

Trade Union Strategy in the 1990s

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Abstract

The Trade Union movement enters the 1990s at the height of its political strength. The Accord relationship has proved to be flexible enough to accommodate the political and economic needs of both Accord partners. The trade union movement's strategy for the 1990s has been formulated within the protective umbrella of the Accord.

The trade union movement has both a vision of the future and an ambitious set of strategies aimed at securing its position within Australian society. The key challenge facing the movement is the reversal of the decline in trade union participation rates. Trade union amalgamation leading to the creation of 20 large efficient union federations will generate scale economies which will free up resources for recruitment campaigns and additional services.

The strategy of the trade union movement requires critical examination in the light of structural changes to the economy, the diversity of the labour market and new management approaches to human resource management. These factors require that unions adopt a number of diverse strategies to secure the future of the union movement. New and more decentralised union structures may be required to unionise workers in non-traditional areas. The union movement needs to constantly review its strategies to ensure they remain relevant to changing realities.

1. Australian Unions in the 1990s

The 1980s saw the union movement emerge as a dominant force in shaping economic and political outcomes and directions in Australia. Few observers at the time predicted that the union movement of the early 1980s would,

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by the end of that decade, possess the level of prestige and influence that it currently enjoys. The union movement stands at the beginning of the 1990s in a position of major influence over the direction of macro-economic policy and the extent and rate of micro-economic reform - including the crucial area of labour market reform.

This degree of influence is a function of a number of factors. These include the election of the Hawke Labor Government in 1983, the formal Accord partnership and the unique relationships between the key personalities within the trade union movement and the government who have successfully steered the partnership through difficult and rapidly changing economic circumstances. Fundamental to this success has been the ongoing capacity of the partners to adapt to both changing economic and political circumstances. Each Accord partner has shown the capacity to change in response to pressures on the other partner and both have shown flexibility in the face of external pressures on the Accord itself. A recent example of this flexibility was the Accord partners' ability to defuse the mounting pressures for a movement towards enterprise bargaining by quickly adapting their rhetoric and policy to accommodate and shape the form of enterprise bargaining to suit the ongoing relationship.

The ongoing success of the Accord relationship is all the more remarkable in the light of an indifferent international historical record in relation to the longevity of incomes policies, Australia's traditional industrial relations, and the initial skepticism of many (including many in the labour movement), of the efficacy and long term viability of such policies. Moreover, the continuing strength of this relationship is surprising given the increasingly rapid movement internationally towards policies favouring decentralised and competitive market forces.

It is important to note that the Accord relationship is a direct relationship between the ACTU and the Labor Government and not between individual unions and the government. This has a number of implications. Firstly, there has been a dramatic increase in the ACTU's power and influence and in its authority over its affiliates. Secondly, there is an assumption that the ACTU's strategies represent the strategies of individual affiliates. To date this has not been an unreasonable assumption. However, more recently some unions have shown a tendency to pursue their own strategies.

The key strategy documents of the trade union movement are the *Australia Reconstructed* (1987), *Future Strategies for the Trade Union Movement* (1987) and *Can Unions Survive?* (1989).

Each of these documents represents an important component in the building of a total strategy for the trade union movement. The strategy seeks to create appropriate trade union structures and an environment shaped to be

conducive to trade union growth. *Australia Reconstructed* represents an economic blueprint for the reconstruction of the Australian economy to meet the social and structural objectives of the union movement. In terms of trade union strategy the key concept advanced in *Australia Reconstructed* is the notion of "strategic unionism" (Chapter 6).

Strategic unionism is derived from an analysis of the union policies of a number of European countries, particularly the Scandinavian countries. The union policies of these countries are "comprehensive, integrated and framed ... to achieve long term goals and are not used simply as short term responses" (p. 169). The key characteristic of these policies is that they extend beyond the narrow traditional focus of Australian trade unions on wages and working conditions (i.e. income distribution) and focus on wealth creation through economic growth and productivity enhancement. Income policies are linked inseparably to wealth creation. Strategic Unionism also encompasses centrally co-ordinated goals and integrated strategies, tripartism, strong local and workplace organizations, comprehensive education, training and research services and "the active pursuit of these goals and strategies in their own right both inside and outside the arena of industrial relations ..." (p. 169).

These policies require a high degree of trade union organization, membership involvement, knowledge, facilities and sophistication and "a high level of resources made available by relatively high membership fees and supplemented by contributions from the general community through government expenditure; and a high level of expenditure on education and research" (p. 175). The trade union structures advanced in *Australia Reconstructed* are characterised by central co-ordination, strong local union and workplace organization and vitality, predominantly industry based unions, and a small number of larger unions (p. 175).

Australia Reconstructed provided the theoretical underpinning for the more concrete proposals outlined in *Future Strategies for the Trade Union Movement*. While *Australia Reconstructed* canvassed successful strategies of various European movements, *Future Strategies* focuses on the mounting pressures on the Australian trade union movement and publicly raises the question whether it can adapt at a sufficient rate, not just to ensure its survival, but to promote further growth.

Future Strategies identifies a number of threats to the trade union movement including: community attitudes, the policies and practices of the new right (including the use of common law, the Trade Practices Act and 'union busting'), the declining proportion of union coverage, the disinterest and/or disenchantment of union members and the inadequate level of service provision. A major threat identified is the inability of the trade union movement to respond to the rapidly changing structure of the workforce, increasing tech-

nological change, the internationalisation of the economy, " ... the gravity of the economic problem and the decline in real living standards" (p. 6).

The document proposes a number of responses to this threatening climate. It stresses the utmost importance on the need to consolidate the organizational base. This requires, it is claimed, rationalisation of union structure, improvements in communication between unions and their members, effective recruitment campaigns and the provision of a high level of services. The document concludes that:

This is a formidable agenda. Some of the issues are exceedingly difficult. Many cherished beliefs and assumptions need to be subject to rigorous and dispassionate scrutiny. This must inevitably be a painful process. But it is only by addressing these issues in a realistic and rational manner that the Australian union movement can hope to survive as a rigorous and effective force into the 1990s and beyond. (p. 40)

The most recent strategy document is *Can Unions Survive?* In the words of the then ACTU Vice-President, Martin Ferguson, the "document seeks to build on the ACTU's *Future Strategies*, through an update of Australian statistics and by reference to trade unionism internationally" (Berry and Kitchener). With union density below 40 per cent, and with predictions of 25 per cent density by the year 2000, *Can Unions Survive?* paints a very pessimistic picture of the future of the Australian trade union movement and its tone is in sharp contrast to the bold and optimistic vision of *Australia Reconstructed*. The document notes that the union movement is potentially facing its worst crisis ever. "The fact that it has occurred at a time of unparalleled influence by the ACTU with the Federal Government, and during a period of centralised wage fixing makes it even more staggering." The ACTU "can no longer claim to speak for the majority of workers" (p. 15).

The document rejects the view that unions have no future role and makes the surprising observation after seven years of the Accord that "the distortions between wealth and poverty in Australia have never been greater. While the workforce has suffered real cuts in living standards and a massive squeeze from high interest rates, the rich grow richer every day" (ibid p. 5). Hence, there is a continuing need for "a strong, caring and efficient union movement to defend the industrial and social needs of wage earners". (ibid p. 6).

Can Unions Survive? advances no new strategies for the union movement but it emphasises the urgency of the situation. It reiterates the need for amalgamation, recruitment and services.

2. The Swedish Model and Strategic Unionism

Recent developments in the economic performance of Sweden, one of the key models underpinning the ACTU's vision, raise serious doubts about the relevance of this model for Australian unions.

The Economist in a recent survey of the Swedish economy noted that the country is being shaken by a political and economic crisis characterised by eight per cent inflation, 16 per cent interest rates, stagnant output growth and a current account deficit forecast to widen to four per cent of GDP by 1991. Supply side rigidities "... have cramped productivity and exacerbated labour shortages. For two decades Sweden has been near the bottom of the OECD growth league, with the result that its GDP per head has now slipped below the OECD average." (*Economist*, March 3rd, 1990).

The consequence of this economic stagnation coupled with the high levels of taxation required to sustain the 'model' has increased pressures on the much admired Swedish consensual industrial relations framework. There has been a wave of strikes in support of big pay rises and responding government calls to ban strikes and institute a wage-price freeze.

Clearly, a fundamental precondition for the on-going success of "strategic unionism" is a healthy and growing economy. "The harmonious pattern of industrial relations that emerged in Sweden during the 1950s and 1960s was facilitated by steady economic growth" (Hammarstrom, 1987, p. 190). However, the mere existence of the consensual model does not guarantee a vibrant economy. Given Australia's deep seated and long term economic problems (which in many ways are worse than Sweden's) it is obvious that the successful implementation of "strategic unionism" in Australia will be a difficult task.

It is important to note that the implementation of the consensual model in Sweden has been facilitated by the Social Democrats having held office for 52 out of the past 58 years. This may indicate that a long period of sympathetic government activity is required to accommodate the development of a consensual culture and the social and economic institutions to support it.

Australia's history indicates the difficulties of basing a trade union strategy on the assumption of long periods of social democratic governments. The closeness of the result of the recent federal election, and the Conservatives' post-election reaffirmation of their commitment to labour market deregulation underlines these difficulties.

Strategic unionism requires very high levels of union participation, primarily to ensure a disciplined wages outcome and continuing high levels of both public acceptance and support. In Sweden, for example, union membership has remained high (having grown from 79 per cent in 1970 to 94 per cent in 1983). Part of the explanation for this high degree of unionism and its public

support is that the unemployment benefit system is organised by the unions in addition to other crucial employment related benefits such as training (Hammarstrom, 1987, p. 192). In Australia, by contrast, union participation rates are falling rapidly and public perceptions are not favourable. More importantly, it is very difficult to envisage a federal government handing over to the union movement control of major areas of social security, such as unemployment benefits.

3. Participation Rates and Union Size

With union participation rates under 40 per cent and the downward trend continuing, the immediate problem facing unionism is not the implementation of its 'vision' but rather overcoming a growing legitimacy crisis. In the private sector the union movement can only legitimately claim to directly speak on behalf of a third of the workforce. In the fastest growing areas of the economy the unions are making little impact. If these trends continue, these dynamic sectors will be non-unionised. This growing legitimacy crisis not only impacts on the union movement, but also on the institutions it relies upon, such as industrial tribunals. It will become increasingly difficult to protect a system which sets wages and conditions for over 80 per cent of the workforce when less than 40 per cent are members of unions.

Clearly, the legitimacy crisis must be the focus of trade union strategy in the 1990s. Tackling this crisis may require the modification of the broader vision and may even need to be approached independently of the pursuit of the broader vision.

The main ACTU strategy for reversing the decline in union participation rates is to accelerate union amalgamation with a view to "... the creation of 20 large and efficient union federations". According to *Future Strategies*, it is "obvious that Australia has too many unions" and that the solution to current difficulties is also "obvious". Unions "need to amalgamate in order to form larger, efficient units (p. 13).

In more recent policy documents, the ACTU has also claimed it is "self evident" that larger unions will create economies of scale, thus freeing up resources which can be targeted at recruitment campaigns and improved service provision. Whilst a smaller number of larger unions are the norm in the Scandinavian model, this does not of itself justify union amalgamations as the primary response to declining participation rates. The economies of scale argument is asserted rather than established by compelling evidence. In the Australian context it is not clear that these issues are as "obvious" or "self evident" as is asserted.

The notion that because an organization is big it is also efficient is questionable. The real question is not size, but whether a task or group of tasks is performed efficiently, that is with the optimum amount of resources required.

The size of the organization of itself is not a determinate of efficiency. There are countless examples of large inefficient organizations, of small efficient organizations, and vice versa.

In short, it is not obvious that "big is better". The current trend in many private and public sector organizations towards smaller planning or business units is a clear reversal of the previous trend to large centralized structures (Levinson, 1983). The appropriate size for an organization is not "self evident". It requires a proper assessment of a number of considerations including the task, product, resources, operating environment and competition.

In the same vein, the notion of economies of scale has limited applicability to union activity. The phenomena of economies of scale is usually found in activities that are characterised by uniform standard outputs. As these outputs increase, usually because of mass production techniques, average costs decline. In short, the environment lending itself to economies of scale is a very different environment to that of the union movement.

In the day to day activities of the union official there are very few uniform standard activities that lend themselves to mass production techniques. In fact, most union activity is about dealing with very specific and individual problems of members. Moreover, much of the activity is unplanned and reactive. It is far from the constant and repetitive activities associated with notions of economies of scale. The human resource practice that is a characteristic of the development of successful operations based on economies of scale is Taylorist in nature. Are unions to be characterised by human resource practices based on Taylorist principles?

A contrary approach to economies of scale, is one which seeks to contain costs and free up scarce resources by controlling cost creators. This is done by developing cost centres which identify costs and make those responsible more accountable. For this approach to be effective, smaller rather than large units are required. Moreover, modern marketing practices in mature industry sectors (unions have many of the features associated with maturity), require organizations to decentralize product lines into discrete operations to ensure that costs are reduced and resources are targeted so as to maximize effectiveness i.e. the development of niche strategies.

The view that larger unions are needed to generate economies of scale fails to deal with its converse - diseconomies of scale. At what level of membership are the alleged benefits associated with increased size lost? At what size will the functions currently handled by the union secretary require a personnel department within the union staffed by large numbers of specialist human resource officers? Ginzber and Vojta (1985, p. 217) have demonstrated that beyond a "certain point size becomes a dysfunctional force by creating unduly complex structures and flawed decision making mechanisms".

Others have argued that the size of unions is not an important factor in their effectiveness. According to former National Secretary of the Ironworkers' Association, Laurie Short:

Experiences in other countries show that the size of unions is not crucial to their survival. Most British unions are losing members because of government policy, economic conditions and the antiquated attitudes of many union leaders. Their size and number is almost irrelevant in the diagnosis of their terminal illness. The Japanese have hundreds of enterprise based unions. They show no sign of catastrophic decline. Nor are West Germany's 19 industry wide unions with their huge memberships. These union movements are successful because they have responsible policies and because their countries are democratic and prosperous.

Laurie Short's conclusion is that:

Although Mr Kelty does not rely solely on union amalgamations in his plans for the future, he does place it very high on his agenda. He would do better if he gave it a lower priority, because it is not so much the size of unions that counts as what they stand for and what they do. (Short, 1987, p. 7)

4. Business as usual?

An requiring at least brief examination is 'business as usual' - perseverance with the status quo. This approach would see unions operating in much the same manner as the past, attempting to recruit new members in the new sectors of the economy and utilising current techniques and structures. As in the past, changes to both techniques and structures would be evolutionary in nature. Whilst it can be argued that the decline in participation rates is alarming, it should not be viewed as a direct threat but rather as a consequence of both the changing nature of economic activity and the success of unions. The declining participation rates will ultimately bottom out and unions will find an appropriate role to fulfil in Australian society. The decline in union participation rates is an international phenomenon, it does not suggest that Australian unions are doing anything particularly wrong.

This alternative is rarely considered other than as a negative to be dismissed. To do nothing it is argued, would see unions reduced to a position of irrelevance at a time when the inequalities in income distribution are allegedly increasing (Berry and Kitchener, 1989, p. 5). In short, to do nothing is to abnegate the responsibility entrusted to the current generation of trade union-

ists by their predecessors. Union survival will be assured since unions will always be required to deal with income inequalities.

The difficulty with associating the future need for unions with the existence of income inequities is that the two are not necessarily linked. If the linking argument implies that inequities in income distribution are related to the respective share of gross domestic product returned to capital and labour, it is not accurate. Income distribution has a number of dimensions. Two key dimensions are firstly, the distribution of GDP between capital and labour, and secondly, income distribution between wage and salary earners and other income recipients. In western developed countries labour's share of gross domestic product is over 80 per cent. On the basis of these figures Drucker has argued that the union is the most successful institution of the 20th century and has attained its original objectives:

There can be no more "more" when the labour's share of gross national product in Western developed countries is around 90 per cent - and in some countries such as Holland, close to a 100 per cent. (Drucker, 1985, p. 181)

Leaving aside the obvious difficulty in accurately determining the value of the respective shares of GDP flowing to labour and capital, it is clear that unions have been remarkably successful in increasing the return to labour. So much so that one of the most important economic strategies for the Labor Government in its early years was "to use the Accord as a means for restoring the conditions for private sector profitability." (Stilwell, 1986, p. 52). This was partially achieved by increasing capital's share of GDP.

Increasingly, as more workers become members of superannuation funds (and through their superannuation funds equity holders in corporations), the issue of income distribution involves distribution between individual workers; between groups of workers; between non-wage or salary income recipients; and between social welfare recipients funded by taxation on workers. In this context, income redistribution will require government action and will be a political consideration.

It follows from the above that the problems facing unions are problems associated with the general success of the movement, many of its original objectives have been achieved. In this context, the *Can Unions Survive?* focus on the past rationale for union action is to miss the essential point. The essential point is the development of a future rationale for unions and justification for the requirement that unions dramatically alter their complexion to achieve their future role. There is no question about the past rationale for union activity. To the extent that circumstances require this traditional union

activity, it can be performed under current conditions. In short, *Can Unions Survive?* offers no new rationale for union activity or justification for the requirement that unions change their structures. It relies on analysis of the past to explain and justify the future. Drucker has warned that one of the problems facing the union movement is that

the labour union is incapable of even thinking about new challenges, new objectives, new contributions. All it can do is repeat the old slogans and fight the old battles. For the "cause of labour" is an absolute good. Clearly, it must not be questioned, let alone redefined (Drucker, 1985, p. 181).

Can Unions Survive? fails to detail new challenges and new objectives for the union movement. Without this detail, calls for union amalgamation and recruitment campaigns are hollow. If the battle is the same, as is claimed, why is there a need to change the battalions which have proved to be successful? The challenge is not to devise new methods of recruiting increasingly reluctant people to views of the world they find difficult to accept. Rather it is to alter unions so they are relevant and effective, and most importantly, perceived to be so.

The greatest obstacle facing the union movement in increasing its relevance is its inability to overcome the limitations of the culture it has developed over many years. Reich (1987) has argued that every culture is supported by deeply rooted parables which provide meaning and coherence to common experience. These cultural parables have the ability to continue to inform and provide sound guides to behaviour even when they lose their connection with broader reality. Over time, behaviour based on such outmoded cultural parables "can metamorphose from myth to damaging delusion" (Reich, 1987, p. 8). In short, a prerequisite to establishing relevance by redefining the "cause of labour", is the ability to overcome the debilitating effects of outmoded culture. The union movement of the 1990s will need to seriously examine the parables that sustain its culture to ensure they are not inhibiting relevant strategy.

5. Flexible Specialisation

A more sophisticated analysis of why the 'business as usual' alternative is no longer appropriate is to be found in the work of theorists that are influenced by the work of Piore and Sable on "flexible specialisation" (Piore and Sable, 1984). Mathews, for example, argues for a post-Fordist industrial relations system based on the notion of "co-operative accommodation" (Mathews 1989). This type of industrial relations system would be "post Fordist". It

would be characterised by management assumptions about workers' needs for creative challenging work; by management structures that are flexible and flat and which focus on co-ordination rather than control; by job design that requires broader multi-skilled teams of workers; by active skill formation policies; by customised wage structures; and by extensive consultation (Mathews, 1989, p. 155).

In an earlier work, management theorist Tom Peters argued a similar case (Peters, 1987). Peters argued that the successful firm of the 1990s will be less hierarchical; populated by more autonomous units; oriented towards differentiated products for niche markets; more responsive and innovative; and most importantly, a "user of highly trained, flexible people as the principal means of adding value" (Peters, 1987, p. 27).

The work of both Peters and Mathews are a much more convincing argument for altered union structures than those examined earlier. Clearly, in a world of rapid change in both technology and social values, it would be remarkable if traditional union structures were still appropriate. Unions must alter their structures to accommodate the broad skill base of the "post Fordist" worker. Both narrow craft unionism and the "new unions" of low skilled workers will progressively come under pressure to alter their traditional structures to accommodate flexible specialisation and associated management structures.

It is important to note a number of points about the above analysis. Firstly, the introduction of flexible specialisation techniques will not occur at the same rate in all sectors of the economy. The pressure in protected areas of the economy will be less than those in areas which are subject to global competition. Consequently, the rate of restructuring of unions will also be different. It is highly likely that the current union structures will have to accommodate both "brown field" Fordist and "green field" post-Fordist work relationships for a long period of time. Rather than a rapid transformation of union structures, a much slower evolution may be the process by which unions lose their traditional narrow craft focus. The key issue for unions is the development of the flexibility required to accommodate "post-Fordist" work relationships at a pace consistent with the needs of the post-Fordist workforce, the employing enterprise and desirable rates of economic growth. In short, strategic unionism with a meso or micro focus.

Secondly, the movement to flexible specialisation is a movement to smaller economic units or specialised production for niche markets. The emphasis is away from big units. Flexible specialisation is built on increasing the value of outputs. It is the opposite to mass production strategies that seek to lower cost through economies of scale. A union strategy aimed at increasing the size of its operating units at a time when work is being reorganised into smaller units is a strategy that requires careful consideration. This is not to imply that it is not possible to establish large union structure when work is

organised around principles of flexible specialisation. By the same token, the development through flexible production of a broadly skilled workforce and a culture facilitating skill enhancement and skill based career paths, does not necessitate large industry unions. Friedman, in a recent study of the Japanese machine tool industry, demonstrates that the success of the Japanese in dominating the market for machine tools is a function of production flexibility (Fiedman, 1988). Japanese unions are small and not organised along industry lines. Clearly, the emergence of post-Fordist work structures does require changed union structures but does not make large union structures inevitable.

Thirdly, the technology that supports flexible specialisation and its generalisation has the potential to fundamentally alter the nature of industries and the skills within traditional industries. Zuboff (1988) has argued that new information technology is characterised by a duality that has the ability to both "automate" and "informate" production and administration. If information technology is used only to "automate" operations it has the potential to further deskilling work. However, the same technology can be used to informate operations. If so used, it will "increase the explicit information content of tasks and set into motion a series of dynamics that will ultimately reconfigure the nature of work and the social relationships that organise productive activity" (Zuboff, 1988, p. 11). Information technology, particularly when applied in an informing manner, has resulted in dramatic changes to the traditional nature of skills required by many industries. Industries once dominated by manual skills now require "intellectual skills". Intellectual skills are required "when action is refracted by symbolic medium" rather than being "derived from sentient experience" (Zuboff, 1988, p. 95). Traditional industrial work is becoming more and more subject to abstraction through the introduction of computer based information technology. As this occurs, the ability to talk with certainty about distinct industries, based on specific sets of skills or activities diminishes. As information technology spreads industry distinctions will merge. Large sections of the workforce will be intellectual workers and work in the information industry. The output of their particular sectors of the information industry will vary but the skills required will be very similar in nature. In this context, unions structured to reflect distinctions based on industry output will have as little relevance as those based on craft distinctions. In short, changed union structures are required, but it is questionable whether industry unions are the appropriate basis for organising future union structures. In many respects, the industry union is the logical union structure for the industrial production system that is currently being replaced. It is the evolutionary nature of the current change to work organization that masks this development.

6. Human Resource Management

If "business as usual" is unacceptable to the union movement another alternative requiring considered examination is one based on the realisation that any one strategy may not be suitable for dealing with an increasingly diverse labour market, or the changing pressure from management for the use of human resources as a basis for competitive advantage.

Over the last two decades, changes in the economic structure of the Australian economy have resulted in changes in workforce demographics and more diverse levels of employment participation and patterns. The growth of employment in the service sectors, employment decline in primary and secondary sectors, and the different patterns of employment required by the service sector have been analysed by a number of commentators both within and outside the union movement (Berry and Kitchener, 1987 ch 2; Whitfield, 1987). This growing diversity makes it extremely difficult to develop one strategy for increasing union participation. The needs, in terms of representation, direct services, and most importantly, expectations of the workforce, vary both within and across sectors. The mass market for union services is undergoing a similar transformation to that of general consumer product markets, namely market fragmentation.

One consequence of the changing nature of the economy and the labour market that has not received much attention from the union movement is the growing choice available to management in dealing with industrial relations issues. The emergence of choice, or a strategic approach to industrial relations in the United States has been analysed by Kochan, Katz and McKersie (1986). These authors have shown that product market changes have required firms to reassess their commitment to a particular business; the type of competitive strategy required to ensure profitability; and the mix of technology, production practices and industrial relations policies required to implement the business strategy. The intensity of management's opposition to unionisation has become much more a function of its relationship to the firm's overall business strategy. For example, the growth of union avoidance strategies in the 1980s was the result of business strategies that sought to retain competitive advantage through cost control and price competition. The same approach can apply to firms with other business strategies. In short, management has not become any more anti-union. Rather it has become more conscious of the strategic alternatives to unionisation, and is implementing strategies to achieve its desired human resource policies.

Management's ability to deal with industrial relations strategically has been facilitated by the development of the Human Resource Management (HRM) as an accepted management practice. HRM is defined as a synthesis of the activities of organizational behaviour/development, industrial relations

and personnel administration. It "involves all management decisions and actions that affect the nature of the relationship between the organization and employees - its human resources" (Beer et al, 1984). The HRM approach stresses the need to develop policies and practices that fit the competitive strategy of business. If the competitive strategy is dominated by a need to compete on price, HRM policies and practices must facilitate this. If, on the other hand, quality is the prime business consideration, the HRM policies and practices must encourage quality outcomes. HRM is both a philosophy and a set of practical techniques. The level of sophistication of the techniques depends very much on the competitive strategy of the firm. HRM seeks to provide the firm with a flexible set of techniques to ensure human resources are as integrated towards its overall business strategy as any of its other non-human resources, such as capital. In general, the degree of the firm's commitment to the implementation of an HRM philosophy, as a union avoidance strategy, is a function of the level of competitive pressure on the firm (Kochan, et al 1986, p. 79). Firms not subject to intense competitive pressure are more likely to feel comfortable within the traditional industrial relations framework.

In the Australian context, competitive pressures and management's ability to approach industrial relations strategically through HRM techniques, underscores the growing move for change to industrial relations practice and the different forms of change being sought. In broad, pressure for change is being applied in three areas (see diagram 1). Firstly, there is pressure from firms within the traditional industrial relations system which are comfortable within that system, but which are seeking more flexibility at the enterprise level. The MTIA approach to industrial relations is a good example of this approach. This type of management is not actively opposed to unionisation since unions facilitate the bargaining process and administer the outcomes.

Secondly, there is pressure from firms which are committed to sophisticated HRM practices and see the role of unions as limited or redundant. The work of the Business Council of Australia and Hilmer on enterprise bargaining units is an example of this approach (BCA, 1989; Hilmer, 1989). The preferred position under this approach is no traditional unions. The recognition that in Australia, because of the centralized system, unions cannot always easily be avoided, has resulted in the development of an approach to industrial relations known as "employee relations". Employee relations seeks to combine a broad range of HRM techniques with limited traditional industrial relations activities.

Finally, there is pressure from firms, usually small businesses or primary sector businesses, which employ small numbers and which seek maximum flexibility. This group is the most anti-union in approach. The focus is on common law contract as the appropriate basis of the employment relation-

MANAGEMENT APPROACHES TO INDUSTRIAL RELATIONS INFLUENCING TRADE UNION STRATEGY

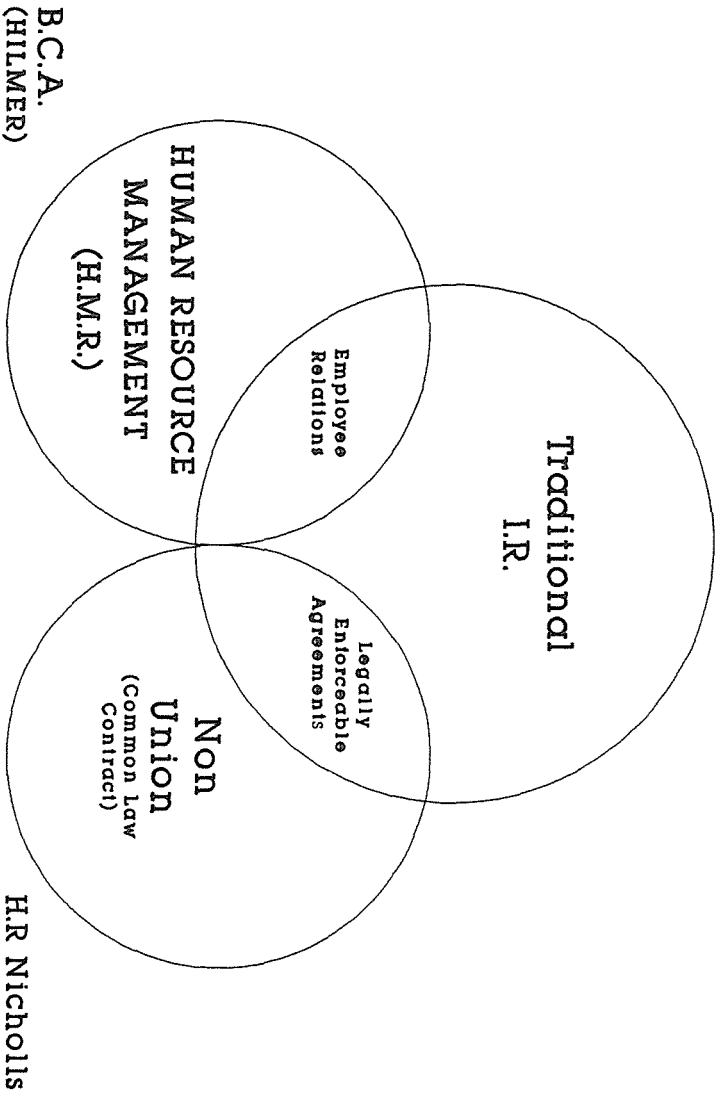


DIAGRAM 1

ship. Under current circumstances this approach relies on legal sanctions to discipline unions where these cannot be avoided (H.R. Nichols Society, 1986).

The changing nature of the labour market and the level of active opposition to unionisation from management requires that unions adopt distinct and specific strategies in each of the three areas. No one strategy will suffice for all areas.

In areas which are currently characterised by high levels of participation, limited management opposition to unionisation and traditional industrial relations, union strategy should primarily be focused on maintaining the pace of reform of both industry industrial relations and union structures consistent with the needs of both the employees and the industry enterprises. Bipartite or tripartite Accord type structures may facilitate the appropriate pace of reform. These Accord relationships would be similar to the current Accord negotiations in content, but be applied at a different level - at the meso (industry) or micro (enterprise) rather than the macro level.

There are two advantages gained from lowering the focus of the Accord relationships. Firstly, it would allow for greater shop floor involvement in the process and a greater feeling of 'ownership' of the resultant outcomes than is currently the case. Secondly, the survival of the Accord relationships would be independent of the political/electoral process. Under these arrangements the growing legitimacy problems facing the unions could be more easily overcome. Union membership could be encouraged by the Accord partners. Unions' key membership enhancement strategy, within this context, would be the development of "excellence" in representation and communication, facilitated by the use of more highly trained union officials and information technology. Direct service provision by unions would play a more limited role in this area. The services could be provided by the bipartite partners; could be narrow in range; could be largely undifferentiated; and could be focused at areas complementary to the work relationship (for example, childcare and medical services).

The direct provision of services by unions is much more important in increasing union influence in the other two areas identified above. The difficulty is not providing services as such, it is providing the right services. Undifferentiated direct service provision is appropriate when it is a minor part of the unions' strategy to develop a relationship to the member or potential member. It is not appropriate if the provision of direct services is the key strategy for increasing participation rates. A more sophisticated approach is required. In the more traditional trade union area services are "sold" to members as an additional benefit of belonging to the union. Selling undifferentiated services as an added benefit of membership will be unlikely to increase participation rates in areas where unions have a limited representa-

tional role. In these circumstances, unions must develop marketing strategies, not selling strategies. Levitt (1986) has argued that there is a difference between selling and marketing which is more than semantic. "Selling focuses on the needs of the seller, marketing on the needs of the buyer". The marketing-orientated organization seeks to deliver to the marketplace services that the consumer sees value in, and most importantly, "what it offers for sale is determined not by the seller but by the buyer" (Levitt, 1986, p. 154).

Segmentation in all its forms, coupled with the different human resources policies of management in the non-unionised areas, will require unions to develop both differentiated services and differentiated marketing strategies. The successful implementation of this strategy will require proper market research. The non-union worker employed in the firm that practices sophisticated HRM will require a different set of services and represent a different market for unions than the non-union worker employed part-time in a small business with no formal human resource policy. The areas where unionisation exists, but is being challenged and threatened with displacement by either HRM practices or the inability to defeat or control employer initiated campaigns of legal action, may require quite different services to hold these members. A strategy based on targeted differentiated services is a much more advanced strategy than that proposed in either *Future Strategies* or *Can Unions Survive?*, which seek to tack onto existing representational activities a number of largely undifferentiated services.

Clearly, the application of marketing concepts to the problem of unions' participation rates has important consequences for both the nature of union activities and structures and will require a change of culture. Unions will need to develop, or buy, the marketing skills required to successfully implement this strategy. A marketing culture, fostering innovation and quality service, needs to be developed.

With a shift to a union relationship based primarily on service provision rather than representational activities, the greatest challenge facing unions is to develop new structures to accommodate new membership categories. The need to make a similar shift to deal with declining participation rates has already received the attention of labor movements in other countries. The AFL-CIO, for example, has recommended that United States labour unions offer "associated memberships" to workers not part of organised bargaining units. Lane Kirkland, President of the AFL-CIO, has claimed that associate membership has allowed unions the opportunity to "maintain and develop a relationship between workers who want access to collective action ... but where the exigencies make it impossible to establish a contractual relationship with the employer" (Hecksher, 1987, p. 183). A number of United States unions introduced associate memberships with success. The Hawaii Government Employees' Association, which has a bargaining unit strength of

about 15,000, is an innovator in this area. It has over 5,000 associated members (Johnson and Miller, 1986).

In Australia, due the award-based bargaining structures, the development of associate membership arrangements providing access to a range of services would need to be handled carefully to ensure that it attracts new members and does not cannibalise traditional members. An alternative to the current form of membership will most certainly be required to attract workers working in organizations with well developed HRM practices paying above award rates, or workers in part-time jobs that are viewed as family income supplements. In short, new differentiated services are needed as well as new structures to deliver the services. Unions need to explore the opportunities available in the current threatening environment and to develop new types of relationships with the newly structured workforce. These new relationships will only be established if they are approached from a perspective that begins with the needs of the new workforce of the 1990s rather than from a perspective that seeks to accommodate and perpetuate the needs of a mature union movement.

New membership relationships could evolve into new union structures to accommodate workers in the newly developing sections of the economy. These new unions may have to co-exist with more traditional structures in the mature sectors of the economy. Hecksher (1987) has argued that the survival of the union is linked to the evolution of unionism towards a form that has more flexibility than the highly structured industrial unions of the present. This form of unionism he terms "associational unionism". Associational unions, unlike traditional industrial unions, do not seek to create unity by the imposition of "uniformity over an industry or type of work". Rather they are "relative to current unions, more decentralized", and "have a greater ability to educate members about complex issues, and can build unity around a general vision rather than a fixed contract" (Hecksner, 1987, p. 245). In short, associational unions replace the organizational uniformity of the traditional mass-production industrial union with a form of co-ordinated diversity that reflects the needs of the more differentiated post-industrial workforce (*ibid*, p. 177).

The development of associational unionism requires the development of much more advanced statutory provisions protecting employee rights. Employee related legislation, such as that dealing with Anti-Discrimination and Occupational Health and Safety, are the first steps towards a framework that could support associational unions. Associational unions could be integrated with more traditional structures for providing services and benefits to members such as co-operatives and friendly societies. Flexible structures which combined benefit provisions with diverse collective objectives provided the

foundation for the modern Australian trade union movement (Turner, 1978, p. 15). A skillful integration of similar collective activities, albeit in a more advanced form, may well provide the foundation for the unionization of the non-union areas of the economy of the 1990s. If the concept of associational unionism is embraced, traditional unions will have to play an important role in developing a supporting framework. The industrial strength of traditional unions could provide a protective environment for nurturing a new, post-industrial form of unionism. In turn, as this new form of unionism grows in strength, it may provide the public support and legitimacy needed to maintain more traditional forms of unionism.

7. Conclusion

The 1990s are an important period for the union movement. The Accord ensures that the movement enters this critical period at the height of political strength. The full strength and resources of the union movement will be required to meet the challenges of the 1990s. The most testing challenge faced is the challenge of relevance. To maintain support and legitimacy the union movement must embrace change. The leadership of the movement has recognized the need for change and has developed both a vision of the future and strategies for implementing the vision. The rapid pace of structural change that characterises the present period requires that strategies be constantly reviewed to ensure their continuing relevance. Failure to review and modify current strategies to accommodate new realities can result in yesterday's solutions being applied to today's problems. The union movement needs to re-examine its solutions to ensure that they are, indeed, the answer to today's problems.

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