



Cornell University
ILR School

Cornell University ILR School
DigitalCommons@ILR

Federal Publications

Key Workplace Documents

March 1994

Worker Participation and Organisational Change in Australian Workplaces

Margaret Gardner
Griffith University

Follow this and additional works at: https://digitalcommons.ilr.cornell.edu/key_workplace

Thank you for downloading an article from DigitalCommons@ILR.

Support this valuable resource today!

This Paper is brought to you for free and open access by the Key Workplace Documents at DigitalCommons@ILR. It has been accepted for inclusion in Federal Publications by an authorized administrator of DigitalCommons@ILR. For more information, please contact catherwood-dig@cornell.edu.

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact web-accessibility@cornell.edu for assistance.

Worker Participation and Organisational Change in Australian Workplaces

Comments

Paper Presented to International Evidence: Worker-Management Institutions and Economic Performance Conference, U.S. Commission on the Future of Worker-Management Relations

Suggested Citation

Gardner, M. (1994). *Worker participation and organisational change in Australian workplaces* (Paper presented to International Evidence: Worker-Management Institutions and Economic Performance Conference, U.S. Commission on the Future of Worker-Management Relations). Retrieved [insert date], from Cornell University, School of Industrial and Labor Relations site:
http://digitalcommons.ilr.cornell.edu/key_workplace/425

**WORKER PARTICIPATION AND ORGANISATIONAL
CHANGE IN AUSTRALIAN WORKPLACES**

**Margaret Gardner
Pro-Vice-Chancellor (Equity)
Griffith University
Brisbane. Australia.
Email: MargaretG @orgo.cad.gu.edu.au.**

**Paper presented to International Evidence: Worker-Management
Institutions and Economic Performance Conference, US
Commission on the Future of Worker-Management Relations,
March 14-15, Washington DC.**

Introduction

Workplace industrial relations in Australia were not a central focus of research or public policy interest until the late 1980s¹. The major reason for this lies in the institutional structures of Australian industrial relations and the way these shaped the activities of researchers and reformers. Australian industrial relations made itself through the development of an arbitral model. This model, remarkably resilient and yet considerably modified and challenged, has five broad features that set the context for discussing Australian experience at the workplace. These features are

- a network of permanent arbitral tribunals² that provides legally binding resolutions to interest disputes;
- access to those tribunals guaranteed to unions without the consent of an employer through a simple registration process;
- establishment of the notion that "the public interest" is a legitimate consideration in the decisions settling industrial disputes, and that in pursuit of that interest decisions should be made to prevent future disputes.
- a workforce that is, in comparative terms, still highly unionised at approximately 40 per cent³, increasingly concentrated⁴ and affiliated to one peak body the ACTU.

¹ With the exception of a minor burst of interest in the 1960s associated with concerns to improve productivity and introduce productivity bargaining.

² As a federal system Australia had both federal arbitral tribunals (primarily the Australian Industrial Relations Commission) and state arbitral tribunals (although no system is the same). However, federal-state cooperation mechanisms both formal and informal have particularly since the eighties provided a high degree of coordination among the systems. The major change introduced in the 1990s has been the introduction of various forms of reform to the arbitral legislation allowing for "enterprise bargaining". The tribunals have least involvement in and control over these agreements in Victoria and New South Wales, and have retained some minor rights of intervention in the federal Commission and Queensland.

³ The official ABS series used for comparisons between nations puts Australian union density at 51% in 1993.

⁴ There were 188 unions in 1993 down from 227 in 1992, with a number of large amalgamations still underway, with large unions accounting for close to half total union membership. Federally registered unions fell from 94 in 1992 to 66 in 1993.

- relatively fragmented employer representation⁵

For workplace industrial relations in Australia then the arbitral model has meant that

- unions have a recognised legal presence in the workplace, so that, even if management refuses to deal with them, there are many matters that could be "taken to the Commission"⁶.
- unions have developed broad agreements on national strategy
- tribunals set minimum standards for various matters from wages to other conditions in awards that govern over 80 per cent of Australian employees.

Workplace industrial relations then has occurred within the context of a highly coordinated system. The attempts from 1987 to introduce a greater focus on workplace reform with increased enterprise or workplace bargaining have been the result of nationally coordinated policy. The evidence from Australia on the nature and extent of worker participation in organisational change must be understood in this context. The questions to be raised for reform in the United States from examination of this experience are

- what have the reforms introduced through the Australian system achieved in terms of worker participation?
- has the worker participation achieved made a difference, and what type of difference?
- how dependent have the reforms been on a peculiar Australian institutional structure?

⁵ While employer association fragmentation remains true, the Business Council of Australia, representing large companies, has had an increasingly influential role in industrial relations policy debate in the last five years.

⁶ This strategy has had to be changed with the introduction of various forms of enterprise bargaining.

Organisational Change and the Introduction of New Technology

While the focus of this session is on worker participation in the introduction of new technology, I will examine the incidence and nature of organisational change in Australian workplaces. This is because major organisational change often accompanies the introduction of new technology. Moreover, in Australia much of the response to changes in the economic and political environment has been significant organisational restructuring unaccompanied by the introduction of new technology.

The Australian Workplace Industrial Relations (AWIR) Survey⁷ indicated that the major changes affecting Australian workplaces in the late 1980s and early 1990s were reorganisation of the management structure, change of senior management personnel, the introduction of new technology and major restructuring of work practices (Callus et al. 1991). Over 80 per cent of workplaces had experienced major organisational change. Close to forty per cent of the workplaces surveyed had changed their award classifications (that is changed their job descriptions) introduced new career paths, and changed working time arrangements and work practices since 1988.

State Institutional Support for Worker Participation

There are two basic forms of state intervention supporting worker participation in the workplace⁸, legislation and arbitral decision. Legislation for worker participation has been confined to specific issues or restricted in its coverage to areas of the public sector. Broadly, occupational health and safety legislation in a number of states gives employees avenues for participation about health and safety related matters⁹. In every major state there is provision for workplace health and safety committees, which can be initiated by employees, and in most cases in which at least half the members of the committee are employees

⁷ This survey conducted during 1989 and 1990 interviewed managers and union delegates in 2004 workplaces with a minimum of 20 employees, as well as a telephone survey of 349 workplaces with between 5 and 19 employees. A second AWIR survey will be conducted in 1994.

⁸ As a result of the Accord struck in 1983 between the ACTU and the Australian Labor Party a number of tripartite mechanisms at national and industry level have been established. These range from the Economic Planning Advisory Council (EPAC) through industry bodies such as the Australian Manufacturing Council (AMC) through a whole of tripartite bodies on training the Industry Training Advisory Boards (ITABs).

⁹ There are also industry policy bodies involving union, employer, and government representatives on occupational health and safety.

(Quinlan and Bohle 1991). Significantly some 40 per cent of Australian workplaces, covering about 65 per cent of Australian employees have established formal occupational health and safety committees (Callus et al. 1991). Also the *Affirmative Action (Equal Employment Opportunity for Women) Act 1986* makes consultation with unions and women employees mandatory in private sector organisations¹⁰ with more than 100 employees and higher education institutions. Despite this legislative imperative only 45 per cent of private sector employers reported that consultation with unions, although over 70 per cent claimed consultation with women employees (Gardner and Palmer 1992).

The federal public sector introduced legislation in 1984 that required agencies to develop plans "designed to achieve appropriate participation by officers and employees in the decision-making processes of the department". The guidelines issued to departments envisage a broad role for departmental councils ranging from financial and human resource planning to introduction of new technology. Departments tended to create joint union-management consultation committees, although their level of activity was not notable. One large government business enterprise, Telecom has been required by legislation to have a union-management consultative council from 1975 and other government business enterprises such as Qantas and Australia Post have also established such bodies, though not as a result of legislation.

The second major area of state intervention is through the federal Industrial Relations Commission. The arbitral decisions that have encouraged worker participation have set minimum national standards through national test cases or national wages cases heard in the federal Industrial Relations Commission. In March 1983 the Commission brought together three disputes over technological change to mount a national test case - the Termination, Change and Redundancy case. In this case the Commission made a number of decisions concerning unfair dismissal and appropriate periods of notice, as well as minimum levels of compensation for redundancy¹¹. Most importantly for the issues concerning us here it decided that awards could contain clauses that

¹⁰ The federal and most state public sector are subject to their own legislation which provides for equal employment opportunity for women, Aboriginal and Torres Strait Islanders, people with disabilities and people of Non-English speaking background. This legislation provides for consultation with unions and employees.

¹¹ Employees made redundant were entitled to redundancy pay according to length of service with the organisation. This varied from 4 weeks pay for between one and two years service to a maximum of 8 weeks pay for four years or more.

required consultation by management of employees and their representatives once a management decision had been made to introduce major changes in "production, program, organisation, structure or technology which are likely to have significant effects on employees". The employer would be required to give notice in writing of such changes. While the fact that the requirement envisaged consultation only *after* a management decision was made was criticised by some as too weak, this formed a minimum standard upon which unions could and in some cases did bargain for a more extensive form of consultation. Most important these minimum standards flowed through federal awards and were adopted in most State systems.

The major recent impetus to worker participation came from the National Wage Case decisions from 1987 onwards. In 1987 the "second tier" decision in which the Commission introduced the restructuring and efficiency principle required bargaining at enterprise level between employers and unions about the changes to work and management practices that would improve efficiency and productivity. The National Wage Case decision stated that the changes to workplace practices should be grounded in consultation. In some areas, notably the federal public service, there was extensive consultation in some agencies over the changes to jobs involved in "broadbanding" administrative officer classifications.

More importantly the 1989 National Wage Case decision on the restructuring and efficiency principle or award restructuring included agreement on "appropriate consultative procedures". Many workplaces set up joint consultative committees to consider issues of training career paths, job redesign and reclassification and the like and their implementation. In the public sector, public service departments at state and federal levels set up a series of joint union-management consultative committees at a number of levels to provide advice on these issues. Extensive training of union representatives in job redesign and related issues was undertaken. Government business enterprises and statutory authorities such as Australia Post, Telecom, Australian Taxation Office among many others also followed this route (Gardner and Palmer 1992; Lansbury and Davis 1992). In the private sector also union-management consultative committees were set up in many areas of manufacturing to discuss and develop new modes of work organisation. However the record in private sector services was patchier with overall less consultation (Curtain et al 1992).

After these experiments with "managed decentralism", in a series of decisions in 1991, the Commission finally promulgated an enterprise bargaining principle¹². In its April 1991 decision the Commission determined that awards should require enterprises to establish a consultative procedure or mechanism to consider efficiency and productivity matters. This requirement to consult was subsequently included in the Industrial Relations Reform Act 1993 which obliges an enterprise flexibility agreement to contain provisions that the parties consult about changes to work organisation and work performance within the enterprise.

The evidence on the nature and effect of enterprise agreements at federal and state levels reflects the early stages of development of this process. The legislation providing for enterprise bargaining in New South Wales and Victoria does not include requirements for consultative processes to be considered. Perhaps not surprisingly under the New South Wales and Victorian systems of enterprise agreements only a small number have specified arrangements for worker participation. A sample of collective agreements in Victoria indicated only a third had provisions for employee participation, and of these some gave effect to the Termination, Change and Redundancy Case while others set up a permanent consultative structure (Fox and Teicher 1994). In New South Wales a similarly low proportion of agreements specified participative mechanisms, and those that did were mainly in manufacturing industries and the public sector. It is more likely that the federal legislative framework will give impetus to mechanisms for worker participation than is evident in New South Wales and Victoria. The Queensland system mirrors the changes to the federal system and so will provide equivalent encouragement.

The state institutional supports to worker participation in Australia are varied and many are issue specific. In most cases they only require consultation, which may be accomplished on an ad hoc basis. In others, specifically health and safety legislation, there is provision for permanent workplace delegates with rights to information and permanent joint union/employee-management committees. In a number of cases however the way consultation has been achieved is through ongoing joint consultative committees, though again these have tended to be tied to particular issue cycles, such as award restructuring,

¹² The requirements outlined in the principle of October 1991 were overtaken by legislative changes to the Industrial Relations Act (the Industrial Relations Reform Act 1993) that laid out procedures for enterprise bargaining and have now changed the structure of the Commission itself to create a new enterprise bargaining division with a newly appointed Vice-President, Iain Ross.

work redesign or quality management, and therefore have exhibited a life cycle tied to those issues. The state institutional supports in Australia do not embed worker participation in the workplace, but give it sporadic and specific encouragement.

Evidence of Worker Participation

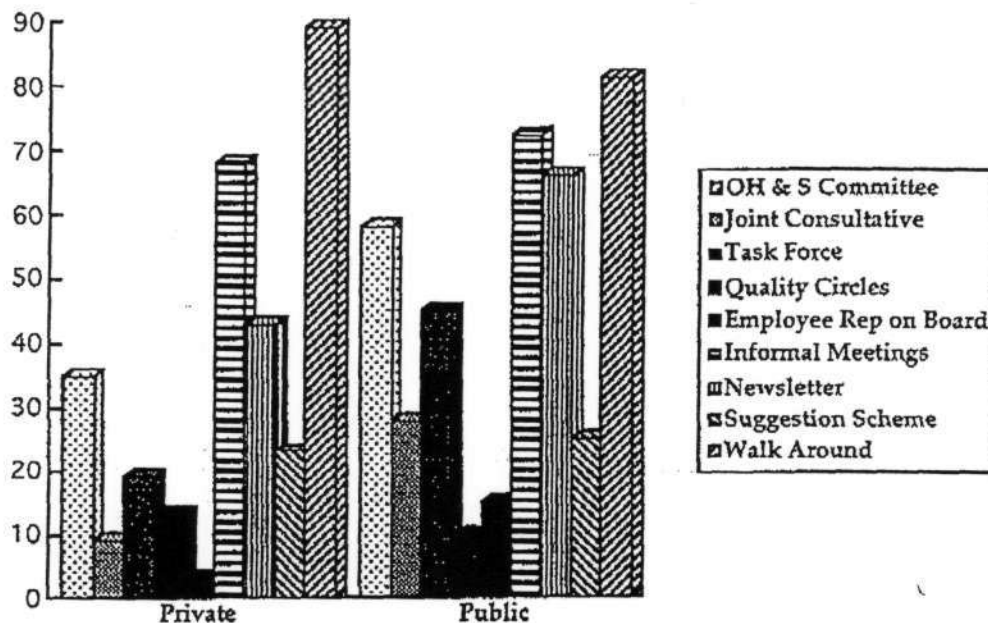
Given the broad conclusion drawn above about the state institutional supports for worker participation, it is worth examining the evidence of the types of participation found in Australian workplaces. The AWIR survey indicates that while direct and informal forms of communication between managers and employees are reasonably widespread, formal representative participation through various committees or membership of a company board is relatively rare. The following diagram (Diagram 1) indicates the proportion of workplaces in which these formal committees exist.

In general workplaces with formal forms of participation cover about one-third or less of the workforce, although half the large workplaces (employing more than 500) had consultative committees. Representative forms of participation then were more common in more highly unionised workplaces, large workplaces and the public sector (Marchington 1992a, 1992b). Joint consultative committees are more prevalent in some regions (Alexander et al 1994) and industries than others. Quality management techniques which rely upon employee involvement are present in 26 per cent of workplaces, with manufacturing and communication industries being the largest users of these techniques (Callus et al 1991).

Marchington (1992a) also notes there has been a reported increase in mechanisms for employee involvement in the last five years or so, and although most of this reflects increased direct communication, there has also been a considerable increase in joint consultation committees (Marchington 1992b). The impetus to increased involvement of employees is clearly not solely due to state "encouragement", although some 21 per cent of workplaces with formal mechanisms indicate that the reason for introducing a joint consultative committee was government policy.

Diagram 1

Forms of Employee Involvement by Percentage of Workplaces



Joint consultative committees are composed either of a majority of non-management members (49 per cent) or have an equal number of management and non-management (29 per cent) (Alexander et al. 1994). Generally where the workforce is highly unionised non-management membership of consultative committees is likely to be de facto or de jure union members and delegates.

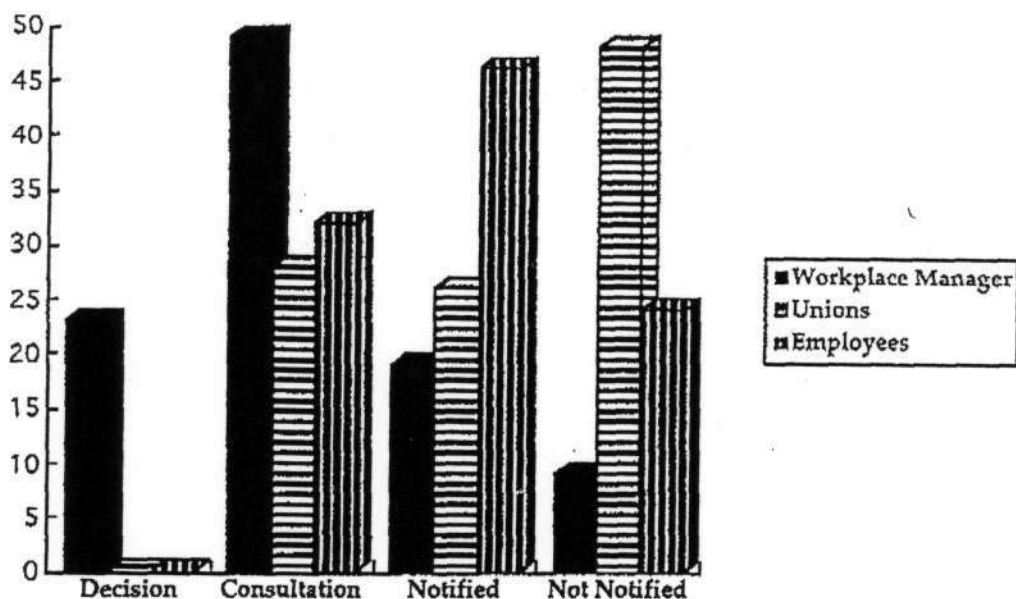
A previous smaller survey of 400 workplaces drawn from 78 large companies (Drago, Wooden and Sloan 1992) provides evidence of the strong positive relationship between the level of union and employee influence in workplace decision making. Factors increasing union delegate influence such as joint union-management committees increased both delegate and employee influence in the workplace.

AWIRS also asked managers and union delegates about the degree of consultation about major organisational changes in the workplace. Consultation with employees or unions was not a prominent part of the changes made (see Diagram 2). The majority of changes are decided by management beyond the workplace, employees are consulted in about one third of workplaces, and not even informed of changes in around a quarter.

Unions are consulted in about 28 per cent of workplaces and not informed in close to half the unionised workplaces. The degree of consultation of unions and employees varied with the level of workplace activity and the size of the workplace in a predictable way with highly active and unionised workplaces and large workplaces reporting a higher degree of consultation (Callus et al 1991).

Diagram 2

Involvement in Workplace Change by Percentage of Workplaces



Outcomes of Worker Participation

Where joint consultation occurred managers were highly positive about the outcomes. Employee relations managers reported improvements in management-employee relations in 90 per cent of workplaces, in the process of introducing change in 81 per cent and in productivity or efficiency in 70 per cent (Marchington 1992b). Union delegates are also positive about the consultation seeing improvements in their access to information and decision making.

Drago, Wooden and Sloan (1992) also report positive results from union-management cooperation and employee participation on performance from their survey. Union-management cooperation also was associated with increases in functional flexibility in the workplace.

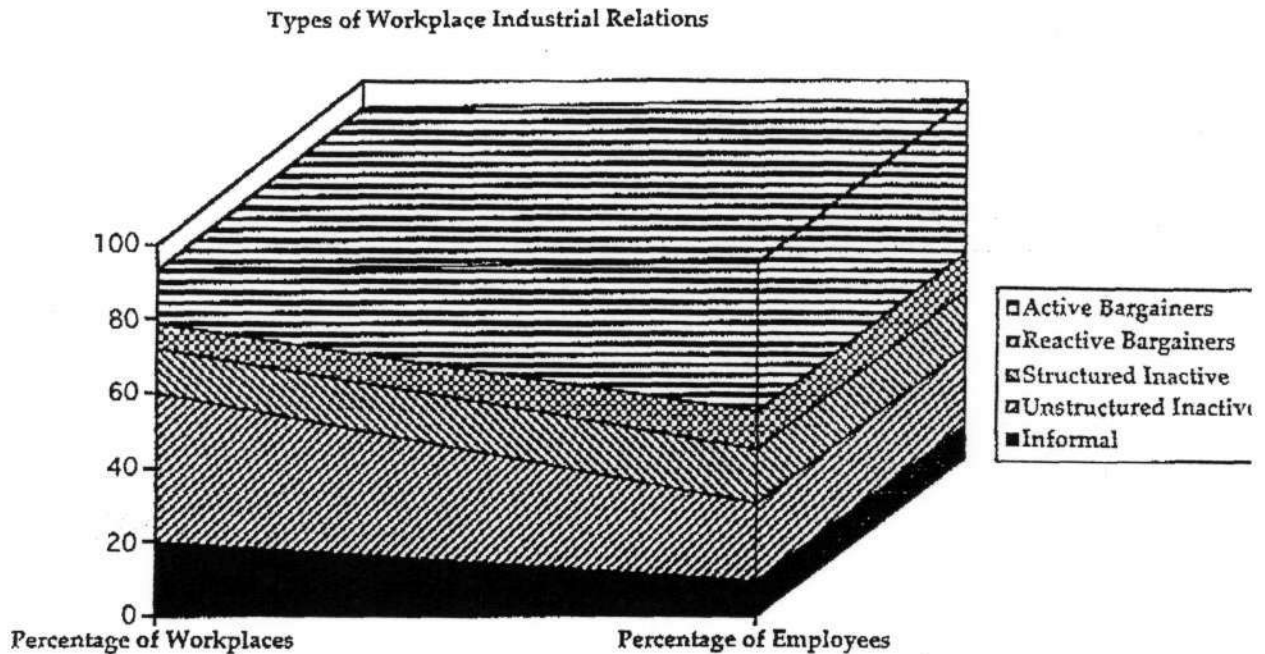
Workplace Industrial Relations

The overall picture that emerges about worker participation in the workplace in Australia is that

- there is a variety of state institutional supports, most of which are not highly prescriptive about the nature and type of participation and which are usually issue specific in their focus.
- there has been an increase in the schemes for worker participation and where they have been introduced the perceptions of managers and unions are generally positive, and there is some evidence of an association with improved performance.
- formal methods of participation such as joint consultative committees still affect only a small proportion of workplaces, although these are large, unionised workplaces, predominantly in the public sector.
- this restricted scope of participation is confirmed by the extent to which management consults employees or unions over major change. Again this occurs in slightly less than a third of workplaces, and again the workplaces where this occurs are generally large and highly unionised.

The pattern that emerges from this evidence is consistent with the typology of workplace industrial relations outlined by Callus et al (1991). They suggested a spectrum of workplace types (see Diagram 3). At one end the "informal" workplaces covered 20 per cent of workplaces and 9 per cent of employees had no unions, an informal management approach and no bargaining. This was the smallest of the five categories discussed. The remaining 80 per cent of workplaces were unionised, although there was very little workplace union activity in 65 per cent of the workplaces (which covered over 50 per cent of the total employees). Management varied in its approach but there was generally no workplace bargaining. Only 14 per cent of the workplaces had unions with an active workplace presence and a high level of workplace bargaining.

However these workplaces tended to be larger than the average, so that these "active bargainers" covered 40 per cent of the employees.



This picture tells us there is an active union presence and considerable workplace bargaining in many large workplaces in Australia. This activity is not confined to manufacturing, although a considerable proportion of manufacturing workplaces are active bargainers. These active bargaining workplaces are most significant in transport and storage, mining, communication and public administration (the civil service and teaching). Indeed over half the active bargaining workplaces are in the public sector, that is, in the civil service or in government business enterprises. This distribution of activity suggests the importance of government as an employer in disseminating workplace reform.

The other part of the picture is the large number of workplaces that have a union presence, but little workplace union activity or bargaining. These groups are the ones on which we have built our stereotype of Australian industrial relations. It appears much of their industrial relations policy development and bargaining is conducted beyond the level of the workplace, at industry and national level.

The category with the highest proportion of workplace experiencing change were the active bargainers (92 per cent), while the category of workplace with the least change was the informal unionised workplaces. Moreover a much higher proportion of the active bargainers had undertaken a major restructuring of work practices, almost double the proportion of informal workplaces. All of the workplace reforms that had occurred in the last few years from alterations to job classification and career paths to revised work practices were more pronounced among public sector than private sector workplaces.

This leads to a final observation that

- it was the active bargainers, the highly unionised workplaces, that not only generally had higher levels of worker participation but were also the group more likely to pursue workplace reform.

Conclusion

The reforms in Australia have been associated with an increase in worker participation, some generated through state encouragement and some through workplace agendas for change. This participation is, however, concentrated in a particular segment of the workforce and it is perhaps unlikely without legislation that it will spread much beyond the area in which it is currently established. The area in which it is established, however, is those workplaces with an active union presence and developed workplace industrial relations. These are the workplaces that also have experienced most of the major workplace reforms of the last five years.

It is clear some of the changes have been advanced through the arbitration system. Australia's institutions are important for the support they give to unionism as part of the mechanism for change, and government, unions and some employer groups for the support they have provided for the development of a national agenda for reform. Dissemination of reform is in part dependent on this national framework, but it is clear also that the best results come where this national reform has been built upon existing active workplace industrial relations.

References

Alexander, M., J. Burgess, R. Green, D. MacDonald and S. Ryan (1994) Regional Characteristics of Workplace Bargaining: Evidence from the Hunter Workplace Change Survey, Paper presented to 8th AIRAANZ Conference 10-12 February, Sydney.

Callus, R., A. Morehead, M. Cully, and J. Buchanan (1991) *Industrial Relations at Work: The Australian Workplace Industrial Relations Survey*, (Canberra: AGPS).

Curtain, R., R. Gough and M. Rimmer (1992) *Progress at the Workplace: Workplace Reform and Award Restructuring*, (Canberra: AGPS)

Drago, R., M. Wooden and J. Sloan (1992) *Productive Relations? Australian Industrial Relations and Workplace Performance* (Sydney: Allen and Unwin).

Ford, B. and L. Tilly (1986) *Diversity, Change and Tradition: The Environment for Industrial Democracy in Australia* (Canberra: AGPS)

Fox, C. and J. Teicher (1994) Victoria's Employee Relations Act: The Way of the Future? Paper presented to the 8th AIRAANZ Conference, 10-12 February, Sydney.

Gardner, M. and G. Palmer (1992) *Employment Relations : Human Resource Management and Industrial Relations in Australia* (Melbourne: Macmillan).

Lansbury, R. and E. Davis (1992) Employee Participation: Some Australian Cases, *International Labour Review* 131 (2):231-248.

Marchington, M. (1992a) The Growth of Employee Involvement in Australia, *Journal of Industrial Relations*, 34 (3):472-481.

Marchington, M. (1992b) Surveying the Practice of Joint Consultation in Australia, *Journal of Industrial Relations*, 34 (4):530-549.

Quinlan, M. and P. Bohle (1991) *Managing Occupational Health and Safety in Australia* (Melbourne: Macmillan).

Selby Smith, C. (1993) A New Career Service? in M. Gardner (ed) *Human Resource Management Industrial Relations in the Public Sector* (Melbourne: Macmillan)