major restructuring. But, if port restructuring precipitates a ‘race-to-the-bottom’, does this mean that even dockers with a strong trade union behind them will experience some deterioration in their terms and conditions of employment?

Figure 1. Classification of Ports According to Extent of Restructuring and Level of Union Influence

<table>
<thead>
<tr>
<th></th>
<th>Lesser Union Influence (26)</th>
<th>Greater Union Influence (20)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Restructuring</strong> (23)</td>
<td>Box II (15)</td>
<td>Box III (8)</td>
</tr>
<tr>
<td><strong>Minor Restructuring</strong> (23)</td>
<td>Box I (11)</td>
<td>Box IV (12)</td>
</tr>
</tbody>
</table>

n = 46

Notes: Box I – Antigua, Bermuda, Croatia, Guyana, India (2 unions), Papua New Guinea, Singapore, St Lucia, St Vincent, Turkey.

Box II – Brazil, Chile, France, Hong Kong, Jamaica, New Zealand (2 unions), Nigeria, South Africa, Trinidad (2 unions), Ukraine (2 unions), UK (2 unions).

Box III – Australia, Belgium (2 unions), Germany, Ireland, Italy, Netherlands, Portugal.

Box IV – Cyprus, Denmark, Finland (2 unions), Japan, Latvia, Malta, South Korea, Spain, Sweden, USA (2 unions).
Using the classification depicted in Figure 1, we examine the extent to which any change in dock workers’ terms and conditions of employment is related first to the extent of restructuring and secondly to the potential for trade union influence. The variables of comparison are based on respondents’ assessment of the effects of restructuring (positive, negative or neutral) in relation to eight different elements of dock workers’ terms and conditions of employment reported in Table 3, which documents the proportion of unions reporting a negative (or positive) impact of each of the four port reforms on eight different aspects of dock workers’ terms and conditions of employment. The overall impact of restructuring is very clearly negative.

Table 3. The Impact of Port Reform on Terms and Conditions of Employment

<table>
<thead>
<tr>
<th>% of unions reporting a negative (positive) impact on</th>
<th>Privatization of Port Services</th>
<th>Liberalization of Competition</th>
<th>Deregulation of Employment</th>
<th>Flexible Working Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment levels</td>
<td>90 (0)</td>
<td>80 (8)</td>
<td>96 (4)</td>
<td>74 (10)</td>
</tr>
<tr>
<td>Employment security</td>
<td>80 (5)</td>
<td>80 (4)</td>
<td>88 (4)</td>
<td>77 (10)</td>
</tr>
<tr>
<td>Health &amp; safety</td>
<td>50 (10)</td>
<td>44 (4)</td>
<td>50 (0)</td>
<td>45 (3)</td>
</tr>
<tr>
<td>Social conditions</td>
<td>45 (15)</td>
<td>40 (4)</td>
<td>42 (0)</td>
<td>52 (0)</td>
</tr>
<tr>
<td>Career prospects</td>
<td>50 (15)</td>
<td>40 (12)</td>
<td>42 (8)</td>
<td>42 (3)</td>
</tr>
<tr>
<td>Education &amp; training</td>
<td>50 (20)</td>
<td>36 (12)</td>
<td>38 (4)</td>
<td>39 (0)</td>
</tr>
<tr>
<td>Earnings</td>
<td>50 (20)</td>
<td>48 (24)</td>
<td>38 (23)</td>
<td>52 (13)</td>
</tr>
<tr>
<td>Pension and social benefits</td>
<td>35 (10)</td>
<td>28 (12)</td>
<td>23 (15)</td>
<td>32 (3)</td>
</tr>
<tr>
<td>n =</td>
<td>20</td>
<td>25</td>
<td>26</td>
<td>31</td>
</tr>
</tbody>
</table>

Notes: Only unions reporting each reform are included in the table. ‘Neutral’ responses are not reported.

Table 4 compares outcomes according to ‘major’ restructuring and ‘minor’ restructuring. The comparison is formally undertaken using the Odds Ratio Test. The resulting ratio is compared to the value of one and is statistically significant where the 95 per cent confidence interval excludes the value of one. In this way we establish the extent to which any deterioration in terms and conditions of employment (the ‘race-to-the-bottom’) is related to the extent of restructuring. Thus, the odds that a union will report employment decline is, on average, six times greater where ports have experienced ‘major’ as opposed to ‘minor’ restructuring (as indicated in the first line of Table 4). The confidence interval indicates the statistical significance of the difference in odds. Thus, we can be 95 percent confident that the likelihood of employment decline is at least three times as great where ‘major’ restructuring has taken place and could be as much as twelve times as great. With the exception of pensions and social benefits, the odds differ significantly according to the extent of restructuring: negative impacts are more likely in ports that have experienced ‘major’ restructuring.

Table 5 compares outcomes according to ‘lesser’ and ‘greater’ trade union influence. While the effect of a greater union role is to reduce the odds of a reported negative effect, significant differences (at the 5 per cent level) are limited to the areas of employment security, health and safety, and education and training. When viewed in the context of our findings in Table 4, and in Figure 1, the weakness of association between adverse effects and trade union influence in Table 5 indicates that the reported deterioration in terms and conditions of employment is primarily determined by the extent of restructuring, and that port unions, in general, have played no more than a ‘mitigating’ role. However, there is some evidence that where the
union has influence, it is able to limit the adverse effects of port reform. Thus, if we consider the trade union effect only within those ports which have experienced major restructuring, we find that the average number of negative responses in Box II (‘major’ restructuring, ‘lesser’ union influence) is 52 percent compared to 42 percent for Box III (‘major’ restructuring, ‘greater’ union influence). Unions in Box IV (‘minor’ restructuring, ‘greater’ union influence) and Box I (‘minor’ restructuring, ‘lesser’ union influence) report lower levels of deterioration at 28 percent and 22 percent respectively.

Table 4. Relationship Between Extent of Restructuring and Impact on Port Workers’ Terms and Conditions of Employment

<table>
<thead>
<tr>
<th>Terms and conditions of employment</th>
<th>Extent of restructuring</th>
<th>Odds of a negative response</th>
<th>Odds Ratio*</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment levels</td>
<td>minor</td>
<td>0.67</td>
<td>6.1</td>
<td>3.1 – 11.9</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>4.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment security</td>
<td>minor</td>
<td>0.61</td>
<td>6.2</td>
<td>3.2 – 12.1</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>3.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social conditions</td>
<td>minor</td>
<td>0.31</td>
<td>2.6</td>
<td>1.3 – 4.6</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td>minor</td>
<td>0.15</td>
<td>6.9</td>
<td>3.4 – 14.5</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>1.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career prospects</td>
<td>minor</td>
<td>0.30</td>
<td>2.6</td>
<td>1.4 – 14.9</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>0.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and training</td>
<td>minor</td>
<td>0.19</td>
<td>4.2</td>
<td>2.1 – 8.22</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td>minor</td>
<td>0.37</td>
<td>2.0</td>
<td>1.1 – 3.7</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension and social benefits</td>
<td>minor</td>
<td>0.23</td>
<td>1.4</td>
<td>0.7 - 3.0</td>
</tr>
<tr>
<td></td>
<td>major</td>
<td>0.33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*n = 46

* odds ratio = odds of negative response where major restructuring odds of a negative response where minor restructuring

Exposure to the forces of globalization will obviously vary quite considerably from one port to the next and unions located in the four Boxes depicted in Figure 1 were expected, a priori, to respond quite differently to the process of industrial restructuring. But how and why do union strategies differ over time and place? A ‘contextualized comparison’ (Locke and Thelen 1995: 338-9) of ports was required to answer these questions, based on (holistic) case studies that are analyzed as part of, and not separate from, broader industrial, national and international developments, with particular attention to the different institutional and political ‘starting points’ of the case in question. Our classification (Figure 1) provided the basis on which to select cases from more in-depth (qualitative) research, with more cases selected from Boxes III and IV during the second phase of our research.
Table 5. Relationship Between Level of Union Influence and Impact on Port Workers’ Terms and Conditions of Employment

<table>
<thead>
<tr>
<th>Terms and conditions of employment</th>
<th>Union influence</th>
<th>Odds of a negative response</th>
<th>Odds Ratio*</th>
<th>95% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment levels</td>
<td>greater</td>
<td>1.42</td>
<td>1.3</td>
<td>0.6 – 2.0</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>1.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment security</td>
<td>greater</td>
<td>0.90</td>
<td>2.3</td>
<td>1.43 – 4.1</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>2.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social conditions</td>
<td>greater</td>
<td>0.54</td>
<td>0.9</td>
<td>0.5 – 1.7</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health and safety</td>
<td>greater</td>
<td>0.31</td>
<td>2.0</td>
<td>1.5 – 3.8</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career prospects</td>
<td>greater</td>
<td>0.43</td>
<td>1.3</td>
<td>0.7 – 2.4</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and training</td>
<td>greater</td>
<td>0.31</td>
<td>1.8</td>
<td>1.1 – 3.4</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td>greater</td>
<td>0.43</td>
<td>1.5</td>
<td>0.8 – 2.7</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension and social benefits</td>
<td>greater</td>
<td>0.19</td>
<td>1.8</td>
<td>0.9 – 3.8</td>
</tr>
<tr>
<td></td>
<td>lesser</td>
<td>0.35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

n = 46

* odds ratio = odds of negative response where lesser union influence
  odds of a negative response where greater union influence

Port Reform, Union Strategies and the Defence of Workers’ Interests

Although the nature and extent of restructuring might be the most important predictor of the observed outcomes in our survey data, case studies reveal how and why some port unions are no more than ‘passive actors’ in the face of globalization while others are still able to defend their members’ terms and conditions of employment. Many of the port labour unions in Boxes I and II, for example, have been ‘incorporated’ or ‘marginalized’ by capital (e.g. Singapore and Hong Kong) whereas those located in Boxes III and IV have developed strategies of ‘concertation’ with or ‘mobilization’ against the interests of capital. Unions in Box III, for example, have played a central role in negotiating the reform of work practices, the transfer of public operating companies to the private sector, and the entry of international shipping lines and global container terminal operators into the port services market. What distinguishes trade unions in Box IV is their ability to contest, stall, re-shape and even foreclose the process of industrial restructuring. Other unions, most notably in the UK and New Zealand (Box II), were swept aside by port privatization, a more competitive product market and a deregulated labour market. By analyzing cases from each Box we are able to characterize different trade union responses to port reform within its broader historical, geographical and political context, and by focusing on different forms of flexibility we are able to explain the (in)ability of trade unions to protect their members’ interests. In order to highlight the difference

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3 Case studies used a combination of secondary data (e.g. trade data, company reports, union records), semi-structured interviews (with government officials, public port authority managers, the operational and human resource managers of private companies, and union officials) and non-participant observation.
between ‘low road’ and ‘high road’ patterns of restructuring, examples are presented from Boxes II and III.4

**Box II - Marginalization: Hong Kong and New Zealand Ports**

Employers in the port of Hong Kong routinely exercise their freedom to hire-and-fire labour and set wages and other conditions of employment unencumbered by negotiation, legal regulation or paternalistic obligations. Modern Terminals Ltd (MTL), for example, one of the largest operators in the port, shed one-in-five operational staff in 1997 when the company changed its operating system from straddle carriers to rubber-tire gantry (RTG) cranes. Technological innovations such as this have occasioned major changes to employment and work practices in recent years, which have been ‘facilitated’ by the historic marginalization of trade unions in the port of Hong Kong: union membership is extremely low, there are no legally binding collective agreements, there is unregulated hiring of casual workers, and company controlled ‘consultative’ mechanisms fail to give unions any formal representational or participatory role.

Hong Kong is a uniquely ‘liberalized’ port, an exemplar of ‘private enterprise’ and ‘free competition’, with no formal public port authority (see Turnbull 1999). The dockland labour market, like others in Hong Kong (Chiu and Levin 1999), is decentralized, non-formalized, and extremely flexible. The employers’ ‘freedom to manage’ is readily illustrated by working conditions in the port. At the COSCO-HIT terminal, for example, five operators are assigned to every four quay cranes/RTGs to ensure continuous working (i.e. no collective breaks). Management can unilaterally vary the individual worker’s shift (up to a maximum of 10 hours) in order to ensure continuity of handling and rapid vessel turn-around. The average age of permanent dockers is just 30 years. These workers, however, constitute only half the labour force. Almost half the dockers employed by HIT are non-permanent (casual) workers supplied by more than thirty different contractors, giving management almost unlimited numerical flexibility. When contractors’ pay was cut by a third in April 1996 and 300 casuals struck work overnight, HIT simply terminated the contract and replaced the workers. The strikers claimed to be members of the Harbour Transportation Workers General Union, but this union had a declared membership at the time of less than 30 members. HIT has its own ‘house’ union (registered in 1986), which is not affiliated to any of the major union federations in Hong Kong. As a senior official of the Hong Kong Confederation of Trade Unions admitted at the time, ‘The container terminals are another world – a world the unions don’t have any real involvement in and where we don’t really know what is going on’ (interview notes).

In addition to developing countries with traditionally weak trade unions, Box II also includes several unions that previously enjoyed high levels of membership in their respective ports, a formal role in the regulation of the dockland labour market, and well-established collective bargaining rights. In these cases, most notably the UK and New Zealand, port reform has been used as an instrument to de-unionize the industry and subdue militant dock labour. In New Zealand, for example, the starting point for port reform was an outmoded operational structure and an institutionalized ‘division of labour’ between quay crane operators employed by the public harbour boards (port authorities) and other dockers hired by private stevedoring firms on a casual basis from the Waterfront Industry Commission (WIC). These arrangements, when combined with other ‘rigidities’ that had developed on the New Zealand waterfront, constituted a serious impediment to operational efficiency and ultimately led to the abolition of the WIC in 1989 (see Reveley 1997 and 1999). However, while the

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4 A fuller version of this paper is available from the authors with examples from all four boxes.
deregulation of the dockland labour market signalled the end of occupational registration (i.e. statutory control of labour supply), it was the Employment Contracts Act (ECA) 1991 that led to the marginalization of the Waterside Workers’ Union (WWU). The ECA spelt the end of national (multi-employer) collective bargaining in New Zealand’s ports and the introduction of individual contracts. According to the New Zealand Council of Trade Unions (NZCTU 1994: 3), the Act marked the ‘liberating of the macho employer’ on the waterfront. Ports of Auckland Ltd, for example, a former harbour board corporatized in 1988, set out a number of industrial relations options in a series of internal memoranda following the introduction of the ECA, including: declare redundancy in uncooperative groups; notify unions ‘no settlement’ then ‘individual employment contracts only’; contract out work; change conditions then offer redundancy to those who cannot accept.

Unregulated casual work returned with a vengeance in New Zealand after 1991 (Reveley 1999). The infusion of competition into the labour market led to a serious deterioration in port workers’ terms and conditions of employment, health and safety, and their social lives (see Harbridge 1994; and WWU 1994). The traditional working day of 7am to 5pm was replaced by extremely onerous patterns of temporal flexibility. Most ports now work 24 hours a day, typically based on three 8 hour shifts, with many watersiders working ‘5 days over 7’ (which in practice means that they can be called into work on any five out of six days during the week at the employer’s discretion, with the employee nominating one day off per week). Double shifts (two 8 hour shifts worked ‘back-to-back’) and ‘two in 24’ (8 hours work, 8 hours off, then another 8 hour shift) are now not uncommon. Crane drivers in some ports have worked up to 13 shifts in a week and many average 10 or more shifts per week during busy periods, taking the annual hours of some drivers up to 3,500. Gang strengths at ports such as Auckland have been cut by 60 percent on conventional cargo and by a third on container operations. Wage rates have been cut in several ports and many stevedores, most notably the casual/contract agencies, pay a ‘flat rate’ for all hours worked (i.e. no overtime premiums).

According to the General Secretary of the WWU, ‘Most [watersiders] are just living from day-to-day and the Union is simply reacting to the continuous downward spiral. It appears to me that there is no bottom’ (Trevor Hanson, personal communication, December 1999).

**Box III - Concertation: The Hanseatic Ports of Northern Europe**

With the exception of Australia, all the ports in Box III are European, where corporatist systems of industrial relations are well established (see Turnbull and Weston 1992). The Hanseatic ports of Belgium, the Netherlands and Germany are among the most efficient and dynamic ports in the world. Their success is based on a highly skilled, productive, and extremely well remunerated labour force, combined with a very proactive local state that has developed these ports as centers of maritime, industrial and distribution activities (see Barton and Turnbull 1999 and 2002). Nonetheless, the Hanseatic ports have been the subject of major restructuring in recent years to promote greater intra- and inter-port competition, the commercialization of (semi-)state organizations, and to further enhance the flexibility and productivity of the workforce.

Although the Hanseatic ports achieve high levels of productivity, cargo handling companies have often been criticized by shipping lines, shippers and other port users for their ‘bureaucratic’ management structures and ‘standardized’ customer service. In particular, international shipping lines have demanded much greater flexibility in terms of cargo handling services (e.g. berth on arrival, immediate availability of labour and continuous working) and lower costs or discounts for larger traffic volumes. These demands have occasioned major changes to working practices. European Combined Terminals (ECT) (Rotterdam) and Eurogate (the largest container port operator in Germany), for example,
recently embarked on extensive programs of multi-skilling. ECT spent up to 10 percent of its annual turnover on training to ensure that all its port workers can now undertake up to four different jobs on the container terminal and the company’s collective agreement provides for ‘functional combinations’ of two or three jobs to be performed within the same shift. These changes, in conjunction with increasing automation and the phasing out of non-container operations, enabled ECT to reduce wage costs from over 60 percent of its operating costs in 1996 to just over 50 percent by 2000. More recently, Eurogate introduced semi-autonomous team-working, abolishing the old gang-working and supervisory system. Each team is multi-skilled – 90 percent of the company’s dockers can now perform all tasks on the container terminal – and must ensure that two cranes are available/operational at all times throughout the shift. Task allocation within specific shifts and over the two-week shift cycle, including rest periods and days off, are determined by the team.

Multi-skilling has been accompanied by far greater temporal flexibility in the Hanseatic ports. Continuous working (via individual rather than collective breaks), flexible start times, variable shift lengths and weekend working have all figured prominently in contract negotiations over the past decade. ECT, for example, introduced an extra shift (10am to 3pm without breaks) to ensure continuous working during traditional coffee and meal breaks. Shifts at Eurogate’s terminals now overlap by 30 minutes to ensure continuous operations and the old ‘on-off’ system of working, based on 2 hours driving followed by 2 hours off (resulting in just 4 hours working within an 8 hour shift) has been revised to 2 hours on, 30 minutes off (giving 6 hours driving time per shift). Dockers employed by Hamburger Hafen und Lagerhausgesellschaft (HHLA) are now obliged to work every third Saturday as a ‘normal’ shift (i.e. no overtime pay) and 13 Sundays each year to ensure availability and reduce the costs of weekend working. However, working time arrangements are still heavily regulated by the national and supra-national state (e.g. minimum rest periods of 11 hours between shifts, breaks after 4 hours driving, and maximum weekly working hours) and there is no incentive pay for dockers in either Germany or the Netherlands (to protect safety standards and prevent work intensification).

Trade unions are extremely well organized in the Hanseatic ports. In all these countries, port unions have been able to exploit both national and industry-specific legal rights to representation, consultation, co-determination and exclusive jurisdiction. For example, when Bremer Lagerhaus Gesellschaft (BLG) was restructured from a semi-state port operator to a commercial logistics company, the ÖTV (now Ver.di) was able to insist that existing collective agreements applied to all divisions, subsidiaries and joint ventures. More importantly, the works council insisted on an ‘operational’ holding company in order to retain its company-wide rights to representation and the preservation of the existing supervisory board with worker directors. As one of the company’s directors pointed out, ‘The union presents a “united front” at the federal level, within the different ports, in the operating companies in these ports, and on the works councils in these companies’ (interview notes). Such forms of ‘rich bargaining’, achieved through concertation and articulation between industry-level collective bargaining and workplace co-determination, is not uncommon in Germany (Jacobi et al 1998) but is particularly effective on the waterfront. In the Netherlands, in contrast, where employees enjoy similar rights to information, consultation and representation, port workers are one of the few occupational groups to fill the ‘vacuum’ created at the workplace level by the centralized national industrial relations system (see also Schilstra and Smit 1994: 276-8).

In all these countries, union membership is very high on the waterfront (around 70-80 percent density) and trade unions have been able to protect key conditions of employment, most notably wage levels and job security. Dockers in the port of Rotterdam, for example, are paid
around 25 percent more than comparable Dutch workers and port transport is the only major industrial sector with a formal ‘no forced redundancy’ policy. Similar job protection agreements apply in Belgium and Germany. Unions have thereby retained their influence in the Hanseatic ports despite the progressive decentralization of collective bargaining to the company level. In fact, there is still a high degree of standardization in company-based contracts, especially with respect to pay, injury and sickness schemes, pensions and other benefits. This is something that individual employers welcome and employers’ associations seek to enforce. According to the Chairman of Centrale der Werkgevers aan de Haven van Antwerpen (CEPA), which negotiates a comprehensive Codex that applies to all operators in the port of Antwerp, ‘Firms should compete on the basis of organization, management, service, computer systems or whatever – but not on the social basis’ (interview notes). As a result, there is competition for labour rather than competition through labour in the Hanseatic ports (i.e. companies pay a premium for highly skilled workers rather than seek to cut costs at the expense of workers’ terms and conditions of employment).

It is significant that port workers in the Hanseatic ports have retained their (exclusive) rights to ‘dock work’. In Antwerp, both ‘dock work’ and the ‘port area’ are defined by law, giving the unions a very powerful bargaining position (see Barton and Turnbull 2002; and Turnbull 2005). In Germany and the Netherlands, employers are able to hire permanent company employees directly from the external labour market, but any additional (casual) labour must be hired from a state-regulated labour pool which in both countries is a stronghold of union organization. This is in spite of recent reforms to the status and operation of these labour pools. In Rotterdam, for example, the labour pool was ‘privatized’ in 1995 when the state discontinued financial support (previously the state shared the costs of guaranteed wage payments with employers in the port). By 1997, Strichting Samenwerkende Havenbedrijven (SHB), the new labour pool, was losing Fls 1.2 million per month and was effectively bankrupt. Port employers demanded large scale redundancies but SHB embarked on a major program of temporal and functional flexibility. In June 1998, four new shift patterns were introduced (incorporating various combinations of day, evening and night shifts, weekend work, and ‘on-call’ shifts), higher skilled workers were now required to perform lower skilled tasks, and new training programs were introduced to ensure that all pool labour is multi-skilled. As a result, more than 75 percent of the pool was classified as multi-functional by the end of the 1990s compared to less than 20 percent in the mid 1980s.

Gesamthafenbetrieb (GHB), the Hamburg labour pool, faced similar financial problems, spending DM50 million more than its revenue from 1994-99. In 1999, the dockers’ wage guarantee was reduced from 100 percent to 66 percent, a new flexible shift pattern was introduced, pool workers were obliged to work four extra half shifts in every three month period (with no compensation at the time), and every third hour of overtime is now ‘banked’ by the company in a working time account (which along with the extra half shifts is either paid as a contribution to the worker’s pension or is taken as time off in lieu during the following quarter). GHB is now able to meet 96 percent of all requests for labour (by shift and skill) and provides over 50 percent of the operational companies’ labour at weekends. Similar changes have been introduced in Bremen/Bremerhaven, enabling the labour pool to reduce its idle time from a peak of 1,000 shifts per week in 1996 to just 1,000 per annum at the turn of the century.

Conclusions

Globalization depends on an efficient and cost effective port transport industry. This has precipitated major structural changes to the ownership, operation, administration and management of ports around the world, via the privatization of port services and the
The liberalization of competition. The reform of port labour arrangements, through the
deregulation of ‘dock labour schemes’ and the introduction of more flexible work practices, is
an integral component of industrial restructuring. Taken together, these port reforms have
triggered an international ‘race-to-the-bottom’, but this race is rather uneven in both its
incidence and effects. The pressures for reform are greater in some countries than others,
largely determined by the prevailing model of port organization and the location of ports on
international trade routes. The consequent nature and extent of industrial restructuring is the
primary determinant of any deterioration in dock workers’ terms and conditions of
employment. But in many countries, the outcomes of restructuring, and in some cases the
very possibility of port reform, have been heavily influenced by organized labour.

Through a contextualized comparison of selected cases it is possible to establish how
common international pressures for port reform have been refracted in myriad ways through
different institutional arrangements and trade union strategies. Where unions have been
incorporated by management and the state they display very limited capacity for independent
action. In this context, many dock workers endure a very intense working environment.
Where unions have been marginalized as a result of industrial restructuring, or where recent
port reforms have exacerbated the historic weakness of union organization, dock workers
have experienced a significant deterioration in their terms and conditions of employment.
These cases contrast with ports where dock workers continue to enjoy secure and well
remunerated employment. Trade unions have successfully defended their members’ interests
either by mobilizing rank-and-file support to ensure that industrial restructuring does not
encroach too far on established rights and conditions of work, or by working in concert with
private sector companies and public sector port authorities to negotiate favourable terms for
accession to various port reforms. In the face of globalization, both concertation and
mobilization have proven to be effective trade union strategies. The latter, however, seems
more likely to attract the future attention of global capital in its quest to further lower the cost
of cargo handling and reduce the transit time of goods through the world’s ports.

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“We only supply fully fit workers to suit our clients’ need” -
Injured labour hire workers and their return to work experience

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Contemporary workplace injury management philosophy promotes early return to work to facilitate successful reintegration of injured workers into the workforce. But as employment security diminishes across the workforce, the likelihood of injured workers returning to pre-injury employment also lessens. This paper examines the return to work experience of labour hire employees, a highly insecure group of employees. The analysis finds injured labour hire employees are significantly less likely to be offered further employment than direct hire employees. Whilst the severity of the injury is an important factor limiting a return to work, the casual status of labour hire employees contributes to the ability of labour hire employers to discard injured workers, and terminate their employment for simply lodging a claim. The implications of these findings are significant in view of policies which promote alternate forms of employment without fully considering the consequences for employees, for workforce regeneration, and for workers’ compensation systems.

Introduction

Research consistently finds a link between early return to the job in the injury rehabilitation process, and successful reintegration into the workforce. In the 1980s and 1990s, Australian State workers’ compensation acts were amended to encourage employers to find suitable duties for injured workers, and to deter them from dismissing injured workers. This paper reviews the success of return to work practices for injured labour hire employees, compared with direct hire employees, in the State of Victoria. The paper begins with an overview of occupational health and safety outcomes for labour hire employees, and the problems they encounter in accessing the workers’ compensation system. The paper then outlines the statutory obligations applied to employers in Victoria with respect to providing ‘suitable work’ for workers injured at work, and their application to labour hire employers. In section three, the research methodology of the study is described. The data is analysed in section four, focusing upon the return to work experience of injured workers, and characteristics of claims and claimants which may contribute to diverging return to work outcomes for labour hire and direct hire workers. The conclusion summarises the findings and their implications for policy debates.

Overview of OHS outcomes for labour hire employees

Labour hire employees are employed by a labour hire company and placed with a host who generally directs their work on a daily basis. Research both in Australia and internationally consistently finds that labour hire employees have a higher incidence of injuries than direct hire employees. They also appear to suffer more serious injuries (Johnstone & Quinlan, 2005; Underhill, 2002). Statutory authorities in Australia responsible for preventative and inspectoral activities for occupational health and safety (OHS) identify labour hire employment as the most difficult and compromising area to manage OHS in Australian workplaces (Gallagher, Underhill, & Rimmer, 2001; Johnstone & Quinlan, 2005). Labour hire employees report being ‘dismissed’ for raising OHS and workplace concerns, and many are reluctant to raise concerns for fear of dismissal (Underhill, 2005). A recent Parliamentary
enquiry into labour hire employment in Victoria affirmed concerns over the OHS treatment and future work prospects for labour hire employees (Economic Development Committee, 2005).

What little research exists suggests these factors impact upon the reporting of workers’ compensation claims by labour hire employees, and their employment outcomes once a claim has been lodged. Thus, a 2003 survey of 144 labour hire employees in Victoria found that 24% of respondents experienced a workplace injury in the past 12 months. Whilst almost half of these involved injuries considered too minor to lodge a workers’ compensation claim, 18% of those who did not lodge a claim were deterred from doing so for fear of job loss (Underhill, 2004). The reluctance to make a workers’ compensation claim for job security reasons is not unique to labour hire employees. For example, the Australian Bureau of Statistics found in 1993 that 8% of all types of injured workers in New South Wales did not make a claim for fear of possible retrenchment (Quinlan & Mayhew, 1999). Future job prospects with other employers may also deter injured workers from lodging a claim when employers include compensation history in selection processes (Morrison, Wood, & MacDonald, 1995). In Victoria, employees are required to disclose any pre-existing injuries or disease before being hired, or risk being ineligible for future compensation claims (VWA, 2004a:9).

The 2003 Victorian survey also found that 10% of respondents had lodged a workers’ compensation claim. Of these, one third were offered light or modified duties with the pre-injury host, but 27% were not offered further work until they were fully fit to return to pre-injury duties. One in five (20%) were not offered any further employment by their agency (Underhill, 2004). Whilst this data is qualified by the small number of survey respondents, it implies a bleak picture for labour hire employees who are injured at work. If they make a workers’ compensation claim, they risk remaining on workers’ compensation benefits (with an associated lower income) until they are fully fit to return to work, or at worst, losing their employment altogether and potentially jeopardising future job prospects. If they do not make a claim, and require time off work, they suffer a complete loss of income due to their predominantly casual employment status and lack of entitlements to sick or annual leave. On the other hand, if they decide to attend work whilst injured, they risk compounding the nature of the injury and ultimately enduring more serious employment, financial and health problems.

Overview of return to work legislative obligations

The Accident Compensation Act 1985 (Victoria) imposes minimum requirements upon employers governing the management of workers injured in the workplace. Employers are required to have an occupational rehabilitation program, a return to work plan for each injured worker, and a risk management program (VWA, 2004b). Once a workers’ compensation claim has been accepted, employers are required to provide ‘suitable’ or the pre-injury employment to the injured worker for up to twelve months. ‘Suitable’ employment means ‘work that suits the nature of your worker’s injury and their current capacity…without the risk of further injury’ (VWA, 2004b:94). After 12 months has lapsed, an employer can dismiss an injured worker. However, workers’ compensation payments continue until either the injured worker has a capacity for work, or until the injured worker retires (VWA, 2004a). The obligation upon employers to provide suitable employment to injured workers was introduced to all Australian states in the 1980s and 1990s for two principle reasons. First, when employers provide employment to their injured workers, there is much greater likelihood of the employee successfully returning to work. Without such a guarantee, the return to work process of injured workers ‘is seriously, if not terminally compromised’ (Purse, 2002: 62). Second, employers were said to routinely dismiss injured workers, undermining reintegration
of injured workers into the workforce (Purse, 2002). The level of compliance with return to work statutory requirements is unknown. Most States designate non-compliance as a criminal offence, but South Australia is the only state where such prosecutions have occurred. Similarly, some States allow for workers’ compensation premium adjustments when an employer dismisses an injured worker, but again the only State where this is known to have been applied is South Australia (Purse, 2002). Dismissed injured workers are more likely to instigate an unfair dismissal action against their employer under relevant State industrial relations legislation or the Workplace Relations Act. This potentially offers the injured worker a remedy, whereas the state compensation regimes only offer authorities a penalty against the employer (Guthrie, 2002).

The absence of prosecutions against employers for dismissing injured employees means any interpretation of how the legislation would apply to labour hire employees can only be speculative. Labour hire employees are predominantly casual employees, and each attendance at work is regarded legally as a new offer of employment. The decision to not offer another placement with a host is therefore not a dismissal but the absence of a new contract of employment (Tham, 2004). Hence, if no further placements are offered to an injured labour hire employee, they are simply not being re-hired rather than being dismissed. The failure of labour hire employers to offer injured workers further employment may be consistent with their legal obligations. An injured labour hire employee, however, could still potentially claim unfair dismissal if they had been employed for at least twelve months on a regular and systematic basis by the labour hire employer.

**Methodology**

This study analyses a sample of workers’ compensation claims lodged by injured labour hire and direct hire employees (July 1994 and June 2001) in Victoria. Workers’ compensation claims are recorded when an employee has lost more than ten working days, or when the medical costs are greater than a specified minimum amount (approximately $450.00 in 2001). Not all workers’ compensation claims are automatically accepted nor compensation paid by the claims’ agent. Some are investigated to verify compliance with the Workers’ Compensation Act. The sample population in this study was drawn from those claims subject to an investigation by the claims agency. Claims are usually investigated when the employer of the injured worker expresses concern that the claim may not be legitimate or the claim is sufficiently unusual and unexpected that they would like the circumstances explained. Suspicion concerning the legitimacy of a claim is often associated with the employers’ belief that the injury was caused by a non-work factor; that the injury is related to an earlier injury sustained with another employer; that the injury was genuine but the employee is malingering; or that the injury does not exist at all. The latter belief arises most often when the claim and reporting of the injury is delayed; or when the claim is made after the employee’s employment has been terminated or, in the case of labour hire employees, after no further placements have been offered. Claims are also investigated when the injury potentially involves a common law negligence suit or when the claim involves a permanent disability. In all cases except those involving common law suits, the investigation process precedes acceptance of the claim and payment of workers’ compensation benefits. Consequently, an injured worker whose claim is investigated may not receive compensation benefits for several weeks, or even months, after the injured has been sustained.

Investigations usually involve interviews with a number of parties, including the injured worker, their supervisor, their employer (for labour hire workers) and workers who witnessed the incident. A detailed history of the claimant’s employment may be collected, and surveillance of the injured worker may be conducted. The claimant’s workers’ compensation
file also includes medical reports, conciliation reports, and correspondence on the rehabilitation and return to work processes. Investigated claim files contain detailed information not recorded by OHS agencies for statistical purposes, including information on the claimant’s return to work experience post-injury. These files were examined in this study, and the information collated both quantitatively and qualitatively. This paper draws primarily upon the quantitative data.

Between July 1994 and June 2001, almost four thousand (3,941) workers’ compensation claims were lodged by labour hire employees in Victoria, and 571 (14.4%) of these were investigated by the claims agent. The only claims selected for analysis were in the most common occupational/industry groupings for labour hire claims: white collar occupations; maintenance trades (primarily in manufacturing); building and construction workers; stores, warehouse and transport workers; and process and assembly workers. Three hundred and sixty-six (366) claims fell within these groups, of which 227 were available for examination. The remaining 89 files were either on-going claims, or the files were held by the claims agent (and not WorkSafe Victoria) and therefore not available for examination. After eliminating files containing insufficient information, 214 files remained. A further 16 claims were later removed as they were direct hire office workers employed by labour hire companies and did not fit the characteristics of the sample. Hence, a total of 198 labour hire files were analysed.

A stratified random sample of direct hire employees’ whose workers’ compensation claims files were also investigated was selected from WorkSafe Victoria’s claims data base and matched to the labour hire files by occupational/industry group and year. A total of 214 files were examined. This sampling process was underpinned by the hypothesis that workers with a similar occupation and industry location should encounter similar injury and return to work experiences, unless their mode of employment intervened.

Both the labour hire and direct hire files sampled showed a similar distribution of injury types when compared to the total population of all types of claim with two exceptions. First, acute injuries such as fractures, dislocations, open wounds and crushings were under-represented. Second, less visible injuries such as sprains, strains and occupational overuse syndrome were over-represented. This is an outcome of the decision process underpinning the selection of claims for investigation by claims agencies. Acute injuries are less likely to raise suspicions that the injury either does not exist or is not work related, whilst less visible injuries are more likely to be questioned as to their legitimacy.

All workers’ compensation claims lodged in Victoria are included in the WorkSafe Victoria data base, irrespective of whether the claim is ultimately accepted or rejected by the claims agency, or withdrawn by the claimant. Hence a number of claims included in this study did not result in workers’ compensation payments. Claims may be rejected or withdrawn for a variety of reasons, many of which do not directly relate to the nature of the injury. The claims agent will reject a claim when work is found not to have been a ‘significant contributory factor’. This is the test which claims must meet to be eligible for workers’ compensation.

Claimants may withdraw or discontinue their claim at several stages in the investigation process, prior to the claim either being accepted or rejected by the agency. First, a contested claim can undergo conciliation between the agent and the injured worker, when the claimant disagrees with the agent’s rejection of their claim. If the conciliator determines there is a genuine dispute, but does not direct the agent to accept the claim, the injured worker can pursue the claim further in the Magistrate’s Court. In a number of the files examined, the conciliator found a genuine dispute, but the worker still elected not to take further action before the Magistrate’s Court. In these cases, the file was officially treated as rejected, and workers’ compensation payments were not paid. The reasons for claimants not pursuing their
claim further are not disclosed in their files. Few of the claims studied involved third party representation, such as unions or solicitors. After experiencing months without income, coupled with continual medical appointments, claimants in these circumstances appear to become worn down and just give up. Second, a claimant may find new employment elsewhere and not comply with requests from the claims agent for further medical examinations. Having failed to comply with the agents’ request, the agency rejects the claim. Similarly, the claimant may find employment elsewhere and officially withdraw their claim. Third, when a claim involves an on-going and serious disability, such as a debilitating back injury, the claimant may give up pursuing the workers’ compensation claim and opt for disability or sickness benefits. In each of these circumstances the claimant endures lost wages and foregoes future redemption of medical costs. Further, the question of whether work was a ‘significant contributory factor’ to the injury remains unresolved. Because most withdrawn claims, and an indeterminate proportion of rejected claims are arguably genuine, they are included in the analysis.

Data Analysis

When a worker is injured at work, the injury may be relatively minor and not require time off work. However, if the medical costs exceed a specified minimum, the injury will be recorded for workers’ compensation purposes, notwithstanding an absence of lost wages. When the injury requires time off work, the worker may return to normal work duties or in the case of more serious injuries, return to lighter or modified duties. As noted earlier, employers in Victoria have an obligation to offer ‘suitable duties’ for up 2 years after the claim has been accepted. The claims data was analysed first to determine the frequency with which different types of injured worker returned to work. The results are presented in Table 1.

Table 1: Return to work experience of labour hire and direct hire claimants

<table>
<thead>
<tr>
<th>Return to work experience</th>
<th>Proportion of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Labour Hire Employees (LH)</td>
</tr>
<tr>
<td></td>
<td>No.</td>
</tr>
<tr>
<td>No lost time, remained at work</td>
<td>8</td>
</tr>
<tr>
<td>Return to work, normal duties</td>
<td>38</td>
</tr>
<tr>
<td>Return to work, lighter or modified duties</td>
<td>23</td>
</tr>
<tr>
<td>No return to work: (a) no further offer of employment (LH)</td>
<td>72</td>
</tr>
<tr>
<td>(b) employment terminated (DH)</td>
<td></td>
</tr>
<tr>
<td>No return to work: (a) employee finds alternate employment (LH)</td>
<td>37</td>
</tr>
<tr>
<td>(b) employee resigns (DH)</td>
<td></td>
</tr>
<tr>
<td>Return to work not applicable, claim post employment cessation (1)</td>
<td>6</td>
</tr>
<tr>
<td>No return to work, other misc. reasons (2)</td>
<td>1</td>
</tr>
<tr>
<td>No return to work, retired on medical advice &amp;/or common law settlement</td>
<td>11</td>
</tr>
<tr>
<td>No return to work, deceased employee</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>198</td>
</tr>
</tbody>
</table>

\[ \chi^2 = 62.555 \text{ DF 8 Sig} = 0.000 \]

(1) Includes claims lodged post retirement for labour hire and direct hire; between placements with hosts for labour hire; and post resignation or employment termination for direct hire

(2) Other miscellaneous reasons: in one case, the injured worker died from non-work factors before a return to work was possible; in the second case, the employer had ceased operations; the third case involved a fixed term contract where the claim was lodged 2 days prior to the completion of the contract.
Only a very small number of investigated claims involved no lost time. This is to be expected. They are minor claims unlikely to justify the costs of an investigation. When the claim involves an injury requiring time off work, the return to work experience of labour hire employees is significantly different from that of direct hire employees. First, labour hire employees are less likely to return to their pre-injury duties. Only 19% of labour hire employees returned to normal duties compared to 27% of direct hire claimants. Second, only 12% of labour hire employees were returned to work on light or modified duties, compared with 25% of direct hire employees. Third, 36% of labour hire claimants were offered no further work by their employer compared with only 8% of direct hire employees who found their employment terminated after they had lodged a workers’ compensation claim. Fourth, labour hire employees were slightly more likely to move on to another employer post injury (19%) compared to direct hire employees (14%). These claims are distinguished from those where labour hire employees received no further offers of placements because the claimant advised the agency of their new employment. Whether they switched employers because no further work was offered by their original employer could not be determined from the file correspondence. Fifth, a much higher proportion of direct hire employees (11% compared to 3%) lodged their claim after their employment had been terminated. Delayed claims are most likely to be investigated.

A small proportion of claims (6% for both groups of employees) involved incapacitating injuries which prevented any return to work. This proportion is inflated by the nature of the sample. Extremely severe injuries and claims resulting in a common law suit are invariably investigated and therefore occur in disproportionate numbers in any study of investigated claims. Similarly claims involving a deceased employee are always investigated.

The data suggests some explanations for the inferior post-injury experience for labour hire employees. First, the poor outcomes for labour hire employees can arise because any employer hiring a casual employee may not have a legal obligation to offer ‘suitable’ work post-injury. Once the injury has been sustained, and the employee is unable to attend at work, the contract of employment and associated legal obligations cease. The data in Table 2 shows that casual labour hire employees were less likely to be rehabilitated by their employer than permanent labour hire workers.

**Table 2 Return to work experience by employment status of labour hire claimants**

<table>
<thead>
<tr>
<th>Return to work (RTW) experience</th>
<th>Proportion of Labour Hire Claims (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Permanent employees (2)</td>
</tr>
<tr>
<td>No lost time</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>2</td>
<td>6.7%</td>
</tr>
<tr>
<td>RTW normal duties</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>RTW light or modified duties</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>20%</td>
</tr>
<tr>
<td>No RTW no further offer of employment</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>16.7%</td>
</tr>
<tr>
<td>No RTW - employee finds employment elsewhere</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>16.7%</td>
</tr>
<tr>
<td>Total</td>
<td>30 100%</td>
</tr>
</tbody>
</table>

Fisher’s exact test = 0.035

(1) excludes those for whom a return to work is not possible due to permanent disability, having already resigned or retired, or being deceased (20 workers); and 2 for whom employment status was indeterminate

(2) employed as permanent employees of the labour hire company, although potentially placed on short term assignments with host organisations.
Several inferences can be drawn from this table. First, the higher proportion of permanent employees returning to normal duties suggests they may be more confident that making a claim for minor injury will not lead to termination of employment. Second, labour hire employers may be more reluctant to dismiss permanent employees when they have made a claim, and will also support their return to work on modified duties. Third, labour hire employers claim it is impracticable to rehabilitate workers on lighter or modified duties (although there are exceptional labour hire employers which disprove the generalisation). The starkly different outcomes for permanent compared to casual labour hire employees suggests that labour hire companies may be exploiting a gap in regulation which allows them to avoid return to work obligations in respect of casual employees.

Second, Tables 3 and 4 displayed on the following page shows that if injured labour hire employees are to be rehabilitated at work, they must return quickly. Severe injuries that delay return to work reduce their chances of re-employment significantly compared to direct hire employees.

### Table 3. Return to work outcomes for labour hire employees by severity of injury

<table>
<thead>
<tr>
<th>Days Compensated (severity of injury)</th>
<th>Labour Hire Claims</th>
<th>Return to work experience (1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Returned to pre-injury duties</td>
<td>Returned to lighter / modified duties</td>
<td>No RTW – no placements offered</td>
</tr>
<tr>
<td>No days compensated</td>
<td>25 26.6%</td>
<td>9 9.6%</td>
<td>37 39.4%</td>
</tr>
<tr>
<td>Up to 1 month compensated</td>
<td>8 24.2%</td>
<td>2 6.1%</td>
<td>14 42.4%</td>
</tr>
<tr>
<td>&gt; 1 - 3 months</td>
<td>4 17.4%</td>
<td>4 17.4%</td>
<td>6 26.1%</td>
</tr>
<tr>
<td>&gt; 3 - 6 months</td>
<td>-</td>
<td>-</td>
<td>4 36.4%</td>
</tr>
<tr>
<td>&gt; 6 - 12 mths</td>
<td>-</td>
<td>-</td>
<td>2 33.3%</td>
</tr>
<tr>
<td>&gt; 12 months</td>
<td>1 10%</td>
<td>2 20.0%</td>
<td>6 60%</td>
</tr>
</tbody>
</table>

χ² = 31.838 DF 20 Sig = 0.045
(1) excludes those for whom a return to work is not possible due to permanent disability, having already resigned or retired, or being deceased; and eight claimants who had no lost time.

### Table 4. Return to work outcomes for direct hire employees by severity of injury

<table>
<thead>
<tr>
<th>Days Compensated (severity of injury)</th>
<th>Direct Hire Claims</th>
<th>Return to work experience (1)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Returned to pre-injury duties</td>
<td>Returned to lighter / modified duties</td>
<td>No RTW – no placements offered</td>
</tr>
<tr>
<td>No days compensated</td>
<td>40 40.8%</td>
<td>17 42.5%</td>
<td>10 40.0%</td>
</tr>
<tr>
<td>Up to 1 month compensated</td>
<td>6 23.1%</td>
<td>13 50.0%</td>
<td>2 7.7%</td>
</tr>
<tr>
<td>&gt; 1 - 3 months</td>
<td>6 40%</td>
<td>8 53.3%</td>
<td>-</td>
</tr>
<tr>
<td>&gt; 3 - 6 months</td>
<td>4 33.3%</td>
<td>4 33.3%</td>
<td>1 8.3%</td>
</tr>
<tr>
<td>&gt; 6 - 12 mths</td>
<td>-</td>
<td>-</td>
<td>7 63.6%</td>
</tr>
<tr>
<td>&gt; 12 months</td>
<td>1 12.5%</td>
<td>4 50%</td>
<td>1 12.5%</td>
</tr>
</tbody>
</table>

χ² = 45.385 DF 20 Sig =0.001
(1) excludes those for whom a return to work is not possible due to permanent disability, having already resigned or retired, or being deceased; and thirteen claimants who had no lost time.
Comparing Tables 3 and 4 reveals a number of contrasts. First, the proportion of labour hire claimants with longer-term injuries (more than 1 month) who return to work averages around one-third of cases (17 of 50 claimants paid more than 1 month compensation) compared with direct hire claimants where the proportion is over two-thirds (34 of 46 claimants paid more than 1 month compensation). Second and conversely, the proportion of labour hire claimants with longer term injuries who are not offered a return to work placement is approximately 42% of cases compared to only 13% for direct hire. Third, differences are also pronounced for short term injuries. Just under 40% of labour hire claimants who have had no days compensated are still not returned to work compared to only 10% of direct hire claimants. Qualitative evidence supports the view that the absence of further offers of placements following minor claims strongly indicates that lodging the claim, not the severity of the injury, contributes to the withdrawal of future employment.

Third, there may be practical constraints on labour hire employers finding suitable placements for workers requiring lighter or modified duties. Some labour hire companies specialise in supplying particular trades or industries, whilst others supply workers with a range of skill levels across many industries. Specialist labour suppliers may have longer-term relationships with host clients, enabling them to persuade hosts to accept injured workers. On the other hand, labour supply companies with a broader range of placements may have more scope for placing injured workers in different, lighter duties. The data was analysed to determine whether the nature of the labour hire company’s operations impacted upon their return to work practices (tables have been omitted due to space considerations). Only 11% of claimants in this study were hired by specialist labour hire companies. Their employers were more likely to offer a return to work on lighter/modified duties (27% compared to 14% for non-specialist). Claimants hired by specialist suppliers were also less likely to move to another employer (7% compared to 21% for non-specialist); however they were more likely to experience an absence of further offers of employment (40% for specialist, 34% for non-specialist). These findings were not statistically significant. The differing return to work outcomes suggest, but do not confirm, that specialist labour hire companies are more likely to take steps to return injured workers to work.

Fourth, the duration of employment with a labour hire company prior to the injury may influence the employers’ attitude towards the claimant, as an implicit contract develops akin to that with direct hire permanent employees. In such cases, the labour hire company may have a greater level of trust and understanding of the employee, and be more concerned with retention. The data was tested to compare return to work outcomes for employees injured in the first month of their employment (22% of claimants) with those employed for a longer period (tables have been omitted due to space considerations). Those injured within the first month were much less likely to return to normal duties (3% compared to 30%); much less likely to be offered further placements (55% compared to 32%), but slightly more likely to be offered light or modified duties (19% compared to 15%). A similar proportion of both groups (23%) found employment elsewhere. The differences were statistically significant (Fisher’s exact test = 0.011). Similar results were found when comparing employees injured within their first year of employment, with those employed for a longer period. Claimants with less than one year’s employment were more than twice as likely to not receive any further offer of employment (43% compared to 19%). These findings suggest that labour hire companies are much more likely to offer a return to work for longer term employees than recent commencements. It points to the exercise of discretion which favours longer term employees whilst disadvantaging new employees.
Conclusion

Workers’ compensation authorities in Australia have actively promoted rehabilitation through return to work for workers injured at work. This is seen as the most cost effective and humane means of supporting injured workers (Purse, 2002). Labour hire employees are more likely to be injured at work, yet their employers show little interest in supporting their successful return to work post-injury. Instead, they are more likely to effectively terminate employment. The desire to eliminate this practice of terminating injured employees contributed to the introduction of legislative requirements for employers to find suitable work for injured workers in the 1980s and 1990s. Labour hire employers, however, avoid these obligations by relying on casual employees. Those that hire permanent employees are noticeably more likely to continue employing the worker.

The severity of injury plays a role in whether a labour hire employee is offered further work, with those most severely injured least likely to be re-employed. However, many are not offered further employment simply because they have lodged a workers’ compensation claim. On this basis, fears expressed by labour hire employees of the threat to employment associated with making a claim are well-founded. To the extent that this deters labour hire employees from lodging claims over relatively minor injuries, data on workers’ compensation claims will increasingly understate the incidence of workplace injuries as labour hire employment expands further. Importantly, however, labour hire employees may risk working with an injury rather than lodging a claim, potentially compounding their injury and eventually experiencing a much more serious injury. This is a high risk strategy for labour hire employees given the absence of return to work processes supported by labour hire employers with respect to employees with severe injuries.

Preliminary analysis of the claims data showed that even though severity of injury plays a part in the decision of the labour hire company to offer further placements to workers post-injury, a high level of discretion based around issues of trust, disposability of workers, and practicality of finding placements for workers requiring lighter or modified duties are also important. Labour hire employees injured early in their employment were treated far less favourably than those employed for a longer duration; those working for specialist labour hire organisations were more likely to return to work post-injury although a substantial proportion also received no further offers of employment. Other factors impacting upon return to work practices, such as the nature of the injury, could not be explored within the constraints of this paper.

The failure of labour hire employers to support severely injured workers has important implications for both the injured employee and the question of who bears the costs of these injuries. An employee with a substantial workers’ compensation claim may encounter difficulties in ever regaining employment should their work incapacity be overcome. If they regain some but not full capacity to work, they may find their workers’ compensation benefits terminated, and instead become financially dependent upon the disability pension. In both instances, the costs of the claim are pushed out of the workers’ compensation system and borne by the social security system. In both instances the employee risks becoming entrapped in poverty, when a return to work programme may have enabled them to regain productive employment.

References


Institutional Investors and Contemporary Corporate Governance: Prospects for Enhanced Protection of Employee Interests in Liberal Market Economies

Peter Waring
University of Newcastle

A striking feature of Liberal Market Economies (LME) is their ‘market-outsider’ system of corporate governance (Pendleton and Gospel 2004). The attendant features of this system include, market based financing, equity based incentives for senior executives and a focus on maximizing shareholder value in the short term. These features are considered hostile to employee interests in that they result in shorter job tenures, disinvestment in skills and training, a reluctance to deal with employee representatives and other cost minimization approaches to labour management. However, this paper examines several emerging trends in LME capital markets and corporate governance which may signal a retreat from extreme shareholder value ideology and the prospect of a financial and corporate governance context more favourable to the protection of employee interests.

Introduction

Shareholder value ideology is typically regarded as a key feature of liberal market economies (LMEs) in which market-outsider systems of corporate governance place primacy on maximizing returns to shareholders (see Hall and Sokice, 2001; Gospel and Pendleton, 2004). This approach to corporate governance has its theoretical roots in the nexus of contracts model of the firm developed by Jenson and Meckling (1976) and Fama and Jenson (1983). These finance economists insisted that agency costs could be minimized through, inter alia, the development of an active market for corporate control and the alignment of principal-agent interests through powerful equity-based incentive systems for senior managers. As Lazonick and O’Sullivan (2000) have explained, the influence of the agency theorists was felt in the 1980s and 1990s (especially in the United States) where there was an unparalleled growth in the corporate dividend payout ratio and share buybacks as a means to maximise shareholder returns. Moreover, Lazonick and O’Sullivan (2000) point to the number and size of corporate acquisitions, the extent of workforce downsizing and the significant growth in executive remuneration in this period as evidence of the influence of shareholder value ideology. While this view of the functioning of capital markets in LMEs may seem overly deterministic and may overlook the extent of managerial power and agency, the basic dynamic seems incontestable. According to Lazonick and O’Sullivan (2000), this singular focus on shareholder returns has been particularly damaging to employee interests since it typically corrodes internal labor markets, is hostile to employee voice and representative structures, shifts risk to employees via contingent pay arrangements and fundamentally treats employees as a cost to be controlled rather than as a resource to be developed.

This paper contends that while shareholder value ideology is still a pervasive force within LMEs, recent and emerging developments in institutional investment and corporate governance may provide greater protection for employee interests in the future. In particular, the paper identifies three market and institutional trends which collectively have the potential to reduce shareholder value pressure on employee interests and re-task management to build long term wealth.

The first of these emerging trends is the growing size of institutional investors’ funds under management (FUM). The FUM of mutual funds, pension funds, insurance companies and
banks has grown to such an extent that holdings are relatively illiquid – that is, institutional investors cannot reduce their holdings easily without affecting the stock price (see Deakin, 2005; McDonald, 2004). This phenomenon is increasingly leading to more interested and long term oversight of management by institutional investors. Thus it is argued that some institutional investors in LMEs are becoming more like insider-relational investors (see Gospel and Pendleton, 2005). The second trend identified by the paper is the rise of socially responsible investment (SRI) which incorporates social, ethical and environmental concerns into investment decisions. SRI has been the fastest growing financial product in most industrialized countries over the last decade and there is evidence that its investment philosophy may encourage long term corporate wealth generation that is consistent with employee interests (see Waring and Lewer, 2004; Sparkes and Cowton, 2004). Finally, the paper reviews corporate governance developments in the United States, the United Kingdom and Australia in the post-Enron period. It argues that changes to corporate governance promoted by the corporate collapses and scandals of 2001-2003 complement a longer term investment horizon and emphasize governance structures that offer enhanced protection of employee interests.

These market trends and institutional developments are still emerging and their impact will clearly be uneven across various industries and national business systems. Nonetheless, it is argued that collectively, these developments serve as a counter-point to shareholder value ideology and help to produce pressures which are more accommodating of progressive employment relations practices.

Institutional Investors: Turning Market-Outsider Relations Inside Out?

A significant trend in the market for equities securities is the growth of institutional investors (Pension funds, Banks, Insurance companies and Mutual Funds) that now hold the majority of outstanding equities securities. This trend has been worldwide but it is more pronounced in the highly developed equities markets of liberal market economies. In the UK institutional investors have always historically been more important than individual households as shareholders and who collectively own 50% of all UK shares compared with individual investors who hold 14.8% (Eurosif, 2003:4)

In the United States, over 50% of equities are held by institutions (See English et al, 2004, p157) and there is a strong trend towards household’s preferring to hold stock indirectly through institutional investors such as pension and mutual funds. According to the Investment Company Institute (a premier mutual fund association in the US with 8,459 mutual fund members) 48.1 per cent of US Households had invested in mutual funds up from just 5.7 % in 1980 (ICI, 2005). Although there are approximately 8,459 mutual funds operating in the US the top 25 mutual fund families together have 74% of the $8.2 trillion in mutual fund assets (ICI, 2005). Mutual funds invest in a range of instruments such as government debt securities and bank deposits, real estate and so on but the vast majority of funds tend to be invested in equities. Indeed the ICI (2005) indicate that 49% of mutual fund assets ($US3.68 trillion) is held in equities securities.

Mutual fund growth has been mirrored by the tremendous growth in private pension funds around the globe. The OECD (2005, p5) has recently estimated that the value of pension fund assets in the OECD has grown from 29% of GDP in 1987 to 61% in 2003.
Table 1. Pension Fund Asset Growth in Selected Liberal Market and Coordinated Market Economies (in $US trillions)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2003</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>6.7</td>
<td>7.2</td>
<td>66</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1</td>
<td>1.2</td>
<td>65.7</td>
</tr>
<tr>
<td>Japan</td>
<td>.56</td>
<td>.56</td>
<td>13.1</td>
</tr>
<tr>
<td>Germany</td>
<td>.062</td>
<td>.085</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: OECD Pension Markets in Focus, (2005)

As Table 1 shows, the growth has been most marked in liberal market economies and less so in CME’s where state provided pensions remain important. In the UK, 53.8% of pension fund assets are held in equities while the figure for the United States is lower at 29.3% it remains the largest asset class (OECD, 2005, p7).

The tremendous growth in pension fund and mutual fund assets means that these institutional investors have become increasingly powerful actors in equities markets. As a result of this growth, holdings have become more concentrated and where as managements for much of the twentieth century have tended to face fragmented and widely dispersed stockholders, they now face, in many cases, an identifiable group of portfolio managers and there is little evidence of this trend abating (see Useem, 1996; Clark and Hebb, 2003). Indeed Clark (2004, p16) has suggested that “further concentration in the industry around global financial institutions seems to be inevitable. They are increasingly like giant vacuum cleaners sucking up geographically dispersed money into concentrated pools of finance…”

The sheer size of these holdings makes funds management a more difficult and potentially riskier exercise. Xinge (2004, p1868) for instance cites research which suggests that fund performance tends to deteriorate when a fund ‘exceeds its optimal size’ due to the higher costs associated with researching and trading for a large fund. Importantly though, Xinge also suggests that ‘portfolios of larger sizes tend to have higher average trading costs because the trading of large blocks of stocks has tremendous adverse impacts on stock prices by bidding up prices when buying and driving down prices when selling’. In other words, the costs associated with active funds management increase considerably with size and encourage more passive (buy and hold) approaches.

The capacity therefore, of large institutional investors to exit a company (selling their holdings and performing ‘the Wall St walk’) is therefore much diminished with the growth and concentration of holdings. This leaves pensions and mutual funds with two remaining strategies - voice or loyalty (see Hirschman, 1970). In other words, funds managers may demonstrate loyalty to management of the companies they invest in by abdicating ownership responsibilities or they can develop relationships with management and voice their concerns. Either strategy implies less turnover of holdings and a longer term investment outlook. A longer term investment outlook is also consistent with the broad objective of Pension Funds which is to seek risk-adjusted returns on their investment that match or exceed growth in averages wages. Hence Pension funds tend to be more risk averse and more long term value investors (Davis, 2001).

The growing propensity of institutional investors to employ insider-relational investment techniques such as monitoring and engagement coupled with a longer term performance orientation that stems from large, concentrated and relatively illiquid holdings suggests a
context which may be more favourable to the practice of progressive employment practices. A longer term investment orientation reduces pressure on management to secure short term gains through undue head count reductions and may create an environment less hostile to the investment in skills, training and internal labor markets. Arguably then, the elements of market-outsider systems which are prevalent in LME’s may be tempered by the emerging tendency towards insider-relational investing – thus having the consequence of turning market-outsider systems insider out.

Clark and Hebb (2003) have described the rise of this type of institutional investment as the ‘fifth stage of capitalism’. They assert that although in the past, such monitoring and engagement was costly and subject to ‘free rider’ concerns, the sheer size of pension funds means that ‘they are able to bear these costs alone or in coalition with other institutional investors’. Moreover, they argue that the loss of half a trillion dollars in the corporate collapses between 2001-2003 in the United States has created a stronger impetus to more closely scrutinize management activity.

There is an important corporate governance debate however, as to whether relationship investing is likely to occur even with ever enlargening and more concentrated holdings.

Clearfield (2005, p114) has argued that institutional investors do not like voting against incumbent managements and has cited a number of reasons for this reluctance including, the free rider problem, reputational risks (institutions do not always want to be known as activists, costs, and relationship risks (portfolio managers might decide their longer term interests lie with management). Similarly Ingley and van der Walt (2004, p540) cite Bies (2003) who suggests that some funds manager are reluctant to engage in activism because it might impinge on commercial relationships they have with corporate clients and which encourage passivity.

The question of whether pension and other institutional funds managers effectively monitor and engage management is keenly debated in the literature but the rigorous empirical research required to resolve this question has not yet been produced. However, there is evidence that increasing growth and concentrated holdings encourage many institutional investors into ‘voice’ rather than ‘exit’ strategies (see Useem, 1996, Clarke and Hebb, 2003, Gospel and Pendleton, 2005) and that ‘voice’ strategies coupled with a longer term investment orientation is less likely to be hostile to IR/HRM strategies which see people as a resource to be invested in rather than a cost to be controlled. Allied to the trend towards long term investment and corporate engagement by institutional investment is the adoption of social, ethical and environmental criteria by some institutions. Applying this non-financial criteria to investment decisions was once the domain of fringe Socially Responsible Investment funds but it is increasingly becoming an orthodox investment approach as a result of demand from pension fund beneficiaries and the strong desire to mitigate investment risks. These developments are discussed in the next section.

**Socially Responsible Investment: Refracting Shareholder Value Ideology?**

Socially Responsible Investment (SRI), defined as investments which incorporate social, environmental or ethical criteria as well as financial objectives, has been labelled by Sparkes (2002) as a ‘global revolution’ and there is widespread empirical evidence of growing interest and participation in SRI debt and equity instruments.
Table 2. A Comparison of SRI Funds Under Management (FUM) in The United States, the United Kingdom, Australia, Japan and Germany

<table>
<thead>
<tr>
<th>Country</th>
<th>Size of SRI FUM (equities) in Home Country Currency</th>
<th>Size of SRI FUM (equities) in Euro (as at 29 April, 2005)</th>
<th>SRI FUM (equities) as a % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>USD 2.332 trillion</td>
<td>1,800 billion</td>
<td>19.83</td>
</tr>
<tr>
<td>UK</td>
<td>£224.5 billion</td>
<td>331 billion</td>
<td>22.40</td>
</tr>
<tr>
<td>Australia</td>
<td>21.3 $Aus billion</td>
<td>13 billion</td>
<td>2.66</td>
</tr>
<tr>
<td>Japan</td>
<td>100 billion yen</td>
<td>0.734 billion</td>
<td>0.0002</td>
</tr>
<tr>
<td>Germany</td>
<td>€7.7b*</td>
<td>7.7 billion</td>
<td>0.004</td>
</tr>
</tbody>
</table>


As table 2 indicates, the United States has by far the most funds invested according to SRI principles followed by the UK. The relatively small SRI presence in Germany and Japan has been explained by Waring and Edwards (2005) as a result of their less developed equities markets and the history of public provisioning of pensions in these countries. However, Waring and Edwards (2005) have also suggested that the long history of social regulation (especially regulation of labour markets) and the stakeholder approach typically taken to enterprise management may have also reduced the perceived need for SRI. Conversely, the strong presence of shareholder value ideology in liberal market economies may have encouraged the development of SRI as a counterpoint.

According to Waring and Edwards (2005), SRI may impact on firm-level employment relations in a variety of ways. First SRI may help to create ‘ethical space’ in which human resource management practitioners can build persuasive arguments for the implementation of progressive people management policies such as investing in employee capabilities. For instance, SRI holdings that emphasise the legitimacy of various stakeholders might permit HR executives to build and maintain joint consultative arrangements with employee representatives. Second, where SRI heightens sensitivities over corporate reputation, management may choose to avoid industrial disputes by adopting pragmatic approaches to industrial relations. Third, SRI engagement strategies may encourage management to work within rather than challenge existing labour market institutions and regulation and may persuade firms to adopt proactive policies on issues such as supply chain labour conditions.

Clarke and Hebb (2004) have argued that institutional investors are increasingly incorporating reputational risk indicators into their investment analysis metrics due to the growing importance of the nexus between firm reputation and earnings. They argue that because global brands are so essential to multinational company earnings, and are so expensive to develop and maintain, that institutional investors are concerned whenever an event occurs which threatens to tarnish the brand or firm image, and therefore future earnings. Hence, institutional investors are placing pressure on managements to ensure that CSR issues are addressed and reputational risks are mitigated. Clark and Hebb’s analysis provides a robust commercial reason for institutional investors to adopt SRI practices. Furthermore, it potentially gives rise to a context in which SRI funds are more likely to find allies in the rest of the investment community to work with them to ensure labour standards for instance are observed.
Corporate Governance Developments in Liberal Market Economies: A Detectable Shift to Stakeholders and a Long Term Orientation?

The failure of corporate behemoths in the jurisdiction that arguably, most closely resembles the contractarians’ ideal type (the United States of America) have led to a reappraisal and re-regulation of corporate governance in that country (see Watkins, 2003, Coffee, 2004 and Gordon, 2002 for a review). During the euphoric market conditions of 1990s when the Anglo-American market-outsider system of corporate governance seemed superior to the relational-insider models of Japan and Germany (see Bainbridge 1997).

Unfortunately, neither these observers possessed a prescience of the corporate failures that would emerge in 2001-2003 that led to thousands of employees losing their jobs and often their life savings (see Clarke, 2004:321). It was these failures and their underlying causes which have done much to dispel the article of faith expressed by Bainbridge (1997) that the minimization of state regulation is somehow necessary to preserve freedom and virtue in civil society and which has been the catalyst for debate around re-regulating corporate governance in the US.

The failure of Enron and the markets’ inability to foresee the impending disaster has led observers to claim that the confluence of poor managerial ethics, perverse incentive arrangements, the complicity of corrupt and conflicted auditors, the herding behaviour of analysts along with a low risk environment created by reduced regulation were responsible. Coffee (2004:341) in particular points to the ‘judicial and legislative shift towards deregulation in the 1990s’ which ‘appreciably reduced the risk of liability’ for auditors. Furthermore, Coffee (2004:335) claims that ‘deregulation facilitated both the use of equity compensation and the ability of managers to bail out at an inflated stock price’. In particular he cites the relaxing of rules under the Securities Exchange Act of 1934 which permitted managers and directors to exercise options without holding them for the ‘previously required six month period’ (p343).

In the wake of the collapse of Enron, WorldCom, Arthur Anderson, Tyco International amongst others, regulators introduced the Public Company Accounting Reform and Investor Protection Act of 2002 (the Sarbanes-Oxley Act) and in doing so, reversed a decade-long trend of deregulation (Coffee, 2004). Moreover, although Coffee (2004, p346) argues that the Act does nothing to ‘reduce the perverse incentives created by the unconstrained use of stock options’, a new accounting standard introduced by the Financial Accounting Standards Board (FASB Statement No. 123 Share-based Payment) will require all US listed companies to expense stock options from first quarter 2006. The expensing of stock options is likely to reduce their use in executive remuneration and hence one of the key drivers of the ‘short-termism’ experienced in the 1990’s. Coffee (2004, p335) notes that equity-based compensation for CEOs in US public corporations grew from 5% of their total compensation in 1981 to 60% by 1999. This FASB accounting standard is expected to help reign in the excessive use of stock options, and with it, the short term managerial behaviour considered to be damaging to employee interests. According to Jacoby (2005) these regulatory changes and the evolving corporate governance debate signals a significant retreat from the extreme contractarianism reached in the late 1990s and early part of the twenty-first century.

Developments in the US have been matched by a detectable shift in corporate governance thinking in the United Kingdom and Australia. Liberal market economies’ corporations law have rarely been informed by stakeholder theory (see Blair, 1995, pp.179-180 for several exceptions) however in the UK and Australia there have been some minor steps towards encouraging a stakeholder approach. In Australia, the Australian Stock Exchange (ASX) released in 2003 its ten best practice corporate governance principles of which Principle 10
‘Recognise the Legitimate Interests of Stakeholders’ holds the most promise for encouraging a stakeholder approach.

In the United Kingdom, there have also been some initial moves away from shareholder value ideology towards encouraging a stakeholder approach. Deakin (2005, p12) for example cites the Company Law Review Steering Committee’s call for an ‘enlightened shareholder value’ approach where shareholder interests would be balanced with ‘the need to sustain effective ongoing relationships with employees, customers, suppliers and others; and the need to maintain the company’s reputation and to consider the impact of its operations on the community and the environment’.

Further, the UK based International Corporate Governance Network (a voluntary association whose members control $10 trillion in FUM) has released a statement on Institutional Shareholder’s Responsibilities. The statement states that the general objective of institutional investment should be the creation of long term value through institutional owners taking an active interest in their ownership responsibilities including the management of environmental, social and ethical risks (ICGN, 2005, p2). These principles clearly advocate the need for a longer term governance outlook which incorporates the interests of stakeholders however further empirical research needs to be conducted to examine their real industrial consequences.

**Concluding Thoughts**

Shareholder value ideology is a pervasive force in liberal market economies and this has resulted in the subordination of employee interests in favour of short term profit maximization. But there are some emerging signs that the ideology’s dominance may be in retreat as a result of the confluence of capital market and corporate governance developments. These include the relational-insider investment approaches that are steadily being adopted by large institutional investors and the ‘mainstreaming’ of SRI principles which are in turn, complemented by regulatory developments designed to improve corporate governance arrangements. Theoretically, the collective effect of these developments is to provide a more favourable context in which progressive employment practices may emerge. For instance, the longer term orientation provides the patient capital required for investment in employee skills and training while the adoption of core labour standards may result in greater tolerance of employee voice and representative structures and improved wages and conditions up and down supply chains.

It would of course, be fanciful to assume that these trends will transform the governance and labour management practice of every public corporation within LMEs. Aside from the debates (noted earlier) regarding whether large institutional investors are interested or capable of requiring management to adopt a long term outlook, there is still significant funds invested to achieve above average returns in the short term. The considerable growth of Hedge funds (see SEC, 2003), for instance, places pressure on firms to perform in the short term- although it should be noted that hedge funds assets are a fraction of pension and mutual funds and insurance companies at just $US650 billion (SEC, 2003, vii).

Nonetheless, these contrasting developments draw attention to the need to understand the structure of ownership of public corporations to be able to comprehend the pressures on governance and their likely effects on employees. It also points to the likelihood of considerable corporate governance diversity within LMEs – some companies will embody market-outsider approaches but others will reflect a relational-insider arrangement for the reasons already discussed.
The analysis of these trends might also indicate that Hall and Sokice’s (2001) prediction that the internationalization of finance will place pressure on the institutions of CME’s is too pessimistic. As discussed in this paper, the development of private pension funds and SRI might temper shareholder value pressures and prove to be consistent with the stakeholder orientation of CMEs.

Finally, it must also be remembered that managers retain considerable agency and there is not an unfettered line of causality between the objectives of owners and the management of the enterprise (see Useem, 1996). Aside from management’s capacity to manage investor relations in their interests, they also have alternative sources of finance which may make them less beholden to shareholders. All of this points to the need for rigorous empirical studies which examine the effects of various ownership structures on corporate governance arrangements and labour management practices.

References


AIRAANZ 2006
Involvement of employees and unions in organisational decision-making has a long history in Australian industrial relations. The mechanism for participative decision making to bring about organisational change was set out in the Termination Change and Redundancy (TCR) clause in Australian awards from 1984. It continues to operate under Enterprise Bargaining Agreements (EBAs) along with other negotiated terms and conditions, tailored to suit the workplace. EBAs thus represent a source of organisational policy and provide a starting point to examine institutional processes for employee involvement in organisational change. The Higher Education sector has undergone significant change over the past two decades and has led some commentators to decry the loss of collegiality and the increasing managerialist focus on productivity and efficiency. This paper reports on a longitudinal analysis examining the extent to which the TCR clause has evolved in Australian universities and its implications for change management policy within the sector.

Introduction

One of the key landmark cases in Australian industrial relations that enshrined the principle of employee involvement in managing workplace change was the Australian Industrial Relations Commission’s 1984 ‘Termination, Change and Redundancy Decision’ (AIRC [1984] 8 IR 34). This decision, known as the TCR Decision, saw the incorporation into awards, and (later) enterprise agreements, of explicit clauses to guarantee employee (and union) consultation and participation in significant organisational change processes (Davis & Lansbury 1989).

In contrast to the range of empirical studies on worker participation in Australia there is a significant gap in research on consultation under the TCR clause (Brown & Ainsworth 2000). This paper seeks to go some way in bridging that gap by exploring the manner in which Australian universities have expressed the TCR clause in their EBAs and how, over successive EBAs, the clause has altered the form and depth of employee participation. The paper commences with a discussion on employee involvement before moving to consider the Higher Education (HE) sector more generally. We conclude that managerialist HE reforms have broadly coincided with a diminution in employee involvement in the management of change as espoused by university EBAs.

Employee involvement as a change management strategy

In his work on the social responses to change and the psychological processes experienced by those involved with change, Lewin (1947) provided an early foundation for the advocacy of participation, involvement and empowerment of employees as part of a successful change process. Lewin described organisational change as being a combination of change and constancy: ‘change and constancy are relative concepts; group life is never without change, merely differences in the amount and type of change exist’ (Lewin 1947:13). Researchers since Lewin have sought to devise management strategies conducive to effective implementation of organisational change, or alternatively, strategies to deal with resistance to change (Coch & French 1948; Beer & Nohira 2000). At the same time, there has been recognition by researchers that there is no one right way for effective change models to be
applied in particular organisational contexts (Stewart & Kringas 2003). One element of successful organisational change, that is arguably applicable across many contexts, is the involvement of employees in the change process (Palmer & Dunford 2002).

Employee involvement strategies have evolved to dominate as a form of proactive human resource management and industrial relations strategies. For instance, Davis and Lansbury (1989:34) explained that the importance of management-employee consultancy at the workplace lies in the opportunity for employees to discover more about workplace issues and to influence their determination. Arguably, an organisational approach that fosters employee involvement supports management by creating a more participative and empowered workforce (Dunphy & Stace 1988).

Debate in the research has centred on concepts of employee participation and industrial democracy. Some have held that they are variants of the same theme (Black & Gregersen 1997). Others have referred to fundamentally different roles for employees in each process that relate to the degree of influence or power they exert within the organisation (Teicher 1992). What is certain is that the literature on worker participation is vast and often contradictory (Collon 2003). At times, unions and employers have (for different reasons) promoted participation schemes. For instance, unions can view worker participation as a means of deriving greater power and control over business decisions whilst employers can use worker participation to improve productivity and efficiency. The latter form of participation is often described as participative management. This refers to the notion that employers can use workers to enhance the operational effectiveness of an organisation (Marrow 1957; Pojidaeff 1995). Not surprisingly, participative management has a strong degree of support from management practitioners (Hennestad 2000).

Participative management may also include an element of participative decision-making (Leana, Locke & Schweiger 1990). Participative decision-making advocates an approach that is not solely driven by management but which recognises that some stages of the decision making process are enhanced by employee participation (Cotton, Vollrath et al, 1990). Again, such involvement would not be seen as a form of industrial democracy, although the degree of participation in the decision making process may accord for greater involvement than simply participative management.

On the other end of the spectrum lies industrial democracy, where the form of employee involvement features direct or shared control over workplace decisions is generally regarded as providing benefits to both employees and employers (Pateman 1970). The sharing of power in the workplace was a key underpinning concept of Pateman’s thesis. Under industrial democracy, not only are employees consulted, they collectively make business decisions. Indeed, a decision made only by managers would not be regarded by the workforce as legitimate (Tixier 1994). In an Australian HE context, the emergence of industrial democracy-like reforms followed the release of the Murray Report, commissioned by the Menzies government in the 1960s. The report recommended a series of structural changes to ensure that academics had greater control over decisions regarding staffing, finance and courses and by the end of the decade, university councils had almost ceased to have any involvement in academic affairs (Bessant 2002).

To some extent the Murray reforms expanded the traditional culture of collegiality to all levels of the university hierarchy. Collegiality has been described as the process where ‘an administrative act is only legitimate where it has been produced by the co-operation of a plurality of people according to the principle of unanimity or of majority’ (Weber 1978:278). However, collegiality had its limits and was essentially restricted to the privilege of senior academics, predominantly male and exclusive of junior academics, women and general staff.
(Bessant 2002; Cassidy 1998). Subsequent changes in the Australian HE sector over the last twenty years have arguably seen a move away from this industrial democracy/colloquiality to a more managerialist approach. This is an issue we address below.

In examining employee involvement it is important to consider the form of involvement. It can dictate both the depth and the timing of the involvement (Harley, Hyman and Thompson 2005). For instance, the timing of employee involvement has been described as important in designing an involvement strategy as the degree of involvement itself (Teicher 1992; Black & Gregersen 1997). This is because involving employees might occur well before any change and encompasses their engagement throughout the entire process, including accepting their input into the type and extent of change. The early timing, in this case, would enhance the depth of employee involvement. Alternatively, it might entail late and minimal employee input, perhaps to gain endorsement of a management decision.

In an industrial relations context, debates about the form of employee involvement are critical to understanding the nature of the employment relationship (Marchington, 2005). Enterprise bargaining suggests a form of industrial democracy and a focus on bargaining over conditions between employers and the representatives of employees. Participation or involvement suggests an engagement with the decision making process that is more akin to consultation rather than bargaining. Thus, it is not surprising that employee involvement is described as encompassing a broad spectrum of activity ranging from minimal to complete involvement in the decision making process (Pateman 1970).

The notion of a scale of employee involvement became the basis for the analysis of employee participation by the International Research Group (IRG 1976) through its key European industrial relations survey. This analysis identified a model that encompassed a scale ranging from no employee involvement through to complete employee involvement. In other words, the model takes into account a key issue in the research in relation to the nature of depth or degree of involvement that indicates a level of employee control over decision making rather than mere consultation (Marchington 2005). The model has been widely used in research into employee involvement (Dachler & Wilpert 1978; Nutt 1984; Cotton, Vollrath et al 1990; Morgan & Zeffane 2003). This paper reports on a study utilising the IRG model to examine the evolution of TCR clauses in a longitudinal analysis of EBAs in the Australian HE Sector. Before moving to the analysis we turn first to a discussion of the HE Sector.

**Overview of the Australian Higher Education Sector**

The Australian HE sector, comprising 37 public Universities, has undergone significant change over the past twenty years through the Dawkins and Nelson reforms (Dawkins 1988; Nelson 2003). These changes have included university amalgamations, the emergence of private universities and a decreasing dependence on government funding (Webber 2002; Healy 2004). Some have argued the changes have led to increased managerialism with its focus on productivity and efficiency (Meek & Wood 1997).

Not surprisingly, against this backdrop has been a broader debate about the competing concepts of collegiality and managerialism in the sector (Bessant 2002). Whilst collegiality has been described as making organisational decisions through consultation with a broad range of participants, managerialism features organisational decisions made by a narrower management group (Milliken 2001). The former approach had its basis in pluralism, or the acceptance of multiple viewpoints affecting decisions, while the latter may be likened to a more unitary approach, in which the expectations are that management decisions will be followed by organisational members (McInnis 1998; Alexiadou 2001). Whilst managerialism
features a lesser degree of employee involvement than collegiality it does not suggest the exclusion of employee involvement.

At the same time as the sector was experiencing organisational change it also experienced significant industrial relations change, particularly in the area of wages setting. This was achieved through the 1990s, first in the processes of award restructuring and then through enterprise bargaining. Award restructuring resulted in the rationalisation of significant occupational awards to form a single award for academics and another for administrative staff, prescribing minimum terms and conditions of employment that encompassed the sector – the Australian Universities Academic and Related Staff (Salaries) Award 1987, and the Higher Education General and Salaried Staff (Interim) Award 1989, respectively (McBride 1997). Shortly afterwards, in line with other industry sectors, the HE sector moved towards institution-based enterprise agreements, negotiated directly between unions and university management.

The shift towards managerialism in the sector was further heightened by the more recent announcement by the Federal Government of its Higher Education Workplace Reform Requirements (Department of Education, Science and Training 2005). These reforms require universities to amend their enterprise bargaining agreements or risk losing Commonwealth funding. The changes seek to extend to the sector the employment flexibility provisions contained within the Workplace Relations Act (1996) to enhance the business needs of the institution, promote direct employee-employer relationships (prohibiting the automatic involvement of unions), and to extend individual agreements to employees through Australian Workplace Agreements (individual contracts) (Department of Education, Science and Training 2003).

As a result of enterprise bargaining, each of the 37 public universities negotiated specific local conditions based on the underlying national award. The history of having a common award containing the original change management provisions of the TCR Decision resulted in a high degree of commonality in the first round of enterprise agreements of Australian universities. In other words, most of the initial EBAs reflected the basic TCR clause of the underlying common award. The clause stated: “...the sound management of workplace change implies the timely involvement of people affected by change” (AIRC [1984] 8 IR 34).

Since the formation of the single award there have been four rounds of enterprise bargaining within the sector, each prescribing a three-year duration. The first round covered the period of 1993-1996, the second: 1997-2000, the third: 2000-2003, and the fourth commenced in 2004. At the time of writing, 21 of the 37 Universities had completed their fourth agreement. The actual start date of agreements differs across institutions and these dates are indicative of the overall cycle of the sector.

Analysis of Higher Education Sector Change Management Processes

This paper examines the provisions for the management of change contained in workplace agreements in the Australian HE by focussing on the last three EBA rounds. The actual nature of employee involvement can understandably differ to the prescribed provisions, however they provide a basis for the agreed degree and form of employee involvement provisions. As stated earlier, the first EBA round largely transferred conditions from the award to agreements and there were minimal differences between institutions. More variety in EBAs occurred from Round Two and it is from this round the paper begins its analysis. It should be noted that the study limits itself to the 21 institutions that have completed the fourth round of negotiations.
The paper focuses on two key areas of analysis in relation to the enterprise agreements: the degree of employee involvement, and the form of employee involvement. The degree of employee involvement was measured by assessing the extent to which employees are involved in the change management process. The scale used in this analysis was developed by the IRG (1976) in their study on industrial democracy in Western Europe and defines employee involvement as being ‘measured by the degree of access to the decision making process’ (1976:201). Numerical values of 1 to 7 denote no involvement through to complete involvement, respectively (Table 1).

Briefly, ‘no employee involvement’ indicates the absence of any employee involvement in the process. The next category: ‘provision of information’ was described by the IRG as access to information about a decision but with no involvement. A more moderate form of employee involvement was identified as ‘provision of information before a decision is made’ reflecting a window of opportunity for employee involvement in the decision making process. The fourth ranking element was defined as ‘the right of employees to comment’ providing for a mandated opportunity to provide feedback. Fifth, ‘obligatory consultation’ ensures consultation of employees as a right in itself and the sixth element, ‘joint decision making with employees’ reflects a high degree of participation in the sense that there is active involvement through some form of joint committee or body. Finally ‘complete employee involvement’ was defined by the IRG (1976) as the involvement of employees in all facets of the decision making process from conception through to implementation. The early stages of the scale could be seen as encompassing notions of managerialism whilst the later stages of the scale could be seen to encompass collegiality.

<table>
<thead>
<tr>
<th>AREA OF ANALYSIS</th>
<th>MEASURE OF ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of employee involvement in change management</td>
<td>1. No employee involvement</td>
</tr>
<tr>
<td></td>
<td>2. Provision of information</td>
</tr>
<tr>
<td></td>
<td>3. Provision of information before a decision is made</td>
</tr>
<tr>
<td></td>
<td>4. The right of employees to comment</td>
</tr>
<tr>
<td></td>
<td>5. Obligatory consultation</td>
</tr>
<tr>
<td></td>
<td>6. Joint decision making with employees</td>
</tr>
<tr>
<td></td>
<td>7. Complete employee involvement</td>
</tr>
</tbody>
</table>


The form of employee involvement (see Table 2), such as the type of committee or team used as the vehicle to consult employees, was measured by reference to the actual wording in the EBA referring to the structure of employee involvement. The analysis identified four forms of employee involvement across the three EBA rounds. These comprised Joint Consultative Committees (JCCs), tripartite and bipartite arrangements and Change Management Committees (CMCs). Briefly, a JCC is a committee established in many EBAs to operate as a standing committee for employer and employee consultation or consideration of disputes. Bipartite arrangements differ from JCCs in that they are an explicit arrangement between management and unions and do not include provision of broader staff involvement. Tripartite arrangements are a relatively new phenomenon incorporating unions, management and employees. A change management committee is a committee specifically constituted for consultation during a change management process.
Table 2. Form of Employee Involvement

<table>
<thead>
<tr>
<th>Form of employee involvement in change management</th>
<th>Joint Consultative Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tripartite Involvement (management, staff &amp; unions)</td>
</tr>
<tr>
<td></td>
<td>Bipartite Involvement (management and union)</td>
</tr>
<tr>
<td></td>
<td>Change Management Committee</td>
</tr>
</tbody>
</table>


Findings

*Degree of Employee Involvement*

We found that the sector has a range of mechanisms that afford employees access to involvement in the management of change. However, the findings indicate that across the four EBA periods there has been a decline in the degree of employee involvement.

In Round I, all universities had separate EBAs for academic and general staff. By Round II just over half the universities had separate EBAs for academic and general staff (55%). This reflects a national move towards combined institution wide agreements. By Round IV the majority of universities (70%) had a common EBA for all staff. This indicates there is a convergence between academics and general staff in the provisions for employee involvement in change management. The extent to whether the experience of both groups of staff has converged would need to be explored through further attitudinal research.

Tables 3 and 4 provide histograms depicting the degree of employee involvement over the four EBA rounds for academics and general staff respectively. In the case of Academic Staff (Table 3) the analysis indicates that Obligatory Consultation is the main type of involvement for employees and is constant at 57% across all three rounds. Complete Involvement declined from 9.5% in Round II to 5% in Round IV. Joint Decision Making declined from 19% in Round II to 0% in Round IV. Right of Comment increased from 14% to 33%. No university recorded scores on the two lower measures of Provision of Information or No Involvement.

In the case of General Staff (Table 4) the analysis indicates that Obligatory Consultation was also the main degree of employee involvement. This however has declined from 67% in Round II to 57% in Round IV. Complete Involvement remained constant at 5% across the three rounds. Joint Decision Making declined from 14% in Round II to 0% in Round IV. Right of Comment increased from 14% to 33%. Again, no university recorded scores on the two lower measures of Provision of Information or No Involvement.

Table 3. Degree of Employee Involvement – Academic Staff
It is evident that Obligatory Consultation is the primary degree of employee involvement for both academic and general staff. Whilst remaining constant across all rounds for academic staff it actually declined for general staff. In the case of both staff groups the reported EBA rounds have also seen the disappearance of Joint Decision Making and a doubling in the Right of Comment.

**Form of Employee Involvement**

The form of employee involvement also changed over time in University EBAs. We found an increase in the use of Tripartite Involvement as the primary form of employee involvement. Similarly, the use of Change Management Committees increased. In contrast, the trend result for the use of Joint Consultative Committees declined across the three rounds, as did the use of Bipartite Involvement (Table 5).

**Table 5. Combined Total for Form of Employee Involvement (n=21)**

<table>
<thead>
<tr>
<th>FORM</th>
<th>ROUND II</th>
<th>ROUND III</th>
<th>ROUND IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Consultative Committee</td>
<td>7%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Tripartite</td>
<td>64%</td>
<td>57%</td>
<td>71%</td>
</tr>
<tr>
<td>Bipartite</td>
<td>19%</td>
<td>14%</td>
<td>5%</td>
</tr>
<tr>
<td>Change Committee</td>
<td>10%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Tables 6 and 7 depict histograms representing the form of employee involvement for academic and general staff respectively. In the case of Academic Staff (Table 6) the analysis indicates that Tripartite Involvement is the main form of employee involvement and has grown slightly from 67% in Round II and 71% in Round IV. Bipartite Involvement declined from 24% in Round II to 5% in Round IV. The use of Joint Consultative Committees fluctuated but settled at a low 5% in Round IV. Change Committees has increased from 5% in Round II to 19% in Round IV.

In the case of General Staff (Table 7) the analysis indicates that, like their academic counterparts, Tripartite Involvement is the main form of employee involvement and has increased from 62% in Round II and 71% in Round IV. Bipartite Involvement declined from 14% in Round II to 5% in Round IV. Use of a Joint Consultative Committee has recorded
some fluctuation but declined from 10% in Round II to 5% in Round IV. The use of Change Committees increased slightly from 14% in Round II to 19% in Round IV.

**Table 6. Form of Employee Involvement – Academic Staff**

<table>
<thead>
<tr>
<th>Form of Involvement</th>
<th>RDII</th>
<th>RDIII</th>
<th>RDIV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Consultative Committee</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Tripartite Committee</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Bipartite Committee</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Change Committee</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Table 7. Form of Employee Involvement – General Staff**

<table>
<thead>
<tr>
<th>Form of Involvement</th>
<th>RDII</th>
<th>RDIII</th>
<th>RDIV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Consultative Committee</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Tripartite Committee</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Bipartite Committee</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Change Committee</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
</tr>
</tbody>
</table>

It is evident that Tripartite Involvement is the primary form of employee involvement for both academic and general staff and has steadily increased across the three rounds for both groups of staff. In the case of both groups the three rounds have also seen a marked decline in the use of Bipartite Involvement and minimal changes overall in the use of either a Joint Consultative or Change Committee.

**Discussion**

It is evident from the analysis that the sector provides for a level of employee involvement in the management of change and can therefore be seen to have accommodated the provisions of the TCR decision. Notably, the degree of employee involvement over the last nine years has declined when assessed on the IRG employee involvement scale. From a base in EBA Round II of over 5 points (giving employees Obligatory Consultation), by Round IV, the Universities examined provided employees more generally with a right to comment on the changes (4 points). If we surmised that the decline in the degree of involvement has been matched by a more dominant role in the determination of change by University managers, this decline tentatively supports the premise that the Australian HE sector has adopted a more managerialist approach to employee involvement in the management of change.
There has also been a change in the form of employee involvement over the last nine years. The sector has seen a considerable movement from bipartite to tripartite involvement. This is an interesting shift because superficially, tripartism appears to be a more inclusive form of employee involvement. However, seen in the context of the politics of HE change, the shift likely represents the inclusion of non-union employees and thus a form of individualisation of workplace relations. Arguably, this shift suggests a move to a more consultative (ie low involvement) rather than a bargaining (ie high involvement) approach in respect of employee involvement in the management of change. It is expected that, in line with the changes anticipated by the federal government’s HE Workplace Reform Requirements (Department of Education, Science and Training 2005) tripartism will give way to a new form of bipartism as unions are dispensed with. It could be questioned whether this will have any effect on the role of unions as they are likely to dominate the election of staff representatives in the new arrangements. The extent to which the definition of bipartism needs to be reconsidered as a term will be explored in our future research.

The next stage of the current research project will comprise the completion of the analysis of the remaining 16 EBAs (once negotiations are completed and agreements certified) before moving to conduct a series of surveys of and interviews with academics and general staff involved in change management decision making in order to determine the changing HE cultural landscape perhaps to map in more detail the shift within universities from collegiality to managerialism.

Conclusion

This paper reported on a longitudinal study of TCR clauses in 21 enterprise agreements within the Australian HE sector. The findings demonstrate that whilst the sector has retained mechanisms that afford employees some involvement in the management of change there has been a decline in the degree of their involvement (in policy terms) over the past nine years with a shift towards tripartite arrangements involving management, staff and unions. It is expected that employee involvement in change management will be subject to further Federal Government reforms and that the degree of employee involvement will further decline whilst perhaps a new shift towards bipartite arrangements will emerge with the shedding of unions from the current tripartite arrangements.

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Strange days indeed: Understanding the productivity paradox when firms close

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Dalarna University College, SE; University of Newcastle, AU & Örebro University, SE

Both the public and private sectors have since the 1980s relentlessly cut the size of their workforces. Often this downsizing manifested as the closure of a whole or part of an organisation. Some studies which have analysed the closure process have reported remarkable, counterintuitive improvements in labour productivity during the period between the closure announcement and the final working day. Drawing on a Swedish case study, and on an exploratory basis, this paper proposes a Dynamic State Model of Closedowns to generate a fuller understanding of this phenomenon.

Introduction

Edith Penrose’s book, the Theory of the Growth of the Firm first published in 1959, captured much of the post World War II optimism of abundant, even limitless economic growth. In her analysis, few constraints were obvious, except, predominately, managers’ capabilities to cope with uncertainty and risk. Such growth was underpinned by a social contract between capital and labour which secured increasing incomes, and job security. White collar employees could realistically anticipate lifetime employment and, for blue collar employees, layoffs would occur only as a last resort to accommodate temporary cyclical downturns (Thurow, 1996; Sutherland, 1998). Generally organisations hoarded labour (Cappelli et al., 1997). However, and commencing largely in the 1980s, an unabated wave of job losses, or ‘downsizing’ has occurred as both private and public sectors relentlessly reduced the size of their workforces. Despite the evidence of Cascio, Young and Morris (1997) and other dissenters who have extensively challenged the claim of performance improvements derived from downsizing, it still dominates much of the change in contemporary organisations. McKinley, Mone and Barker (1998: 2) showed that in the USA during the mid-1990s, large companies were still reducing their ‘headcounts’ by at least 5 per cent p.a. (or at least twice the rate in the 1970s) finding that ‘downsizing is implemented in profitable organisations that do not face actual or impending revenue declines’. Herein lies the historical break of downsizing from the layoffs and closedowns of the past; organisations cut jobs often in spite of profitable operations, improving or stable demand for their products and services and commonly in the absence of any apparent economic crises.

Under downsizing, firms and government agencies have rationalised activities, restructured, outsourced, shifted activities offshore and intensified worker effort sometimes, but not always, through productivity bargaining. Often, downsizing is directly focussed solely on cost cutting, typically pursued by workforce reductions and the curtailment of investments in, for example, new production equipment. At its most extreme downsizing occurs when a production or service unit is closed, such as a hospital, mining operation, administrative section, transport facility or factory (c.f. Weber and Taylor, 1963: 302). The common feature of all closure events, irregardless of the type of the unit being closed, is that a temporary organisation is created out of the previously permanent organisation. This fundamentally reorders the organisation’s pre-existing social relations. Closures are widespread. For example, in Australia, at least 30,000 businesses close annually and, as a consequence,

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100,000 plus workers are retrenched (ABS, 2001; Bickerdyke, et al., 2000). US data for the year 2002 reported 302,979 workers were displaced as a result of 1,178 permanent worksite closures (Bureau of Labor Statistics, 2003). In Sweden 12,191 full time employees (representing 19.8 per cent of all retrenchments) were displaced in 611 closures (Swedish National Labour Market Administration, 2004).

Job loss through downsizing and closure has severe adverse economic consequences on the displaced workers; most retrenched employees face periods of extended unemployment and often marginalised jobs at substantially reduced earnings (Cappelli et al., 1997). A litany of personal negative effects, too, is typically experienced by displaced workers; ‘shock, disbelief, anger, hurt, sense of powerlessness, loss of confidence and self-esteem’ (Webber and Campbell, 1997: 189). Also, the burgeoning downsizing literature generally concludes that workers experience a changed and weakened psychological contract with their employer (Sparrow, 1998). Disturbed by retrenchments, employees typically manifest their concerns in a raft of negative behaviours; reduced organisational commitment, scepticism, resistance to change, increased stress, lower productivity, poorer safety and a reluctance to facilitate innovation this is often referred to as the survivor syndrome (see Brockner, et al., 1992a, b; 1988a, b; 1987; 1986a, b; 1985 Guest, 1998; Hardy, 1987; Littler and Hansson, 2005; Littler, et al., 2004; 2003a, 2003b; 1994; Greenhalgh and Rosenblatt, 1984)

Given the considerable impact closures have on employees, what performance levels should management anticipate from its workforce during the closedown period? That is from the time the announcement of the closure decision to the workforce and other stakeholders, until the operation’s final day. Very few studies have been published which directly address this issue, which is odd given the extent and profundity of plant closures. Indeed as Sutton (1987: 542) argued (employing the somewhat dubious biological metaphor found in aspects of the closure literature) that much has been written ‘about why organisations die’ but ‘in contrast, little research or conceptual work focuses on how the process of organisational death unfolds’.

Managers who have planned closures have reported that they expected that productivity would fall because workers, their collective agencies and possibly the wider community are dealing with resentment, future uncertainty and concerns over job loss (Lewer, 2001; Hansson and Wigblad, 2005). However, contrary to these expectations, stark counterintuitive improvements in productivity have been recorded in some cases during the closedown period – hence the paper’s title of ‘strange days indeed’. Bergman and Wigblad (1999: 343) refer to this ‘unexpected, puzzling social phenomenon’ as the ‘Closedown effect’, for which a final explanation, they surmised, was yet to be found.

Defined, the Closedown effect occurs when, without any change to capital investment, a productivity increase is observed during the closedown period. It is recognised that labour productivity is difficult to define and to measure in all contexts, which adds complexity in the determination of the existence and extent of the Closedown effect. However, to be consistent with the reported case studies discussed later, productivity is taken as the firm’s output volume per employee. This made comparisons before and after the announcement of closure decision, accurate. Additionally, any measurement of productivity, especially in manufacturing organizations, must be cautious of changes due to alterations in the number of product lines and downtime due to maintenance (Hansson and Wigblad, 2005).

In this paper we propose a dynamic model to better understand the phenomenon of enhanced labour productivity experienced during (some) closures. The first section describes the key phases involved in closure events and briefly explains the range of management interventions which may be offered to ameliorate against the negative consequences of the shut down.
Drawing on the review of the limited number of published studies in the second part, and using Buckley’s (1967) model of collective action and institutional structure, the third part seeks to synthesise these largely disparate studies. To assess and explore the model we apply it to a previously published case study by Hansson and Wigblad (2005) of a steel manufacturing plant closure in Sweden. The case is suitable as it is concentrated, without a detailed account of the reasons, principally on measuring the Closedown effect.

**Phases and management interventions in the closure processes**

Closedown periods can range significantly both in terms of the notice given and the degree of predictability of the announcement. Minimum notice requirements can be prescribed by statutory and other regulations. Under the US Worker Adjustment and Retraining Notification Act (WARN) employers with 100 employees (or the equivalent) are generally required to provide 60 days’ notice of large-scale retrenchments. Australia’s Workplace Relations Act prescribes notification obligations on employers and sets minimum redundancy entitlements. In Sweden, the Act of Co-determination at Work requires that the County Labour Board be notified of cutbacks which affect at least 25 employees. Trade unions in Sweden have rights to engage a Wage Earner Consultant who has the power to investigate and report on the management’s decision. The report may incorporate alternatives to closure. Actual closedown periods can range from a few days, particularly for those small organisations beyond the reach of statutory requirements, to very extensive periods. When, for example, BHP closed its steelworks in Newcastle, the amount of notice given by the firm was two and a half years (Lewer, 2001).

After the public announcement of the closure, negotiations can occur in which the workforce and unions seek to resist the closure and/or achieve redundancy and other benefits from the employer. Hansson and Wigblad (2005) define this negotiation phase as the **advance notice period**. When it is finalised, which again varies between cases, the balance of the closedown period is defined as the **countdown period** (ibid.). Combined, the advanced notice and countdown periods form the closedown period.

Apart from the differing amounts of time from the announcement of the closure until the final day, it is also useful to differentiate between closures using as a criterion the extent of management assistance made available to the workforce and, sometimes, the wider community. It is possible to construct a continuum with at one extreme extensive, well-resourced adjustment and redundancy support programs and, at the other extreme, the minimum legal entitlements. Hansson and Wigblad (2005) label these opposite poles as ‘socially’ and ‘non-socially-responsible’.

**The Closedown effect: possible explanations from the reported cases**

Perhaps as few as ten scientific publications focus on how the process of organizational closedown unfolds and no theoretical analysis which integrates the differing accounts for the productivity improvements in the closing organization has been published. Explanations for the Closedown effect specifically, are ad hoc. Some focus on workers’ psychological response viz.; workers in closure contexts are motivated to set free previously held back performances because of a heightened pride in their job, a need to show that management made the wrong decision, a belief that the life of the plant may be prolonged and a concern that they will receive ideal references to assist with their search for future employment (Sutton, 1987). Designed to act as a psychological incentive, bonus systems based on output and additional
payments made at the time of the closure have been noted in some cases (Wigblad, 2001; Lewer, 2001).

Bergman and Wigblad (1999: 348) considered these explanations of the Closedown effect as too psychologically focussed. Analysing the causes of Closedown effects solely on the employees’ ‘mental states is not satisfying [...]`. Collective actions in declining organisations obviously have social aspects related to the context in which they take place which must be considered in any serious explanation’. Their research does not dismiss the explanatory power of workers’ (socio-psychological) reactions outright though; accepting that falls in productivity after a closure is announced may be recovered when the initial anxiety, stress and anger are lowered. In the Hammar Glass-Mill case Wigblad (2001: 103-104) reported that his interviewees spoke of the ‘old pride in the craftsmanship in the plant’, of the ‘unity’ and ‘good spirit’ in the company town, ‘self-esteem to perform reasonably well’ and of few workers feeling the need for ‘revenge’. However, Bergman and Wigblad (1999: 365) have argued that the labour process, the degree of management support in overseeing the closure and the actors’ past and present experiences need to be strongly factored into any explanation.

Empirical work by Bergman and Wigblad (1999), Lewer (2001), Brown, et al. (2004), Hansson (2004) and Hansson and Wigblad (2005) showed that a changing frontier of control between labour and management in the changed conditions bought about by the closure announcement facilitated more productive work conditions. In effect, managers ‘retreat’ from the field thereby providing greater autonomy to the workforce. Sometimes this is necessitated as workers leave and are not replaced during the closedown period. This provides opportunities for the development of innovative skills, extension of job-sharing arrangements, improved informal leadership and self-organizing work groups, while planning is deployed to the lower levels in the hierarchy. Significantly less formalised work patterns commonly emerge.

Most studies have involved manufacturing firms where there has been a strong worker collective and often a socially responsible managerial response to the closure. Here, explanations of the closedown effect have been found in context-specific dimensions such as ‘best practice’ management (Brown et al, 2004), and ‘excellent’ retrenchment programs involving retraining opportunities, early retirement programs, job search aid, severance payments and bonus programs (Bergman and Wigblad, 1999; Hansson, 2004; Lewer, 2001; Wigblad, 1998; 1995). The Closedown effect has also been observed in non-socially-responsible cases (Hardy, 1985; 1990; Sutton, 1987). Hansson and Wigblad (2005) recently published research of four non-socially responsible closedown cases which demonstrated that an initial downturn in productivity occurred during the advance notice period, which subsequently upturned in the countdown period.

**Framework**

Overall, it is clear from the research outlined in the preceding section that the Closedown effect is a complex social phenomenon (productivity improvements are not a function of changes in investment) which occurs under a variety of conditions and which operates across an interlinked set of individual, group, organizational and institutional dimensions. Plus, the interaction between these elements is dynamic, i.e. changing during all the phases of the closure. Hence the purpose of our paper is to propose a better and more holistic approach as an alternative to the mainstream explanations reviewed earlier that are based on analysing single cause-effect relations.
When looking for a model or theory that is truly socio-cultural and capable of analysing conflict related phenomena like the Closedown effect, we note that the dominant theoretical perspective is referred to variously as equilibrium, consensus or functional theory. The classical idea of Pareto was an optimum whereby the ‘system’ may be in a state of ‘equilibrium’. After Pareto the idea of society as a ‘system’ of interrelated parts operating with defined boundaries that typically tends to equilibrium, was expounded by Bukharin (e.g. 1925), Sorokin (e.g. 1974), Znaniecki (e.g. 1968), Mead (e.g. 1934, 1956) and Lewin (e.g. 1936, 1947, 1952), among others. Furthermore the common denominator in the functionalist system models is the stipulated idea of equilibrium. This idea dominates the work of the influential sociologists like Parsons (e.g. 1951, 1961, 1977) and Homans (e.g. 1951, 1961) and concerns ‘checks and balances’, ‘countervailing power’ and ‘inertia’.

In contrast to this tradition, some cybernetic thinkers take the appearance of disequilibrium as the analytical focus, seeing equilibrium as a temporary state. An open system in the cybernetic tradition is defined as ‘negentropic’, i.e. tending to decrease in entropy, or to elaborate structure as opposed to closed systems that tend to increase in entropy (Buckley 1967). Instead of focusing on single cause-effect relations, cybernetics has developed holistic feedback models which link structure to dynamic events which, in turn, further change the structure (Wiener, 1954; Ashby, 1952; von Bertalanffy, 1968 and Buckley, 1967). For instance, von Bertalanffy’s concept of ‘equifinality’ asserted that the same end-state can be obtained in several different ways. However, in closedowns events, differing end-states have been observed. Buckley’s (1967) systems theory model (see figure 1) recognises these varying end-states; defined by Buckley as ‘multifinality’. Combining classical institutionalization theory (mainly Max Weber) with social psychological theories (mainly G. H. Mead), Buckley’s work facilitates an analysis of the changed institutional order which arise from dramatic events, such as plant closures. Feedback-controlled systems are referred to as goal-directed, since it is deviations from the goal-state itself that direct the behaviour of the system, rather than some predetermined internal mechanisms that aims blindly. The focus on feedback mechanisms challenges the oversimplified notion of one-sided cause-effect relationships. We hold that it is not possible to point out one single factor causing the Closedown effect. The complex phenomena under study calls for a feedback model addressing the total socio-cultural system.

The concept of ‘given institutional structure’ in the Buckley model is not satisfactory for our purpose to understand the Closedown effect. Buckley’s purpose was to elaborate how institutions create strain among people and did not include economic structures outcomes. When including economic measures, productivity becomes important. It is both a new structure and a new effect that is in focus of our paper. We therefore adjust the model so that ‘given institutional structure’ is enlarged to ‘given institutional and economic structure’.

The core element of Buckley’s model (figure 1) is ‘system tension’ or, ‘strain’, on individuals. This may diminish or be exacerbated through changes in the institutional structure. Buckley (1967: 51) explicates ‘tension’, of which ‘stress’ and ‘strain’ are manifestations, to be ever present in one form or another throughout the socio-cultural system. Examples of tension are socially unstructured strivings, frustrations, enthusiasms, aggressions, neurotic or normative deviation, crowd or quasi-group processes. In closure events, strain is commonly manifest as worry, anxiety and insecurity for the affected individuals over their future employment, possibly worsened if the employee feels isolated, or unsupported. Also, central to the model are ‘purposive systems’ and ‘feedback loops’. The closed circuit feedback is not obviously visible in figure 1, but it does not affect the institutional and economic structure at all, since it is feeding back on itself with the further progression in the model altered, i.e. internalization of the strain. Such stops in further
progression of feedback loops can appear between all feedback boxes in figure 1. The structural elaboration/disorganizing feedback loop on the other hand is a first order change trigged by the initial strain, developing through the causal chain from individual reactions to more collective actions that creates pressure on changing the institutional structure. The reorganization feedback loop is a second order change that reorders the given institutional and economic structure, also developing from strain on individuals to group actions.

The principal dynamics in figure 1 is that the given institutional structure at time t1 is seen as a temporary state of labour-management relations, reordered by the feedback loops into new institutional structures t2, t3 and so on. Applying this on the closedown situation the time point t1 marks the public announcement of the decision to close down. The time between t1 and t2 is related to the advance notice period and the time elapsed between t2 and t3 is the countdown period. The structure of the system is thus viewed in terms of sets of alternative actions, associated with the components and the constraints that specify, or limit these alternative actions.

![Diagram](image)

**Figure 1. Buckley’s (1967) dynamic model of collective action and institutional structure**

**The Fundia Steel Wire Rod Case Study**

In order to evaluate the interpretative capacity of the modified version of Buckley’s model (‘institutional structure’ also including economic structure), and in a modestly explorative way, we turn to the closure of the Fundia Steel Wire Rod mill located in Smedjebacken, Sweden. As explained in the introduction, the case is an elaboration of Hansson and Wigblad’s (2005) already published material. Methodologically the empirical data were acquired through participatory research (Reason and Bradbury, 2001) with the researcher acting as an action researcher (Argyris, 1985), formulating the Wage Earners’ Consultancy report, and later the scientific evaluation. The consultancy report was evaluated as accurate and fact based, by both top management and trade unions. The advantage with action research is full access to information, which is otherwise difficult to obtain as well as the trust-
relationships established. During the countdown period interviews were held with a representative set of employees (11 of the 33) and included the plant management. Employees were eager to speak freely since the research was authorized by the trade union.

In October 1998 the Group Fundia announced that the Rod wire mill in Smedjebacken plant would be closed as part of a restructuring of the three mills in Fundia Steel, mainly, the concentration of the rod bar production to its ‘Mo i Rana’ (Mo) plant in Norway. It was difficult for steel workers to find new job opportunities on the local labour market in Smedjebacken. The closedown period of the Wire Rod Mill was about seven months. Negotiations took place with the unions for two months, the advanced notice period. Thus the countdown period was five months. In terms of productivity, in 1998, the Smedjebacken plant’s rate of 44 tonnes per hour (tph) compared with an average of approximately 58 tph in the ‘sister’ Norwegian plant. The Norwegian plant had more modern technology.

The closedown had non socially-responsible characteristics because the local trade union, with the help of a Wage Earner Consultant, had presented an economically viable alternative challenging the calculations Fundia’s management had used to justify the closure. Swedish labour legislation, as discussed earlier, entitles the affected union to engage a Wage Earner Consultant as a third party to evaluate and critically review the closedown decision. Summarising, the consultant’s report contended the Smedjebacken plant could be retained if the fifth shift in Mo was far less profitable than the Smedjebacken operation.

Despite this Wage Earners’ Consultant’s report, the Fundia board did not change its decision; instead it produced its own report. The most slow going product assortment was the tiny (8 mm) rods. A comparably large amount of these rods were assigned to the plant during the closedown period to be stockpiled. Top management relied on this new budgeted production rate of 38 tph, during the closedown period at Smedjebacken, for the purposes of their revised calculations, in effect, slowing the plant down due mainly to changes to the product lines being manufactured. In other words, management altered the plant’s efficiency to justify the original closure decision. This new management report concluded that the fifth shift in Mo was more profitable, compared to Smedjebacken based on the 38 tph assumption. The final decision, after negotiations, to close down operations at Smedjebacken was made in the end of January 1999 with the operation finally terminated in June 1999. The strong position of the Wage Earners’ Consultant’s report and the alternative calculations however provided the local trade union with a bargaining position and the workers received bonus and severance payment, which makes this closedown case somewhat closer to a SR-case in this respect.

Figure 2 illustrates the productivity changes over time. Initially, during the advanced notice period (October to late December) productivity fell. However, as figure 2 shows, after the negotiations had been concluded, the plant experienced the Closedown effect with productivity trending upwards during the five months of the countdown period achieving a mean production rate of 50 tph. This compared with a mean 44 tph, prior to the closure announcement. When compared with the company’s planned or budget 38 tph, which is the most appropriate comparator, the remarkable outcome of the Closedown effect, was at 29 per cent above target. Importantly, the workforce numbers were the same during the period from July 1998 to June 1999.
Given the dramatic Closedown effect noted, we also want to stress that the announcement of a closedown is not part of a deliberate management tactic to induce the effect. The close down decision was resulted from a downturn in the wire rod market, due to the crisis in Asia, which made it impossible for European steel manufacturers to sell wire rods into that market as they had done before the crisis. Europe was facing an over capacity problem. The research determined a number of factors were at work, all underpinning the extensive rise in Closedown effect. Individually, the workers were unsure who and how many would be offered employment in the same location but in another production unit. None of the interviewees reported that they were anxious to ensure that they received a good referral or reference from their employer. (Ultimately 8 out of 33 were made redundant.) No bonuses were paid. Collectively, the workers expressed their sense of hurt pride and were motivated to prove to the Fundia that their 38 tph estimate was wrong. Some reported, for instance, ‘let’s show management that we can do better than 44 tonnes per hour – it’s unfair to close down this plant’. Others believed exceptional performance may save the plant, commenting that ‘most of us did not think that the production would be terminated’ and ‘we’re not finished before the last shift is ended’. To our experience this eternal hope is however unjustified in most cases, as it was in the Fundia case. There is usually a lot of management prestige involved, forcing them to stay put with the initial plan. For the trade union, it was able to negotiate from a favourable position, leveraging off the Wage Earners’ Consultant’s report to gain a human resource program incorporating retraining, early retirement, job search aid and severance payments, but not bonus payments.

Management control faded during the countdown period allowing far greater flexibility. It became easier to make decisions on the shop floor concerning running the production process. More informal work practices developed especially following the appointment of a shop floor foreman as the plant manager. Changeover and start-up times were reported in a number of cases to have been reduced by 10-15 minutes and 15 minutes respectively. They also noted a more efficient handling of breakdowns and necessary maintenance. Some temporary job sharing activities took place to allow workers time ‘off-site’ for education programs.
However, overall, no workers left permanently prior to the shut down. So, how does the (modified) Buckley model apply to the Smedjebacken case study?

Following the closedown announcement, the unions restructuring alternative gave new hope in Smedjebacken. The resulting debate concerning alternatives gave trade unions a substantial set of human resource management-styled support.

Figure 3. The ‘reorganization feedback loop’ during the advance notice period at Smedjebacken

The first order feedback loop illustrated in figure 3 did not result in a restructuring of the management original structural plan. But it resulted in a new situation t2, that trigged a second order feedback loop with the HRM-programs, illustrated in figure 4. A new plant management scheme was also negotiated for operations during the countdown period, which resulted in significantly less management control.

Figure 4. The feedback loops in the countdown period at Smedjebacken
Analysis and Conclusions

Analysing the reordering of the institutional and economic structure in the Smedjebacken case reveals how the closedown decision, because of the strain that it introduced, knocked out the established productivity equilibrium into a state of steeply declining productivity (figure 5). This initial downturn in productivity put pressure on plant-level negotiations during the advance notice period, a pressure which was heightened by the release of the viable alternative set out in the Wage Earners’ Consultant’s report. The following agreement by the firm to only provide a socially-responsible set of human resource management interventions, to some extent moderated the strain, thereby providing the turning point and setting the conditions in place for the much steeper productivity trajectory. During the countdown period, the previous management constrains on the work groups were removed.

We have labelled figure 5 as the Dynamic State Model of Closedowns. This is consistent with the approach of Buckley’s cybernetic modelling; it provides a good understanding of the social dynamics inherent in one complex closedown process. Since the model is constructed out of one single case, it is to be regarded as tentative. More research is needed to verify or falsify this model. Each of our empirically found characteristics/variables included in the dynamic model (figure 1) may offer some explanatory possibility, for the manner in which the closure unfolds.

After the initial knock out of equilibrium during the advance notice period, we have in figure 3 and 4 been able to identify a pattern of time dynamics - over time a variety of factors come into play. Underlying is the disagreement concerning the close down decision, the decision counteracted on the shop floor with possible means – “let’s show them” expressing the unfairness feeling. Each closedown process has a set of unique characteristics in the way it unfolds. The dynamic modelling applied on our case study put these factors into perspective, increasing our understanding of the puzzling phenomena, the Closedown effect. Since the variables are interrelated we have illustrated how clusters of variables can be linked together in a comprehensive model that does not reduce the contextual complexity into one single variable or one single cause-effect relation. This provides a better understanding concerning what clusters of variables are influencing the changes in productivity and the strong
Closedown effect during the countdown period. Plus, the model integrates the individual, collective and economic/institutional dynamics.

References

Swedish National Labour Market Administration (AMV), *Varselstatistik 2004 (Lay-off statistics)*. Arbetsmarknadsstyrelsen (AMS) i Sverige.
In this paper, we report the findings of an investigation of the influence of casual employment arrangements on an employee’s perception of skill utilisation and skill acquisition in the workplace. We argue that casual employment arrangements will negatively affect individuals’ perceptions of the quality of their job. The findings demonstrate that lower job quality is reported by casual workers relative to permanent workers, by the holders of ongoing casual work, and by casual part-time workers relative to casual full-time workers. These results contribute to the debate that casual employment is a substandard arrangement for many Australian workers but also suggest that the labour market for casual workers is not homogeneous.

Introduction

Australia is currently experiencing a skill shortage, which has the potential to undermine future economic performance. Further, a substantial number of employees are employed as casuals so in this paper we compare casual and permanent employees’ perceptions of the quality of their job. Two measures of an individual’s perception of job quality are used: whether their current skills are utilised; and whether they have the opportunity for new skill acquisition. More specifically, using data from Wave 1 (2001) and Wave 2 (2002) of the Household, Income and Labour Dynamics of Australia (HILDA) Survey, we compare the differences between the perceptions of long-term or ‘ongoing’ casual workers and newly casual workers. It also makes a comparison between the perceptions of full time casual workers and part-time casual workers relative to permanent employees.

Understanding Job Quality

The concept of job quality is multi-faceted, and this is reflected in the variety of definitions. A recurring theme throughout much of the literature is the fundamental importance of skills in determining the quality of work (Braverman, 1974; Noon and Blyton, 1997; Penn, Rose and Rubery, 1994). Gallie, White, Cheng and Tomlinson (1998) describe the ongoing concern with skill, noting that, ‘skill levels are seen as determining much of the employee’s experience of the work task and hence the quality of work.’ (p.28). Kelly and Clegg (1982) argue that the quality of work is associated with the level of autonomy and control employees have over their work and that this will be influenced by skill. While no single measure can be applied to analyse skills, Noon and Blyton (1997) assert that skills reside in: the person (individual attributes); the job (task requirements); or setting (social relations). Rolfe (1990) establishes that complexity in one's job comprises: the range and variety of the tasks; the complexity of the tasks; and the knowledge required to complete the tasks. Knowledge is often gauged by the range of existing skills that a person utilises in completing his/her work in addition to the acquisition of additional skills during employment (through formal and informal training methods) (Penn et al. 1994).

In the closing decades of the twentieth century, academics and social commentators investigated changes in the way employers deployed and utilised their ‘human resources’. These changes have been described as an emerging polarisation in the labour market with
regard to job quality. Some jobs have been progressively deskilled and denuded of any intrinsic value (Braverman, 1974; Crompton and Jones, 1984), becoming increasingly routinised and monotonous (Kelly, 1982). Workers in these jobs are likely to perceive little opportunity use or upgrade their skills. Other jobs however have been subject to upskilling with employees in these jobs likely to perceive an increase in the quality of work through increased autonomy, and task enrichment and rotation (Kelly, 1982). The reason for employers simultaneously upskilling some jobs while deskilling others has arguably been to increase ‘flexibility’ within organisations. Numerical flexibility is the ability to adjust the number of workers, achieved by ‘exposing workers more and more to raw market forces.’ (Atkinson and Gregory, 1986, p.14). Numerical flexibility is usually achieved by designing jobs with requisite skills that are generic so that employees working such jobs are easily replaceable (Atkinson and Gregory, 1986).

**Casual Work and Job Quality**

Casual employment is a term with no precise or fixed meaning in law. The Australian Bureau of Statistics (ABS) established that casual employees are those who are not ‘entitled to either paid holiday leave or sick leave in their main job’ (ABS, 1997). The label ‘casual’ however was replaced by the label ‘employees without leave entitlements’ in 2000, a recognition by the ABS of the ‘conceptual murkiness’ of defining casual employment (Cully, 2001, p.81). This definition will be used throughout the paper. Using the ABS classification, approximately 27.6% of Australian employees were defined as casual in 2004 (Department of Parliamentary Services, 2004). A recent report by the Department of Parliamentary Services (DPS) (2004) states that relative to permanent employees, casual workers have: lower average education levels; more earnings variation; lower rates of trade union membership; more variation in working schedules; less likelihood of having undergone training (in the last twelve months). Less important work tasks, which tend to fluctuate in volume over time, are likely to be carried out by peripheral workers who need only generic (hence replaceable) skills, easily obtained from the external labour market (Atkinson, 1987). A person working in a job that was created to provide numerical flexibility are likely, therefore, to perceive that they have low quality work as it pertains to skill use and acquisition.

Research indicates non-standard employment has a negative effect on perceived job quality. McGovern, Smeaton and Hill (2004) found that ‘routinized [sic] forms of work that require limited training and have low levels of interdependence are more amenable to non standard forms of employment.’ (p235). Kalleberg (2003) investigates whether non-standard workers were likely experience to lower job quality and concluded that, ‘whether workers are able to benefit from the growth of non-standard work arrangements depends on their degree of control over resources such as portable skills.’ (p.154).

**Hypothesis (a).** Individuals who have casual employment arrangements will perceive fewer opportunities to use their existing skills in workplace than individuals with permanent employment arrangements.

**Hypothesis 1(b).** Individuals who have casual employment arrangements will perceive fewer opportunities to learn new skills in workplace than individuals with permanent employment arrangements.

The Productivity Commission note that a distinction can be drawn between casu
Wilson, Brown and Cregan

2000), estimating that approximately 35 percent of casual employees fit this category. Pocock, Buchanan and Campbell (2004) go further, asserting that the majority of casuals jobs in Australia are permanent and are associated with disadvantages which can effect employees especially those ‘trapped in such jobs for lengthy periods’ (p.4). Von Hipple, Magnum, Greenberger, Heneman and Skoglind (1997) assert that ‘the longer the respondent had worked as a temporary employee the fewer new skills were being learned and task variety experienced.’ (p.26). Therefore, if casual workers do perceive a lower level of skill utilisation and rate of acquisition then this perception might be felt more strongly amongst long-term casuals than those who recently became casuals.

Hypothesis 2(a). Individuals who have ongoing casual arrangements will perceive fewer opportunities to use their existing skills in the workplace than permanent employees and employees who have been casual for a short period of time.

Hypothesis 2(b). Individuals who have ongoing casual arrangements will perceive fewer opportunities to learn new skills in the workplace than permanent employees and employees who have been casual for a short period of time.

There has been considerable research on the differences between the perceptions of people in part-time versus full-time work. Most part-time work is located in the ‘secondary’ or ‘non-career’ labour market (Junor 1998; Tilly 1992) and most casual part time jobs fit into this category (Hall Harley and Whitehouse, 1998). Research indicates that part-time workers perceive they have fewer opportunities in workplace. Hall et al (1998) note that females in casual part-time work are more likely to perceive they have work with ‘limited control and discretion, relative exclusion from workplace decisions-making, a lack of task diversity and a high level of dissatisfaction with the amount provided by employees’ (p.77). Based on this previous research it is likely that casual part-time workers will perceive fewer opportunities to develop and acquire skills than full time casual workers and permanent employees.

Hypothesis 3(a). Individuals who have casual employment arrangements on a part time basis will perceive they have fewer opportunities to use their existing skills than permanent employees and employees who have full time casual employment.

Hypothesis 3(b). Individuals who have casual employment arrangements on a part time basis will perceive they have fewer opportunities to learn new skills than permanent employees and employees who have full time casual employment.

Other Influences on Perceptions of Job Quality

Hall and Harley (2000) explore the commonly made assertion that casuals are being ‘deskilled’ with regard to autonomy, task diversity and discretion relative to permanent employees. They found that, ‘these data indicate that task diversity and autonomy and discretion at work is more a quality of particular jobs than of employer status.’ (Hall and Harley, 2000, p.34). It is therefore important to consider a range of additional factors when examining perceptions of casual employment.

The size of the workplace in which an individual is employed may have an effect on the employee's perceived quality of work. Australian findings suggest that small organizations have fewer resources to implement training programs and have a smaller range of tasks to allocate to employees (ACIRRT, 1999). Industries and occupations vary considerably in the skill levels they require. Given low quality jobs are often synonymous with low skilled jobs,
working in an industry or occupation with a large volume of low skilled positions may negatively affect an individual’s perception of job quality. Braverman (1974) saw the service sector in particular as representing a growth of cheap poorly qualified workforce, confined to routine repetitive work. Retail, and hospitality among others are commonly cited as low skilled services and commonly report lower levels of job quality (Baret, Lehndorf, and Sparks, 2000; Borland, Gregory and Sheehan, 2001). An individual’s skills, attributes, experiences and characteristics may also shape employee perception of having a job of good quality. Research has demonstrated that education levels (Noon and Blyton 1997; Becker 1964), union membership (Gallie et al. 2004), tenure (Doeringer and Piore, 1985), age (Noon and Blyton, 1997) and gender (Gallie et al. 1998; Penn et al. 1994) and country of birth (Borland et al., 2001) may play an influential role on an individual’s perception and experience of job quality.

Methodology

Sample: This study investigates Wave 1 (2001) and Wave 2 (2002) of the Household, Income and Labour Dynamics of Australia (HILDA) Survey. The HILDA Survey is an indefinite panel survey managed by the Melbourne Institute of Applied Economics and Social Research and is funded by the Department of Family and Community Services (FaCS).

Measures: There are two dependent variables. The first dependent variable, the use of existing skills at work, was constructed from responses to the statement, ‘I use many of my skills and abilities in my current job’. The second dependent variable, the acquisition of new skills at work was constructed from responses to the statement, ‘My job often requires me to learn new skills’. The values were based a 7-point Likert scales, where 1 corresponds with ‘strongly disagree’ and 7 with ‘strongly agree’.

We created a series of independent variables related to casual employment. ‘Casual’ uses the ABS definition of casual employment and is coded 1 for casual, 0 for permanents. We then examined the status of these employees over the two waves (2001 and 2002) of the HILDA survey. Employees who were casual in both waves are referred to as ‘ongoing casual’ (=1) and those that moved from permanent to casual employment are referred to as ‘newly casual’ (=1). We also examined employment status on 2002 to determine if a casual employee was full (‘casual FT”) or part time (‘casual PT”). These were included as dichotomous variables. Control variables were also constructed: age, gender, country of birth, union membership status, multiple job holder, tenure, dependents, workplace size, marital status, work for money or not, education, occupation and industry. Details on all the variables used in the analysis are provided in Table 1.

Method of analysis: We ran three separate sets of regressions, using Ordinary Least Squares. In each regression we included all the control variables. In the first regression set, we tested Hypotheses 1(a) and 1(b) and included the casual-permanent dummy variable. In the second regression set, we tested Hypotheses 2(a) and 2(b) and included the ongoing and newly casual variables in order to estimate job quality in Wave 2. By omission, the reference category comprised all those who were permanent in Wave 2. In the third regression set we tested Hypotheses 3(a) and 3(b) and included the casual full-time/casual part-time dummies.
Table 1. Variable definitions and descriptive statistics

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<td><strong>Dependent variables</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Use skills</td>
<td>Use of skills and abilities in current job: seven point item where 1 = strongly disagree and 7 = strongly agree.</td>
<td>5.58 (1.45)</td>
<td>5.39 (1.52)</td>
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<tr>
<td>New skills</td>
<td>My job often requires me to learn new skills: seven point item where 1 = strongly disagree and 7 = strongly agree.</td>
<td>4.84 (1.77)</td>
<td>4.64 (1.74)</td>
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<td><strong>Independent variables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casual employee</td>
<td>ABS definition of casual employee = 1; permanent = 0</td>
<td>.17 (.38)</td>
<td>.16 (.36)</td>
</tr>
<tr>
<td>Ongoing casual</td>
<td>Classified as a casual employee in both wave 1 and 2</td>
<td>.13 (.18)</td>
<td>.13 (.33)</td>
</tr>
<tr>
<td>Newly casual</td>
<td>Moved from a permanent job in wave 1 to a casual job in wave 2</td>
<td>.03 (.17)</td>
<td>.03 (.17)</td>
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<td>Casual FT</td>
<td>Employee is a full time casual = 1, 0 otherwise</td>
<td>.05 (.22)</td>
<td>.05 (.22)</td>
</tr>
<tr>
<td>Casual PT</td>
<td>Employee is a part time casual = 1, 0 otherwise</td>
<td>.11 (.31)</td>
<td>.11 (.31)</td>
</tr>
<tr>
<td><strong>Control variables</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Age</td>
<td>Age last birthday (years)</td>
<td>41.08 (9.59)</td>
<td>42.02 (9.60)</td>
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<tr>
<td>Gender</td>
<td>Female = 1 male = 0</td>
<td>.52 (.50)</td>
<td>.52 (.50)</td>
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<td>Country of birth</td>
<td>Country of birth of respondent: Australia = 1, 0 otherwise</td>
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<td>Union member</td>
<td>Union member = 1, 0 otherwise</td>
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<td>.37 (.48)</td>
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**Results**

The hypotheses were all supported (see Tables 2 and 3), indicating that: casual employees were more likely to have negative perceptions about their use of skills and opportunity to acquire new skills in their jobs; ongoing (longer term) casual arrangements resulted in more negative perceptions than new (short term) casual arrangements or permanent arrangements; and part time casual arrangements resulted in more negative perceptions than full time casual arrangements.
Discussion and Conclusion

Having a job with casual employment arrangements was a strong predictor of whether employees will have negative perceptions regarding their opportunities for skill acquisition and utilisation. These findings are consistent with the study undertaken by Pocock, Prosser and Bridge (2004), which demonstrated a significant negative perception of job complexity amongst many casual workers. These findings add to the number of studies both in Australia and abroad that have found negative associations between non-standard employment arrangements and job quality perceptions more broadly (Kalleberg, Reskin and Hudson, 2001; McGovern et al., 2004; Watson 2004). The findings are also consistent with Hall et al. (1998) that non-standard arrangements exacerbate labour market inequalities for those groups over represented in casual employment. This study demonstrates that even after controlling for low-skilled industries, casual employees are still far more likely to perceive lower job quality than their permanent counterparts. The findings additionally indicate that, consistent with Hall and Harley (2000), casual workers should not be considered as a homogenous group. Other aspects of employment such as full time or part time status and length of time spent in casual employment will impact on employee perception.

There are important policy implications of these findings. The lower perceived job quality experienced by casuals may exacerbate labour market inequality for groups such as women who are over-represented in casual employment arrangements. Given the current debate regarding the national skill shortage emerging in Australia (DEWR, 2004), it is therefore timely that we consider the costs to future productivity, of placing so many individuals in jobs of low quality. If Australian workplaces and current labour regulation laws continue to be conducive to an ongoing casualisation of the workers, alternative training opportunities need be established to ensure these workers do not become marginalised. Government funded training may be needed to ensure workers can maintain their employability via upskilling.
Table 2. Use of existing skills and the casual worker across time and status (n=3097)

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*** Significant at 1%, ** Significant at 5%, * Significant at 10% Unstandardised coefficient (with std. errors in parenthesis)
Table 3. Acquisition of new skills and the casual worker across time and status (n=3097)

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Unstandardised coefficient (with std. errors in parenthesis)
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Outsourcing as a Method of Workplace and Cultural Change

Suzanne Young
La Trobe University

This research uses a case study of one public health network to investigate the outsourcing process. Alongside a number of change processes such as centralisation, benchmarking and market testing, the health network considered outsourcing across a number of functional areas with three types of outcomes eventuating: internal staffing of the service by employees; contracting to a team who were previously employed internally (insourcing); or contracting to an external provider. In all cases downsizing occurred as part of the process and problems were initially found in areas of staff morale, trust and identity. Outsourcing and its threat was used to reduce union power, change employees’ attitudes to work, accept downsizing and introduce a culture of change. The process showed the importance of relationships whether outsourcing eventuated or not; and in this regard, the benefits of insourcing in retaining organisational knowledge and commitment.

Introduction

Outsourcing has often been proposed as a method to reduce costs, to introduce labour market flexibility and to focus on core competencies (Young, 2000). Empirical research has found that political considerations are also important; such as the desire to reduce problems of managing staff and improve the industrial relations environment. In this regard, outsourcing has been used to remove middle management, change power bases, and bring about workplace change (Young, 2005:34). In the public sector in Australia this has occurred alongside downsizing and budget cuts (Young, 2002).

Even though the process has produced cost reductions through downsizing and changing work practices, the effect of outsourcing on the level of trust between the parties, on the morale of staff and the workplace culture is problematical. In relationship to these matters, some researchers paint a negative picture of outsourcing whereas others claim that outsourcing can be managed in a more positive manner. Young (2000:108-9) has reported on the vast array of empirical literature that highlights the workforce management problems of outsourcing; in areas such as the management of contract staff, morale of internal staff, equity between contract and internal staff, trust, motivation and commitment of both groups. Willcocks (1994:23), for instance, found that there were problems of limited control over contractors, contractors with a lack of organisational commitment and knowledge, and deterioration in the quality of work. Pfeffer (1994:22-4) proposed that as contract staff work for a variety of organisations they have insufficient commitment to individual organisations. The use of such contract employees therefore brings problems of reduced productivity and motivation. In addition, industrial relations problems often increase which is more likely to occur at the onset of outsourcing due to mistrust, lack of communication, job insecurity and loss of working conditions (Rimmer, 1994:83). In the public sector, in particular, this has been evident as workers have come to fear a loss of tenure, superannuation provisions, long service leave, sickness benefits and redundancy provisions (Willcocks & Currie, 1997:39). More generally, Ouchi (1979) has argued that internal production is preferable due to the hierarchy’s ability to maintain control over people’s behaviour, motivation and commitment. As such, the organisational ‘clan’ uses group co-operation to resolve conflict, and values are shared and trust maintained through a strong culture.
Whereas, others, such as Morkel (1993), have argued that outsourcing is not detrimental when the contractors are capable and open, and have a good relationship with client organisations. In this instance, the evidence suggests that the relationship depends on trust, communication and the provision of managerial and technical support. Similarly, Sharma (1997) has suggested that although organisations use culture to control the behaviour of employees, the building of relationships and alliances is important in making the outsourcing relationship work. The time spent in developing such a relationship is as important as the time spent on developing contract specifications and ensuring contract outcomes are met.

Arnett and Jones (1994:187) and Kochan et al. (1994:66) have found that the morale of in-house staff who worked alongside contract staff was also affected with tension, conflict and communication problems. In the same vein, Young (2002:248) has stated that ‘decreased employee numbers brought on by contracting out has caused a reduction in trust and cooperation between management and staff’.

Outsourcing was used in the late 1990s across a variety of services in public hospitals and networks, such as the clinical services of pharmacy, pathology and radiology and the non-clinical services of domestic (hotel), kitchen, ward support, engineering and maintenance, supply and gardens and grounds. This paper will investigate how the outsourcing process, with its associated practices of benchmarking, market testing and downsizing, is used to bring about workplace change. It will explore the process in an effort to uncover emerging issues with regard to relationships, trust, morale and cultural change. In doing so it acknowledges that these issues are all related, and this paper in interviewing predominantly managers and directors in one workplace is limited in its data sources and its generalisability.

One case study health network is the focus of this study. Semi- and unstructured interviews were carried out over six months although the total research project comprised of three case studies was conducted over eighteen months. Interviews were conducted with the Director of Infrastructure, and Managers of Engineering and Food Services, a manager of the private sector vendor and manager of a user hospital, along with industry and union representatives. Data was also obtained from annual reports and internal financial reports although these are not cited fully in the reference list to maintain anonymity and confidentiality.

Case Study

This case study health organisation is a large inner city metropolitan health network that chose in 1995, upon aggregation into the network structure, to market test all of the services of the Infrastructure Division along with its pathology and pharmacy departments. This resulted in the outsourcing of car parking, garden and ground maintenance and the management of supply to external contractors, contracting food services and engineering to internal teams (referred to as insourcing) and keeping pharmacy and pathology within the internal structure.

The health network serves a population of nearly one million people predominantly living in two areas of the metropolitan city, as well as offering a range of specialist services for the whole state. Support services are provided to two adjoining networks, which were disaggregated from this network on 30 June 2000.

The network operates 1,200 beds, being the second largest in the State. Within the network, the major hospital is the state’s leading tertiary teaching hospital, with activities extending to training and research.
In 1995/96, in its previous structure, the network serviced 112,910 acute inpatients and 568,530 acute outpatients. In addition it treated 3,459 psychiatric inpatients, 83,170 psychiatric outpatients and 2,125 aged care inpatients. In 2000/01, the network serviced 67,323 acute inpatients and 229,479 acute outpatients. In addition, 4,515 acute mental health inpatients and 377,913 mental health outpatients were treated, whilst 2,130 aged care inpatients and 73,268 aged care outpatients were seen.

The workforce of the Infrastructure Division falls predominantly within the ‘Hotel and Allied’ section of the labour category. The ‘Hotel and Allied’ workforce, as a percentage of the total workforce, fell from 17.4 per cent in 1995/96, prior to the benchmarking, market testing and outsourcing process, to 11.1 per cent in 2000/01.

In the 1990s the financial position of the Victorian health networks was perilous. As at 30 June 1996, this network’s accumulated losses amounted to $39.6 million (Network Annual Report, 1995/96:34). Costs continued to rise throughout 1995, 1996 and 1997. In the financial year 1995/96 the annual reports show that the cost per acute inpatient day was $638, which increased to $716 in 1996/97. The budgeted operating loss of $23 million for 1996/97, the first full year that the network operated, was reduced to an actual deficit of $2 million, due to the success of cost-saving initiatives and improved earnings (Network Annual Report, 1996/97:26). By 2000/01 the network was operating with an accumulated surplus of $228.7 million (Network Annual Report, 2000/01:20-1), but it is difficult to know whether this was due to changes in operations or changes to the composition of the network, with different hospitals contributing respective surpluses or deficits. But it does demonstrate that at the time that outsourcing was considered, the network was experiencing financial difficulties which became an impetus to investigate outsourcing.

Benchmarking, Centralisation and Market Testing

In the early 1990s, the network’s major hospital went through a series of externally conducted exercises benchmarking non-clinical services such as cleaning, food, facilities maintenance and ambulance services, against other major teaching hospitals. As a result, between 1990 and 1995 cleaning services reduced costs by 60 per cent. External consultants recommended that the service not be outsourced, and, instead, changes be made to work duties by transferring the control of cleaning to clinical areas through the introduction of ‘patient services assistant’ classifications. Between 1992/93 and 1994/95, food service costs also decreased by 40 per cent with staff development identified as the contributing factor.

In 1995, upon aggregation into the network, centralisation was perceived as being a means to introduce economies of scale, reduce costs and downsize. The services which were centralised included most of those within the Infrastructure Division; namely food, supply, engineering, capital works, business ventures, retail functions, information services, biomedical, waste management, car parking, cleaning and corporate contracts. Other divisions, such as finance, pathology, pharmacy, allied health, aged care and community care, were also centralised. The Network Chief Executive Officer and directors, often overruling the wishes of hospital chief executive officers, made these decisions. As a result, it was claimed, hospital staff lost their sense of identity and, in some cases, were opposed to the aggregation of services into a shared support structure (Manager interview, 25 January 2002). Efficiency gains resulted from changes to work practices and downsizing. For instance the reorganisation and centralisation of the supply department to the one hospital location, achieved a 33 per cent efficiency gain.

However, neither specific benchmarking exercises at individual hospitals nor centralisation of services, with resultant economic and efficiency gains, prevented further change, and with the introduction of National Competition Policy by the federal government in 1996/97, the
network initially market tested food, car parking, supply logistics, engineering and cleaning services. As a result, engineering and the management of food services were contracted to the internal team and consolidated at one central site. Contracts were awarded to external agents for car parking services, gardens and grounds and supply management following independent reviews and tender processes.

In cases where outsourcing was considered to be an option, the network’s general philosophy was based on giving the in-house team the right to tender, which was instigated with union involvement. Resources were provided for departments, by way of financial advice and tender writing expertise. An executive director explained that in supporting internal bids, ‘… although the ultimate aim was to save money, you had to spend money to get the result and any other way would have produced a lot of industrial issues’. She explained to the internal staff:

‘You can win it, but you’re going to have to change your work practices.’ So it gave the network an insight into whether these people really could make it or, whether, in fact, it was the same old public service syndrome, come to work Monday to Friday and have [the odd] Friday off. As management had the opportunity to set the specifications, it was a way to change work practices without necessarily having to go down the track with the unions (Director interview, 24 January 2002).

Her priorities were to ‘… cull the departments, change work practices, bring the workforce into the 21st century and train them. Make them understand that this is what you have to do to survive and it is hard and we’re all going through the same thing’ (Director interview, 24 January 2002).

The Director also claimed that it would have been easier to simply go to an external contractor without having to work with internal staff to change work practices, and the result would have been substantial reductions in costs. However, she argued that cost creep would have occurred over time, and contract management would have been extensive (interview, 24 January 2002).

Furthermore, when discussing the effects of the process she argued that it ‘… gave a terrific insight into the people and it has been a team-building exercise as the hard decisions were worked through’ (Director interview, 24 January 2002). In effect, she claimed that the process changed the culture, as the staff were operating in a comfort zone having worked for an average of 15 years at the hospitals and looking forward to their retirement. She added that the culling process was an initial shock to staff, but the process of supporting successful internal bids lifted morale (interview, 24 January 2002). However, a manager of one of the network’s user hospitals talked about the staff’s decreased morale and lack of trust. ‘It took a long time’, she stated, ‘to build trust … and teams again’ (Manager interview, 5 February 2002).

In addition, the Director claimed that it resulted in an effective bargaining tool in conducting enterprise bargaining negotiations.

I’m saying to them, hang on guys, we went down this track, we kept you in-house, one of the few to have done that and we’re working well, so just go easy with your work bans. Because, guys, if you’re really going to give me a hard time, regardless of what the Government says, I’ll test the market place because the contract’s up in five years, so legally I can do that (Director interview, 24 January 2002).

**Car Parking**

In outsourcing car parking to a private contractor, the network was aiming to reduce costs, increase efficiency and reduce risk, through introducing expertise in systems, technology and
management. Low trust existed between management and internal staff with perceived problems of pilfering. The staff were upset that their participation in the bidding process was disallowed, however, a director explained this was because security issues existed with pilfering, fraud and car parking spaces being allocated without charge. Once the service was outsourced, external audits paid for by the network reduced the opportunity of the contractor to engage in opportunistic behaviour, whilst the vendor introduced expertise to counter internal problems. Fraud was an apparent risk in both internal and outsourced arrangements, although external audits were not considered as an option to minimise risk in the former. Deception was proven, as within one month of the contract being awarded a sharp increase in fees occurred (Director interview, 24 January 2002). As another precaution, no staff were transferred to the contractor. However, ten of the 20 staff were transferred to other positions within the network, whilst the remainder left with no redundancy payments offered (Director interview, 24 January 2002).

The contractor who won the bid had numerous other contracts in local government and parks and gardens and was awarded the contract on the basis of costs. However, the decision-makers’ nervousness, due to the low contract cost, proved to be well founded. After two years of poor service, the contractor terminated his staff and left the State, thereby being unable to fulfill the requirements of the contract (Manager interview, 25 January 2002). The service was brought back in-house and no consideration was given to moving to another external contractor, as ‘We just didn’t want to get bitten again, considering the amount of time we were spending on managing the contract’ (Director interview, 24 January 2002). An executive director explained, ‘We couldn’t find the contractor and we spent so much time going around to check if he’d done what he should have done in accordance with the contract, it cost money’ (Director interview, 24 January 2002). A director in conclusion said, ‘Fortunately it wasn’t worth a lot of money, but it proved that, like it or not, it [the success of the arrangement] is still based around personalities, whether in-house or contracted out’ (interview, 24 January 2002). As such it is clear that contract specifications alone cannot ensure a successful contract and the relationships between the parties and the commitment of the contractor to the organisation, are still important.

**Gardens and Grounds**

Goal conflict and power struggles were evident in the internal management of the Supply Department, with an outsourcing management contract used to change the management style and work practices, introduce expertise and downsize the department (Director interview, 24 January 2002). Another manager, in support, added that workplace change and increases in efficiency had been sought for two years prior but could not be produced with the management team employed at the time (Manager interview, 5 February 2002). The current supply manager concurred:

One of the motivations in market testing was that the network believed an external change agent would be more successful than an internal staff member because they wouldn’t have to protect the status quo. The individual hospital managers were reluctant to co-operate because at the end of the day there would only be one supply manager. Self-preservation came in ahead of any other considerations (interview, 5 February 2002).

Another objective was to increase the skill levels of the staff and at the end of the contract revert to internal management. A Director (interview, 24 January 2002) explained, 'At the end
of the contract the internal staff would be trained, and the people that went to work for the contractor could be bought back whilst retaining the knowledge.

At the time, the management staff were upset with their change of employment, but an executive director claimed this changed to one of gratitude as ‘… the contractor has done the right thing by them as well as moving them out of their comfort zone by sending them to other hospitals around Australia [for training]’ (Director interview, 24 January 2002).

Staff who transferred were not disadvantaged financially, and as they gained new skills their wage rates increased, so that within 12 months all transferred staff were paid at a higher rate. Even though the outsourcing contract was only for management, new operating staff were generally employed as contract staff which, the Supply Manager claimed (interview, 5 February 2002), was due to it being easier and less complex compared to employing through the network’s human resource system. Working conditions between internal and contract employees at the same level were similar, with identical wage rates. Despite this, as the contract staff tended to be working on more complex tasks, their salaries were higher (Manager interview, 5 February 2002).

Relations between the internal and contract staff who worked alongside each other were satisfactory, with team building being a priority of the Supply Manager and little apparent conflict. Specifically, the manager said:

There is no line drawn, some contract staff have an office of their own, some work in the general office, some hospital staff have their own office … so everyone has their job, their resources and privileges are based on merit and the task they do, not about whom they work or for whom they report to (interview, 5 February 2002).

The Supply Manager also argued that the success of the contract was due to the ... network taking a partnership, rather than a master-servant approach, which allowed for a lot of initiatives to be progressed quickly with problems worked through jointly. There was a high degree of trust … with staff working together as members of a single department, not members of two different employer groups (interview, 5 February 2002).

Food Services

Upon centralisation of the food services, staff numbers were reduced from 320 to 160. Staff felt demoralized as the line manager argued, ‘They saw it as a takeover and even general managers of the hospitals were battling with their own loss of ownership'(Manager interview, 25 January 2002). Of the staff who left, half took redundancies, some being targeted, whilst others were voluntary (Director interview, 24 January 2002). The good relationship between food services staff and the network was one of the reasons given by management for outsourcing food services to the internal team (insourcing), rather than outsourcing to an external contractor. The line manager claimed the committee looked favourably on the changes the in-house team had already made in reducing staff numbers and transforming work practices (Manager interview, 25 January 2002). A manager of a user hospital (5 February 2002) added that the service was sustainable and low risk compared to that offered by external contractors. In addition, socio-political factors were said to be important in relation to the community, as the staff resided in the locality of each hospital. It was claimed that the network would not change to a provider based in another locality, leaving the local communities reeling from high job losses and individuals with poor prospects of finding alternative work (Manager interview, 5 February 2002).
Consultation with the unions ensued, and it was put to them by the line manager, ‘Our medicine is a little bit sweeter than the alternative, so if you don’t support us you could be working for the contract organisation’. He explained:

I was constantly telling them we’re not being sold down the river, we are being supported, because if we weren’t, I wouldn’t be here, someone else would be, and they slowly started to see that. Sure it was sad, that we had to get rid of those staff, but they are gone and we are still here and we got on with it (Manager interview, 25 January 2002).

Although union density varied between sites, the central site had a strong presence of around 80 per cent. The line manager regarded the HSUA No. 1 branch as militant (Manager interview, 25 January 2002), however no industrial activity occurred as industrial pressure was being focused on those services at other hospitals and networks that were contracted out to external contractors (HSUA No. 1 Official interview, 7 August 2000).

On awarding the contract to the internal team, ‘wholesale workplace reform’ resulted as all processes were investigated for change, from floor washing to pot scrubbing (Director interview, 24 January 2002). Major changes were made to rosters and ‘sweetheart deals’ were abolished with the result that people were paid for hours actually worked. For example, in-charge allowances were only paid to those actually in charge of staff, which resulted in one staff member losing $18,000 in salary, although being given the concession of salary maintenance for one year. Starting times were changed from 6 am to 6.30 am thereby saving on penalty payments. Hardship for some staff was the result, as the line manager explained, ‘When your base salary is only $26,000 you rely on penalties and allowances to build you up’ (Manager interview, 25 January 2002).

A manager of a user hospital added that decreased morale was evident throughout this process as the staff felt ‘they had been sold out’ (Manager interview, 5 February 2002). Nevertheless, she reasoned that staff accepted the changes without industrial activity as ‘… the change was so massive they felt they really had to get in and do it, because if they didn’t they simply wouldn’t be here. It was a sink or swim situation really’. In addition, there were staff who had taken packages previously and looked wealthy, but who six months later were still unemployed. The remaining staff realised then that they had to ‘… do the work, adapt to the new system or simply be left behind’. Furthermore, these same staff were relieved when the internal bid was favourable as they had a ‘… sense of knowing the people you were still working with whilst still working for the same organisation’. This enabled trust to be re-established over a 12 month period, she claimed, as staff became savvy about the financial tensions and consequent increases in accountability which came from the contracting situation (Manager interview, 5 February 2002).

Cultural change occurred so that the focus became customer needs and the continual change required to meet those needs, within resources. The staff’s ‘…thought patterns were changed, it was just unbelievable’ (Director interview, 24 January 2002). The Director argued:

I knew that the staff would be able to manage the changes due to the vigour that they’d put in to win the tender. Previously they never asked the customer what they wanted. Their attitude was based on the presumption that clients can never be pleased. Surveys are now sent to clients, with resultant increased communication and improvements made if possible (interview, 24 January 2002).

Engineering

Similar downsizing occurred in engineering services upon aggregation into the network structure. In 1995 prior to aggregation, staff numbers were 160, over time decreasing to 35
post outsourcing (insourcing). Numerical and functional flexibility was employed, which alongside downsizing, resulted in cost savings. Sub-contractors were used to conduct specialist engineering work when required and for the less specialised services when demand was high. Management claimed that the outcomes expected from this process focused on cultural change, with the staff expected to become more proactive, utilising their complete skill and knowledge base, without demarcation issues (Manager interview, 25 January 2002). A director (interview, 24 January 2002) argued that such workplace reform would not have eventuated in a ‘normal’ workplace due to union obstruction.

Wage rates were higher for sub-contractors than the insourced staff. When questioned whether this affected the relationship between the insourced and sub-contract workers, the line manager answered, ‘Initially, the internal [insourced] staff felt insecure as external contractors learnt their trade, but now it is the internal employees who request external labour assistance’ (Manager interview, 25 January 2002). However, these requests may not negate the insecurity stemming from the downsized staff numbers.

Discussion
The health network, under the umbrella of NCP, embarked on a review of services found in the infrastructure division, and pathology and pharmacy departments. It was conducted within an environment in which turbulent network amalgamations and restructures had been experienced, where operating losses were common and benchmarking exercises were numerous. A review of structural changes since 1995 found that they had an adverse impact on staff morale and standards. Continual leadership instability led staff to comment that there was a lack of accountability, a lack of consultation, a lack of vision and too great a focus on economic matters.

The Infrastructure Division was the first area subjected to the process due to its peripheral nature with regard to patient care, and the financial savings which management believed could be made through changing work processes and downsizing. The network management was not completely focused on the introduction of outsourcing per se and displayed mixed adherence to the private sector ideological perspective.

Changing employees’ attitudes to work and their willingness to accept change were cited as both reasons for embarking on this process and outcomes, with workforce flexibility, changes to work practices, downsizing and cultural change eventuating. These findings support Benson and Ieronimo’s (1996) argument that the decision to outsource is part of a movement for labour market flexibility through changing work practices, and Burgess and Macdonald’s (1990) argument that the threat of outsourcing has been a catalyst for employees’ acceptance of change and acceptance of less restrictive work practices. This research has shown that in outsourcing, the desire to reduce costs and increase efficiency and the desire to introduce workforce flexibility were linked. Costs were reduced through changing work practices and downsizing, rather than by reducing pay rates or introducing more part-time workers.

Although managers expressed mixed views concerning the power of the unions covering the industry, a desire to improve the management of industrial relations problems was shown to be important in the decision to outsource. The prevailing state government view was that the union movement had too much power and that outsourcing would assist in its reduction. Although this viewpoint was not shared by all managers and directors in the case study organisation, outsourcing did generate changes in prevailing work practices. Indeed, outsourcing and the threat of outsourcing was considered to have reduced union resistance. In outsourcing to internal teams or simply market testing services, little resistance was encountered and industrial activity did not increase, in contrast to that found in research by
Rimmer (1994). This was due to the decreasing power of the HSUA and its focus towards areas where external outsourcing was more prevalent. Such findings support previous research conducted by Walsh and Wetzel (1993) and Benson and Ieronimo (1996), who claimed outsourcing changed the nature of industrial relations in the workplace, reducing demarcation disputes and work restrictions, and reduced the power of unions. In the health sector, the outsourcing took place alongside other state government anti-union activities, such as removing union deductions from payroll which saw union membership drop from 27,000 in 1993 to 13,000 in 2000. Hence, outsourcing was only one reason for a reduction in union power.

Within the network, some services were outsourced to the internal team whilst others were contracted externally. The decisions to outsource car parking, gardens and grounds and supply management related to the lack of internal management skills and management’s inability to effectively train staff and reduce pilfering. When comparing food services’ insourcing to supply management’s outsourcing, the former had already experienced downsizing, whereas with the latter, the outsourcing process was used to downsize. Outsourcing food services to the internal team provided benefits in enhancing workforce flexibility as well as retaining internal corporate knowledge and maintaining relationships, although similar benefits may have been achieved without outsourcing. In contrast, there was a lack of management expertise in supply, and outsourcing was used to introduce a learning environment into the supply department. Similar to food services, engineering was outsourced to the internal team, as management believed they had the capabilities to downsize, using contractors for specialist tasks whilst using internal staff to retain corporate knowledge. Outsourcing to internal teams, or insourcing, compared with outsourcing to external contractors, seems to have been a method to overcome some of the problems raised by researchers (see for example; Willcocks 1994; Pfeffer 1994) in areas of quality, commitment and loyalty. Working for only one organisation, and one where staff had been previously employed, allows for the retention of organisational knowledge and commitment to a single workplace. Moreover, it allows for relationships to be maintained; an important consideration proposed by Morkel (1993) and Sharma (1997).

However, in all areas it was reported that the processes of market testing, centralisation and outsourcing initially produced problems of decreased morale, trust and lack of identity. As these occurred alongside downsizing it is was the interconnectedness, complexity and scale of the processes which produced such problems. The effect on staff was immense, with changes made to work processes, technology, hierarchy, staff numbers, communication and accountability.

The very threat of outsourcing has been shown in this research to be a method of introducing change and minimising industrial confrontation. Interviewees also mentioned that the decision to outsource services depended on the relationship between middle managers and the director. Hence, it can be argued that in some areas outsourcing was not needed to bring about changes to work practices and downsizing, as the previous experiences of outsourcing across the division and the threat of outsourcing increased the willingness of department management, staff and union to accept the changes. In services outsourced, it was often the factor that middle managers did not have the knowledge and skills to implement change were or unwilling to accept change that provided an additional impetus.

Further research in the public sector is warranted, especially in the area of cultural change and management’s role in its implementation. More research is also warranted into the place of the union movement in a contracting-out environment and how this environment has impacted on the nature of public sector work. The research also highlights further areas of research in relation to trust and morale of contract and internal staff working alongside.
The public health system, at the time, was being subjected to hospital amalgamations, closures and decreasing budgets, and investigation of outsourcing was an added pressure on managers, staff and unions. How managers effect change in the public sector is of importance, as Australia grapples with public pressure to maintain tight budgets alongside an emerging focus on social responsibility and the nature of the public good. This research has offered a contribution to this discussion in its focus on one decision which managers have made in dealing with this conundrum.

References

Walsh & Wetzel