

Workplace Change and Employment Relations Reform in Australia: Prospects for a New Social Partnership?

Russell D. Lansbury, University of Sydney

ABSTRACT

Reform of employment relations has been central to political and economic debate in Australia during the past two decades. The process of enterprise bargaining was begun by the Hawke Labor government in the late 1980s, with the cooperation of the union movement, as an attempt to decentralise the employment relations system. More radical reforms have been introduced by the Howard Coalition government since the mid 1990s designed to individualise the employment relationship and reduce union involvement. Yet the responses by employers to these recent changes have varied. While some have attempted to introduce non-union agreements, often against strong opposition from the existing workforce (as in the waterfront and mining industries), others have used more cooperative approaches to change. This paper analyses four cases which illustrate the diversity of approaches to workplace change. While a return to a centralized system of employment relations is unlikely, there may be prospects for greater dialogue between the parties leading to a new form of social partnership under a future Labor government. However, this would require considerable negotiation in order to reconcile the different needs and views of the parties.

Keywords

Employment Relations, Enterprise Bargaining, Social Partnership, Unions, Workplace Change

Russell Lansbury is Professor of Work and Organisational Studies and Associate Dean (Research) in the Faculty of Economics and Business, University of Sydney. He is joint editor of the Journal of Industrial Relations and joint editor (with Jim Kitay) of Changing Employment Relations in Australia (Oxford, 1997).

ISSN 1443-8607

Volume 1, Number 1: July 2000, 29–45

The Drawing Board: An Australian Review of Public Affairs

© 2000 School of Economics and Political Science, University of Sydney

1. Introduction

The past two decades have witnessed a great deal of workplace change in Australia. Many of the changes have been innovative, but the means by which changes have been introduced has varied considerably. Terms such as 'high commitment', 'high involvement' and 'high performance' work systems have entered the language of employment relations to denote new approaches by management which emphasise the importance of teams, multi-skilling and employee involvement to achieving high levels of quality and productivity (see Appelbaum et al. 2000, Davis and Gollan, 1999, Wood and Albanese, 1995). Yet surveys also indicate that employees in Australia do not, in general, feel that they are consulted on key issues which affect them at work. Furthermore many workers report that they feel over-worked, highly stressed and have little job security (ACIRRT, 1999). This paper seeks to analyse the various forms of workplace innovation which have been introduced in recent years, their interrelationship with changes in employment relations, the roles of various parties in the introduction of changes at the workplace, and the institutional mechanisms which are required to foster and sustain high levels of workplace innovation.¹

Change and innovation in the workplace occurs by various means and for a variety of reasons. Sometimes change is an evolutionary process built upon gradual or incremental developments at the workplace. Change which is fostered through the collaboration of management, workers and their unions is, it is argued, likely to be more long lasting (Walton et al. 1994). However, the origins of some workplace innovations may lie in organisational crises or conflicts, when radical changes in the workplace are required for survival. Under these circumstances, change may be forced upon the parties. In Australia, examples of both collaborative forms of workplace innovation, which have been fostered by both management and unions, as well as changes which have been forced upon the parties by crises, have been identified (see Baird and Lansbury, 1998). The nature of workplace innovations which arise from these different circumstances, and their likelihood of long-term survival are examined in this paper. It is argued that a new Labor government could play a useful role in establishing greater dialogue between employers and unions, at the national level, which might lead to a new form of social partnership. Government can play an important role in fostering greater collaboration between the various parties, which may lead to more innovation and change at the workplace level. This element has been absent from recent government policies and practices.

¹ Greg Bamber, Griffith University and Nick Wailes, University of Sydney, made helpful suggestions, as did the anonymous referees.

2. Workplace Change in the Context of Employment Relations Reforms

One of the most interesting aspects of workplace reform in Australia in the past two decades has been the interrelationship between changes at the macro or institutional level and the micro or enterprise level. Workplace issues have been central to the economic and political debate in Australia and both major political parties have claimed to have superior credentials in achieving both macro and micro economic reforms (see Kitay and Lansbury, 1997).

The Labor Party, which held power at the national level from 1983 to 1996, sought to achieve change through a formal Accord (a form of social contract) with the union movement. Under the Accord, the unions agreed to moderate wage demands (in order to reduce inflation) while the government pledged to undertake a number of economic and social reforms. With the support of the unions, the Labor government also began a process of labour market reform, which included the decentralisation of the employment relations system. During the early 1990s, the Labor government introduced more flexibility in the labour market by permitting non-union agreements in the workplace. This was a controversial move which paved the way for more radical changes during the latter half of the 1990s, after Labor lost office.

Following its election in 1996, the conservative Liberal-National Party Coalition government pursued a more 'hard line' policy on labour market reform and relationships with the union movement became turbulent. Under the Coalition government, workplace change was driven more by the unilateral actions of employers rather than through collaboration with the unions, and the government has supported the growth of individual rather than collective arrangements for workplace change.

It is useful to examine the interrelationship between changes in employment relations at the national level and workplace change and innovation at the enterprise level, during the past two decades. This is particularly important in Australia where employment relations have been highly institutionalised since the early part of the twentieth century and unions have played an important role in the regulation of the labour market. After several decades of stability since the Second World War, the field of employment relations has been undergoing a continuing process of change, particularly since the early 1980s. These changes are broadly outlined in Figure 1.

Industrial relations reform has been a key item on the agenda of both major political parties in Australia over the past two decades. Both have proclaimed the need to achieve greater labour market flexibility and workplace change, but have differed over the means by which these aims are best achieved. Under Labor, from 1983 to

1996, there was a transition from a highly centralised system of industrial relations, based on compulsory arbitration administered by the Australian Industrial Relations Commission (AIRC) and State tribunals, to a more decentralised approach of bargaining at the enterprise level (see Lansbury and Bamber, 1998).

1983-1993	From centralised wage determination to “Managed Decentralism”
1993-1996	“Coordinated Flexibility”
Since 1996	“Fragmented Flexibility”

FIGURE 1.

During the first couple of years of the Hawke Labor government, there was a brief return to centralised wage determination as part of the initial Accord (an agreement on wages and other matters) between the Australian Labor Party (ALP) and the Australian Council of Trade Unions (ACTU). Indeed, it was argued by the Hawke government during this period that the breakdown of the centralised industrial relations system during the previous Liberal-National Party Coalition government (1975-83) had exacerbated economic problems and fomented industrial disputation. The Hawke government wanted to avoid the possibility of a renewed wage / price spiral that characterised earlier periods of more decentralised bargaining. The Accord also sought to foster cooperation between the government and the unions on broader economic and social development, although the focus tended to be mainly on constraining inflation. More generally, the Accord stressed that consultation was necessary to bring about changes at industry, enterprise and workplace levels (ALP-ACTU, 1983).

The Hawke government commissioned a review of the industrial relations system, chaired by Professor Keith Hancock, which recommended the retention and consolidation of the centralised system with a major role for the AIRC. This was on the grounds that it facilitated the enforcement of incomes policies and thereby helped to contain levels of unemployment and inflation. During its first two years in office, the Hawke government also declared its intention to foster industrial democracy and employee participation in management, in order to engage workers more fully in decision-making at the enterprise level. A Policy Discussion Paper, released in 1986, declared that ‘employee participation is now a major government priority and the government sees it as essential to a successful reponse to the significant challenges of the present time’ (Department of Employment and Industrial Relations, 1986).

3. Workplace Change under 'Managed Decentralism'

Following a balance of payments crisis and other economic problems in the mid 1980s, the Hawke government abandoned its centralised approach and adopted a change in policy, which subsequently became known as 'managed decentralism'. Full wage indexation was abandoned in 1986 and a two-tier wage system was introduced which took account of productivity increases at the industry and enterprise levels, while still maintaining a system of national wage adjustments. The AIRC retained an important role through the National Wage Cases, however, which continued to set the framework for the wages system.

The 1988 National Wage Case decision established a 'structural efficiency principle' designed to encourage the parties to reach collective agreements, for example on the introduction of multi-skilling and broad-based work classifications and a reduction in demarcation barriers between different types of work. This ushered in a period of greater labour market flexibility while retaining the traditional institutional framework.

During the second half of the 1980s, a blueprint for change in both the automobile manufacturing and steel industries was drawn up by the then Minister for Industry, Senator John Button. These were two important strategic industries, which played a major role in the Australian economy and employed large numbers of workers. Both industries received high levels of tariff protection for decades but became inefficient and were plagued by poor industrial relations. Plans were implemented by the government to gradually reduce tariffs while modernising the industries and introducing major structural changes. In both industries, this involved a high level of cooperation between the government, employers and unions.

In the steel industry, where there is one major producer — BHP Ltd. — the company was guaranteed a minimum of 80 per cent of the domestic market for four years in return for a commitment of major capital investment by the company. For its part, the union agreed to changes in work practices, adherence to dispute procedures and voluntary redundancies. Considerable training was provided for the workers and there was a high level of consultation by management with all concerned. Under the Steel Industry Plan, workers were guaranteed there would be no forced redundancies and that any workforce reductions would be achieved through voluntary early retirement schemes and labour turnover. BHP established an off-site training centre and involved employees and their unions in the process of identifying new skills and job classifications that were related to new pay scales (see Kelly and Underhill, 1997).

Under the Steel Industry Plan there was major investment in new technology, which resulted not only in higher productivity and quality but also in a reduction of jobs.

The industry was streamlined to make it internationally more competitive, but BHP found it difficult to keep the steel part of its activities operating on a profitable basis. Nevertheless, new forms of work organisation were introduced, in collaboration with the unions, which included multi-skilled teams and competency based payment systems. Old distinctions between trades and non-trades related work became less relevant with the advent of broader based job classifications.

Similar reforms have occurred in the automotive manufacturing industry since the mid 1980s. There are four assembly plants in Australia owned by Ford, General Motors Holden, Toyota and Mitsubishi. As in steel, the government agreed to lower tariff protection gradually in return for the companies upgrading their plant and equipment so that the auto industry in Australia would become more internationally competitive. In cooperation with the unions, the auto companies embarked on a major program of skills development through the establishment of a Vehicle Industry Certificate (VIC). This meant that pay rates became increasingly based on acquired skills and demonstrated levels of competence. Although there has been variation in the pace of change, all the auto companies have embraced the concept of skills related pay (see Lansbury and Bamber, 1997).

As 'lean management' concepts have become more widely applied with the Australian auto industry, there has been movement away from closely defined job specifications to more flexible forms of work organisation. Teamwork has been applied in a variety of ways and with uneven success, but it is now a common principle within the industry. While unions were initially ambivalent about the introduction of teamwork and other aspects of work reorganisation, fearing these would lead to greater pressure and stress, enterprise agreements have incorporated new concepts of work design and skills related pay. There have also been various forms of employee involvement programs introduced with union cooperation to give workers an expanded role in decision-making at the plant level. While employment in the industry has declined (as in steel), this has been achieved largely on a voluntary basis and the industry is now more efficient and profitable than it was before the government introduced its car industry plan.

4. Workplace Change Under Coordinated Flexibility

Despite the active program of workplace and industrial relations reform by the Labor government in the latter part of the 1980s, the Business Council of Australia (BCA), a major lobby group that represents the largest employers, complained that the labour market continued to be over-regulated. The BCA argued that in order to achieve and sustain increased competitiveness, it was necessary to introduce more comprehensive enterprise-based bargaining, with or without union involvement. The BCA further claimed that enterprise bargaining would enhance the mutuality of employee-management interests and stressed the virtues of individualism and

flexibility (BCA 1989). Although there were criticisms of the BCA's arguments by union and academic commentators, the BCA was influential in causing the Labor government to reconsider and ultimately change the direction of its industrial relations strategies (see Dabscheck, 1995).

While the process of moving towards a more decentralised bargaining system began from around 1986, the main impetus came in the 1990 National Wage Case when the government, employers and unions all argued before the AIRC that 'enterprise bargaining' should become the main means by which future wage increases would be gained. The change of policy by the government and the unions (which had both previously resisted pressure from the employers for such reforms) came amid continuing economic uncertainty and a campaign by opposition parties for enterprise bargaining. Although the AIRC initially rejected calls for enterprise bargaining on the grounds that the various parties had different (and contradictory) views on what the new system involved, it endorsed a more decentralised approach in October 1991.

The AIRC retained the capacity to scrutinise agreements to ensure that they met 'public interest' criteria, but the employers complained that it was too difficult to achieve enterprise agreements under this system. Hence the government introduced further amendments to the *Industrial Relations Act* which reduced the power of the AIRC to veto agreements and widened opportunities for employers to opt out of the traditional award system. However, the AIRC continued to administer a national 'safety net' of minimum wages and conditions for the lowest paid workers by updating awards and conducting National Wage Case hearings.

Following its re-election in 1993, the Labor government (then led by Paul Keating) introduced further reforms to extend enterprise bargaining with the *Industrial Relations Reform Act 1993*. Although parts of the Act were based on the International Labour Organization (ILO) conventions and recommendations which strengthened employment protection and granted a wider range of minimum entitlements, it also included provisions which facilitated employers making agreements with their employees without involving unions. Soon after his government's election victory, Prime Minister Keating declared that 'we need to find a way of extending the coverage of agreements to being full substitutes for awards' (Keating 1993). This was greeted with protests from union leaders as the time and Keating was forced to modify his statement, but it was a sign of events to come. It marked the beginning of a period of 'coordinated flexibility' in which greater opportunity was given to employers to forge agreements directly with their employees, but within a framework administered by the AIRC.

Enterprise Flexibility Agreements (EFAs), which were introduced under the 1993 Reform Act, did not require an eligible union to be involved. Unions opposed EFAs on the grounds that they encouraged employers who wished to avoid unions and

facilitated a move towards individual contracts of employment. Such fears were realised in a major dispute during 1995 between a large mining company, Rio Tinto, and unions at Weipa in the remote north of Australia. Although the employer was found to be in breach of the Act in this case, it set the pattern for further disputes in the mining and maritime disputes throughout the decade, which were designed to break the unions' bargaining strength by persuading employees to accept individual contracts offered by the employers. They also paved the way for non-union agreements known as Australian Workplace Agreements (AWAs), which were introduced by the conservative Coalition government after its election in 1996.

A case in which an EFA was introduced without industrial disputation, in contrast to Rio Tinto at Weipa, is provided by Optus, established in 1991 as a small private telecommunications company in competition with the then government-owned Telstra. As a new and virtually 'greenfield' enterprise, Optus paid close attention to the recruitment and selection of employees in order to create a workplace culture that would engender a high level of employee commitment and (if possible) a union-free environment. In the first EFA negotiations in 1992, Optus concluded an agreement with the Communication Workers Union (CEPU) but in the second round of EPA negotiations in 1994, the employees at Optus voted for a non-union agreement with the company. The 1994 agreement provided significant wage increases in return for longer working hours, more flexible work practices and a performance-based bonus system (see Bamber, Shadur and Simmons, 1997).

Optus has adopted what Kochan et al. (1991) have termed a 'sophisticated nonunion human resource model' in which the employees feel little need for union representation. The union argued that the practices at Optus fell well short of the promise of a high involvement work culture, that bonuses which were promised did not eventuate and that labour turnover increased due to employee disenchantment. Yet union membership has remained low and Optus continues to proclaim that it is 'at the forefront of the Australian scene in employee relations... with strong staff commitment' (Bamber et al. 1997). The larger Telstra (which is currently 50 per cent government owned) has sought to follow the example of Optus and has increased the proportion of its employees who are on non-union contracts, although these are mainly in managerial and professional positions.

5. Workplace Change Under Fragmented Flexibility

The most recent wave of reform began with the election of the Liberal-National Coalition government in 1996, led by John Howard. While not going as far as the New Zealand government which dismantled that country's arbitration system, the Coalition government sought to move employment relations in Australia away from its collectivist traditions, with a strong role for the unions and the arbitration system, to a more fragmented system of individual bargaining between employees and

employers. The *Workplace Relations Act 1996* signalled a more radical decentralisation of industrial relations to the enterprise level, with broader scope for non-union agreements and further diminution of the role of the AIRC. However, amendments to the legislation by a minority party, the Australian Democrats, which held the balance of power in the Senate, softened some of the provisions of the Act. The Democrats also voted down proposals by the government to further amend the Act in 1999 and 2000.

A key element of the *Workplace Relations Act 1996*, embodied in the new Australian Workplace Agreements (AWAs), seeks to enable (and encourage) employers to enter into either a non-union agreement or an individual contract with their employees. While AWAs have so far played only a minor role in regulating wages and conditions, and are unlikely to become a main form of agreement between employers and employees, they are an important political symbol and part of the government's strategy to spearhead more individualised, non-union forms of regulating the workplace. Recent analysis of non-union agreements, including AWAs, has revealed a range of strategies used by employers in lightly unionised or non-unionised workplaces to achieve improved levels of productivity and performance. Some organisations have adopted a sophisticated human resources approach with an emphasis on high quality outcomes, while others have focused mainly on reducing costs (see Campling and Gollan, 1999).

One of the most extreme attempts to achieve radical workplace change, by excluding the unions, was undertaken on the waterfront by Patrick Stevedores, one of two key companies in the industry. The publicly stated view of the company was that overpaid dockworkers (or stevedores) and their union, the Maritime Union of Australia (MUA), enjoyed a monopoly of labour supply on the waterfront and that the union fostered restrictive practices. After a series of disputes with the union, in April 1998 Patrick decided to appoint an administrator and withdraw financial support from its subsidiary labour hire companies. (This was similar to using 'Chapter 11' type provisions in the United States). Patrick thereby hoped to avoid its debts and lay off its 1,400 employees. New companies were contracted to replace former Patrick employees with non-union labour. The government had been encouraging Patrick to take a strong line against the MUA and announced a levy on the movement of cargo at the docks in order to raise \$161 million to fund redundancies.

While Patrick Stevedores was attempting to introduce workplace reform by discharging all of its workers (and hoping to avoid any financial liabilities in the process) the other stevedoring company, P&O, sought to introduce changes through negotiation with its employees and the union, and thereby achieve reforms in a more collaborative fashion. P&O were also concerned at what they felt was low productivity on the waterfront and argued that significant reforms were needed.

When the Patrick case was heard in the Industrial Relations Court, Patrick was found to be in breach of the law. The MUA threatened to take both Patrick and the government to court on conspiracy charges, but agreed not to proceed on the basis that Patrick would reinstate about half of the unionised workforce. For its part, the MUA agreed to accept changes to work practices in order to improve the level of productivity. Hence, reforms were achieved, but only at significant cost.

By contrast with Patrick Stevedores, Colgate Palmolive (which manufactures detergents and toothpaste) has achieved workplace reform at two of its sites by introducing a high commitment work system (see Baird and Lansbury, 1998). This was not an easy task as Colgate sought to increase the flexibility of its work and organisational structures while negotiating to reduce the number of unions at each site. The strategy of workplace change at Colgate included a mixture of changing the way in which work was done in its plants as well as seeking new forms of agreement with both its employees and their unions. In the old 'brownfield' site in Sydney, where there was a long history of antiquated work practices and frequent industrial disputes, the management decided to reduce the amount of production and source more of its products from a new 'greenfield' site which it built in the semi-rural area of Labrador on the Gold Coast in Queensland.

At the Labrador complex, Colgate introduced a number of new work systems that included a flat organisation structure, teamwork, knowledge-based pay and systems of training and learning. The underlying objective was to align the employees more closely with the goals of the company, thereby to improve productivity and quality and reduce costs. While management sought to escape many of the restrictions associated with traditional industrial relations that had plagued the Sydney site, it did not seek to avoid or eliminate the unions. However, the company did limit membership to one union to avoid demarcation disputes and to encourage greater labour flexibility. But Colgate did not seek a partnership arrangement with the union. The success of the Labrador plant imposed pressure on the Sydney plant to raise its performance and improve the employment relations situation. However it is of interest that the company did not seek non-union Australian Workplace Agreements but preferred to deal directly with the unions to achieve negotiated change.

6. Likely Future Directions for Workplace Change and Innovation

While the latter part of the 1990s continued to see a trend towards enterprise bargaining and more individualised forms of workplace agreements, this has not led to the abandonment of collective forms of employment relations. Workplace change and innovation as it has been described in the case studies presented in this paper can be conceptualised as being located on two dimensions. As shown in Figure 2, there is the horizontal axis of individualism to collectivism. On the vertical axis there is high commitment / high trust at one extreme and low commitment / low trust at

the other extreme. Workplace change under an adversarial employment relations system, which combines collective arrangements with low trust and commitment, is illustrated by the 'brownfield' site of Colgate Palmolive in Sydney. The Patrick Stevedore case is an example of low trust / low commitment combined with individualistic forms of employment relations. Optus illustrates how individualised employment arrangements are found with high commitment / high trust workplaces. The 'greenfield' site of Colgate Palmolive at Labrador combines collective employment relations with high commitment / high trust. It is not possible to accurately assess the prevalence of these different examples within the Australian context but there would appear to be an increasing variety of arrangements in the workplace.

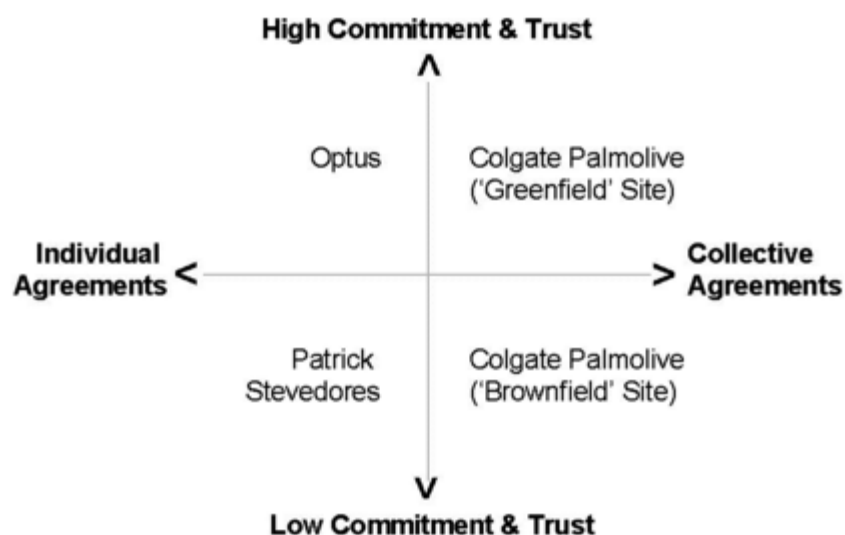


FIGURE 2.

Currently, the majority of workplace agreements are certified by the AIRC and are the result of collective negotiations between unions and employers. Approximately 35 per cent of all employees have their wages and conditions entirely regulated by awards, while 30 per cent of employees rely on a mixture of awards and agreements. Another 30 per cent of the labour force have their wages and conditions determined by individual contracts (although AWAs comprise only a few per cent). Despite the exhortations and encouragement of the Federal government and the BCA, most employers are loath to move too far away from the traditional system of awards and collective agreements. Furthermore, the Labor Party has pledged that when it is returned to office, it will abolish AWAs, strengthen the collective bargaining system and restore the authority of the AIRC.

Despite constant assertions by its proponents that enterprise bargaining will bring about significant improvements in productivity through greater efficiency and

workplace focus, there is considerable doubt that this is borne out by experience. There appears to be only tenuous evidence of a direct relationship between labour flexibility, employment relations and productivity. Furthermore, as illustrated by the case studies presented in this paper, some of the more far reaching changes in workplace practices (as illustrated by the car and steel plants which were commenced in the mid 1980s) were achieved in periods of greater centralisation (or at least managed decentralism) of the employment relations system. It is also apparent that improvements in workplace productivity tend to be more related to the degree of collaboration between management and the workforce (and their unions) than to the structure of bargaining (see Alexander and Green, 1996).

Nevertheless, there continues to be a longer-term shift away from a more regulated and centralised system of employment relations and this has had some deleterious consequences. The Coalition government has sought to diminish the role of labour market institutions, such as the AIRC. Through the *Workplace Relations Act 1996*, the AIRC's award determinations have been restricted to a list of 'twenty allowable matters', although it can still arbitrate on 'exceptional matters'. The diminishing role of the tribunals has also had a negative impact on union coverage as union activism at the workplace level has been generally weak and many unions relied on the arbitration system, rather than their bargaining strength, to improve the living standards of their members. Although this is not the major reason, union coverage has continued to decline from approximately 40 per cent in 1990 to around 27 per cent by the end of the decade. At the beginning of the 1990s, 85 per cent of the workforce had their wages and conditions determined by collective agreements or awards but this had declined to only 60 per cent by 1999.

Employers and management, without consultation or negotiation with the workforce or their unions, have initiated much workplace change in recent years. This has coincided with survey results that have shown declining levels of trust felt by employees towards their employers. Analyses of enterprise agreements reveal few examples of innovative provisions designed to achieve higher productivity through collaborative approaches to change (ACIRRT, 1999). It would also appear that the process of labour market deregulation and the decentralisation of collective bargaining have facilitated the growth of non-standard employment, which essentially covers jobs that deviate from the model of continuing, full-time waged work. This group is estimated to comprise almost 45 per cent of all employees. The provisions of the *Workplace Relations Act 1996*, which limit the scope of award regulation and encourages decentralisation of bargaining, may further enhance the precariousness of non-standard employment.

Most of the growth of non-standard employment has been in the category of casual employment, and these workers do not have access to the employment protection associated with full-time standard employment. In particular, the rights of

employment security do not apply to casual employees. Australia has one of the highest levels of temporary employment in the OECD, due mainly to the proportion of the workforce in casual employment, currently accounting for approximately 25 per cent of the workforce. However, some employers are becoming concerned about some of the disadvantages of casual employment including an absence of enterprise level skills, lack of commitment to the enterprise and the extra administrative burdens associated with casualisation of the workforce. A 1997 report by The Economist's Intelligence Unit entitled *Make or Break*, commissioned by Australia's largest employers' association in the manufacturing industry, criticised the government's failure to create full-time jobs, and the loss of skills in research and development that had led to a poorly balanced economy.

There continue to be more enlightened voices in some sectors of industry and the union movement. The Australian Manufacturing Council's report on *The Global Challenge: Australian Manufacturing in the 1990s*, urged Australian firms to adopt new systems of work design and to incorporate workers' ideas to improve productivity and quality. A *Best Practice Program*, funded by the previous Labor government, followed and there continue to be leading examples of workplace innovation that were fostered by this initiative (see McNeil et al. 1994, Mathews, 1994). More recently, the ACTU issued a report *Unions @ Work*, which outlined a strategy for rebuilding unionism in Australia. It emphasized not only the importance of unions achieving better wages and safe, secure working lives for their members, but also argued that unions needed 'a more flexible approach... taking into account changing workplace cultures and employee attitudes' (ACTU, 2000).

7. Conclusions

While there has been considerable workplace change and innovation in Australia in recent years, there has been less collaboration between employers and unions on these matters since the change of government in the mid 1990s, which marked the end of the Accord years. Since that time, increasing concern has been expressed by the unions about the Federal government's encouragement of more individualised forms of employment relations, as well as its declining support for labour market institutions and collective bargaining.

Yet the response by employers has been varied. Some in the mining and waterfront industries have sought to take full advantage of the government's employment relations reforms in order to reduce or eliminate the unions' influence at the enterprise level. Others, however, have been more pragmatic and implemented cooperative approaches to workplace change. This is illustrated by the introduction of high performance work systems by Colgate Palmolive at their 'greenfield' site in Labrador. Within the auto industry, the major companies have continued to collaborate with the unions to introduce teamwork and more flexible forms of work organisation in order to raise the levels of quality and productivity. Yet others, such

as Optus, have negotiated directly with their workers to achieve non-union agreements which provide higher pay for longer hours and more flexible work practices. Furthermore, it is uncertain whether Colgate would persist with union agreements at its sites if employees voted to have individual contracts instead of those negotiated on their behalf by the unions.

It is of concern that management has introduced many recent workplace changes with little consultation of the workforce. In a period when levels of unemployment remain unacceptably high, many jobs are precarious and an increasing proportion of the workforce is employed on a casual basis, workers are more likely to passively accept changes in working conditions which are demanded by employers. For there to be genuinely high involvement and high performance workplaces, however, greater collaboration is required between employers and employees. This is more likely to be achieved when employees feel that they have job security and a genuine influence over decisions which affect them.

While it is unlikely that Australia will return to a highly centralised system of employment relations, a more coordinated approach, which fosters labour market flexibility within a strong institutional framework, such as that provided by the AIRC, would provide an attractive alternative to the fragmented flexibility of the current system. The challenge for employers is to win the trust of employees who regard their place in the labour market as increasingly tenuous and insecure. For the unions, there is the challenge of how to achieve a more cooperative relationship with the employers while continuing to represent the interests of their members. For the government, the challenge is to develop a more effective policy framework, which fosters greater efficiency through workplace innovation while ensuring equity for employees in the new economic prosperity which is achieved.

As Australia enters the twenty-first century, it is timely to consider whether a new social partnership between employers, organised labour and the government could be achieved. While this is unlikely under the current Coalition government, a new Labor government might find this an attractive option. If this took the form of a new 'Accord' or social contract, it would need to recognise not only the importance of labour market flexibility for the employers, but also the primacy of collective bargaining for the unions. Government can play an important role in providing mechanisms for bringing the parties together, as well as funding independent agencies to assist with the coordination of bargaining and dispute settlement. This may require new employment relations institutions, which are appropriate to current and future circumstances. It is almost a century since a 'historic compromise' was reached between labour and capital in Australia after the disastrous strikes of the 1890s, and the first Federal industrial relations tribunal was established. Workplace innovation and change in the coming decade will require a similarly enlightened approach, which embraces the contributions and views of all interested parties to achieve both equity and efficiency in the workplace and labour market.

REFERENCES

- Australian Centre for Industrial Relations Research and Training (ACIRRT) (1999) *Australia at Work: Just Managing?* Prentice Hall, Sydney.
- Australian Council of Trade Unions (ACTU) (2000) *Unions @ Work*, ACTU, Melbourne.
- Australian Labor Party (ALP) and Australian Council of Trade Unions (ACTU) (1983) *Statement of Accord by the ALP and ACTU Regarding Economic Policy*, ALP and ACTU, Melbourne.
- Alexander, M. and Green, R. (1996) 'Workplace Productivity and Joint Consultation' in E.M.Davis and R.D. Lansbury (eds) *Managing Together: Consultation and Participation in the Workplace*, Addison Wesley Longman, Melbourne.
- Australian Manufacturing Council (AMC) (1990) *The Global Challenge: Australian Manufacturing in the 1990s*, AMC, Sydney.
- Appelbaum, E., Bailey, T. Berg, P. and Kalleberg, A.L. (2000) *Manufacturing Advantage: Why High Performance Work Systems Pay Off*, Cornell University Press, Ithaca, New York.
- Baird, M and Lansbury, R.D. (1998) 'Emerging Production Systems and Industrial Relations: Confusion, Diffusion and Exclusion?' *Human Factors and Ergonomics in Manufacturing*, 8 (2) 141-153.
- Bamber, G.J., Shadur, M. and Simmons, D. (1997) 'Change and Continuity of Employment Relations in Australian Telecommunications, in J.Kitay and R.D.Lansbury (eds) *Changing Employment Relations in Australia*, Oxford University Press, Melbourne, 185-217.
- Business Council of Australian (BCA) (1989) *Enterprise Based Bargaining Units*, BCA, Melbourne.
- Campling, J. and Gollan, P. (1999) *Bargained Out: Negotiating Without Unions in Australia*, The Federation Press, Sydney.
- Dabscheck, B. (1995) *The Struggle for Australian Industrial Relations*, Oxford University Press, Melbourne.
- Department of Employment and Industrial Relations (DEIR) (1986) *Policy Discussion Paper on Industrial Democracy and Employee Participation*, DEIR, Canberra.

- Gollan, P. and Davis, E.M. (1999) 'High Involvement Management and Organizational Change: Beyond Rhetoric', *Asia Pacific Journal of Human Resources* 37 (3) 69-91.
- Kelly, D. and Underhill, E. (1997) 'Australian Steel: A Corporatist Transformation?' in J. Kitay and R.D. Lansbury (eds) *Changing Employment Relations in Australia*, Oxford University Press, Melbourne.
- Kitay, J. and R.D. Lansbury (eds) *Changing Employment Relations in Australia*, Oxford University Press, Melbourne.
- Kochan, T.A., Katz, H.C. and McKersie, R.B. (1991) 'Strategic Choice and Industrial Relations Theory: An Elaboration', in H.C. Katz (ed.) *The Future of Industrial Relations: Proceedings of the Second Bargaining Group Conference*, Cornell University, Ithaca, New York.
- Lansbury, R.D. and Bamber, G.J. (1997) 'Australia: Restructuring for Survival', in T.A. Kochan, R.D. Lansbury and J.P. MacDuffie (eds) *After Lean Production: Evolving Employment Practices in the World Auto Industry*, Cornell University Press, Ithaca, New York. 205-30.
- Lansbury, R.D. and Bamber, G.J. (1998) 'The End of Institutionalized Industrial Relations in Australia?' *Perspectives on Work*, 2 (1) 26-30.
- Macneil, J., Testi, J., Cupples, J. and Rimmer, M. (1995) *Benchmarking Australia: Linking Enterprises With World Best Practice*, Longman Business and Professional, Melbourne.
- Mathews, J. (1994) *Catching the Wave: Workplace Reform in Australia*, Allen and Unwin, Sydney.
- Metal Trades Industry Association (MTIA) and the Economist Intelligence Unit (1997) *Make or Break*, MTIA, Sydney.
- Walton, R., Cutcher-Gershenfeld, J. and McKersie, R.B. (1994) *Strategic Negotiations: A Theory of Change in Labor Management Relations*, Harvard University Press, Cambridge.
- Wood, S. and Albanese, M (1995) 'Can We Speak of High Commitment Management on the Shop Floor?' *Journal of Management Studies*, 36 (2) 485-515.