Myths and Realities: A Review of the Australian Workplace Industrial Relations Survey

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Abstract
There has been little empirical research into enterprise and workplace industrial relations. The Australian Workplace Industrial Relations Survey fills a major void. This paper examines the results of this Survey. It challenges the 'industrial relations' perspective adopted as well as some of the major conclusions, particularly those relating to industrial relations constraints upon flexibility. The paper also compares the findings with those of the Business Council's Industrial Relations Study Commission.

1. Introduction
Much of the debate in National Wage Cases about approaches to industrial relations and about the merits of various wage fixing options is based on what might be called deductive reasoning or, more pejoratively, 'expressions of faith'. In the Council's view, with some exceptions, little debate in National Wage Cases is founded on empirical research. This is particularly so regarding the relative merits of enterprise bargaining and, indeed, how enterprises actually function. The lack of empirical research reduces the efficacy of the debate.

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One of the few exceptions to that general observation is, in fact, the Business Council itself. The Commission will be aware of the research work the Council commissioned through its Industrial Relations Study Commission. The work, based on case study, survey and other research, is one of the few, perhaps the only, large scale research works on the question of how enterprises operate in an industrial relations sense and the difficulties they encounter as a result of the traditional structural and institutional features of Australian industrial relations (Business Council of Australia, 1990, p. 24).

Happily, this recent observation about the state of the empirical basis for policy making in Australian industrial relations is no longer true, at least to some extent. The publication of the Australian Workplace Industrial Relations Survey (Callus *et al*, 1991) has helped fill the empirical vacuum.

It is, of course, hard to argue against the proposition that the collection of data, where previously the data had not been collected, is not in the interests of better policy making. In that sense, AWIRS is certainly a 'good thing'. For that reason, it is unnecessary for this article to extol the virtues of AWIRS. The principle purpose, therefore, will be to comment critically on the underlying values of the Survey and to examine the inevitable difficulties with the first of what, hopefully, will be a regular survey. Particular attention is given to the extent to which the Survey exposes or confirms the conventional views about Australian workplaces.
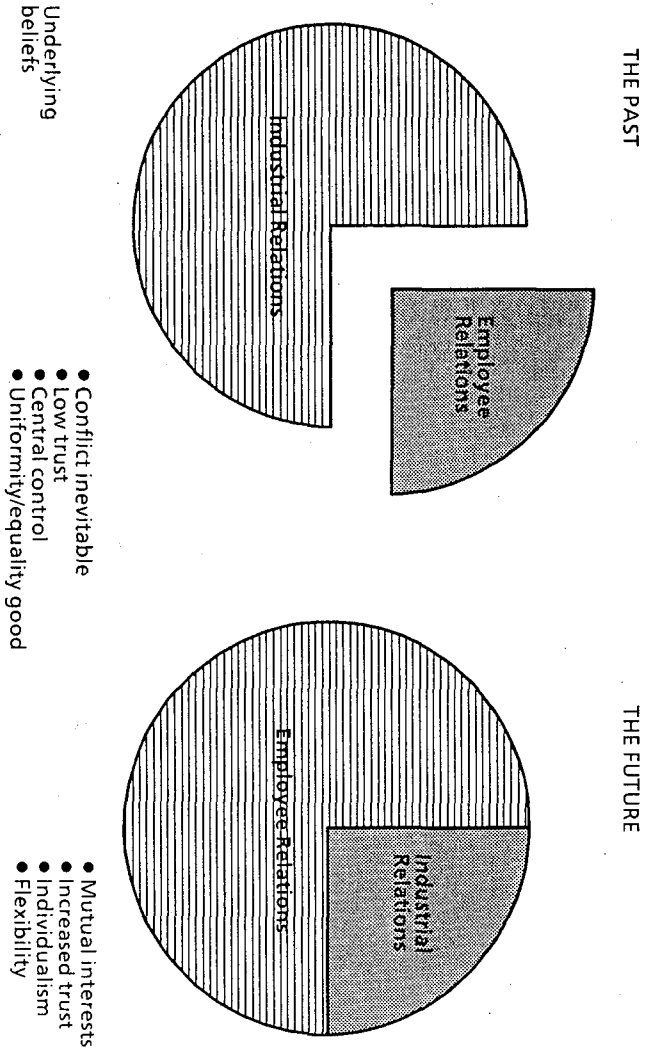
2. The Scope of Industrial Relations

The authors of AWIRS use the term 'industrial relations . . . to cover the full range of issues that arise out of the formal and informal employment relationship, the management-employee relationship and, where relevant, the management-union relationship' (p. 8). They do so on a number of grounds. In particular, they reject an 'employee relations' approach, defining it as embracing 'the developments in management strategies which focus on the direct interaction between management and employees' (p. 7), because it is said to ignore the more formal rule-making and structures which impact on the workplace.

The most recent articulation of an employee relations approach is to be found in the first Report of the Business Council's Industrial Relations Study Commission (Industrial Relations Study Commission, 1989, p. 5 - 9). The Study Commission's conceptualisation of employee relations is illustrated in Figure 1.

As the authors of AWIRS suggest, it may well be that these two approaches only represent different points on a spectrum. If that were so,

Figure 1

THE PAST

THE FUTURE

Underlying
beliefs

Industrial Relations

Employee
Relations

Employee Relations

Industrial
Relations

- Conflict inevitable
- Low trust
- Central control
- Uniformity/equality good

- Mutual interests
- Increased trust
- Individualism
- Flexibility

it might have little impact on the authors' findings and the conclusions for policy which might be drawn from them. The problem is that the 'industrial relations' mindset with which the authors examine the data available to them leads to some analysis which does not bear close scrutiny. This is most apparent in the discussion of management structures in Chapter 4. There, the 'management of employees' is viewed as a function separable from other aspects of management with a 'trend', arising from the growth of the 'bureaucratic organisational form', to the appointment of specialist managers to 'carry out many of the industrial relations functions that were once the responsibility of line managers'.

AWIRS appears to contain no data on which to base a conclusion about the emergence of a trend of the kind discerned by the authors, though it is a comfortable fit with their preference for an industrial relations approach. On the contrary, the available data suggests the very opposite. In a report to the Business Council examining developments in this area, the National Institute of Labour Studies concluded (1989, p. 8) that there was a strong trend in large Australian companies to delegate much of the personnel and industrial relations functions to line managers. Dunphy and Stace (1990, p. 180-181) identify a similar trend: the decentralisation of human resource management away from centralised human resource units in firms.

Of course, the Study Commission report concerned only the large corporate sector and Dunphy and Stace did not cover the field. AWIRS, which is a broader survey, might produce a different picture. As it turns out, however, AWIRS data is also contrary to its authors' conclusion. For example, at page 80, the authors say that the 'survey results indicate that industrial relations decisions were not the sole responsibility of particular managers within organisations but were spread among a variety of managers'. At page 86, it is said of the change to management titles towards 'human resources' or 'employee relations' that they 'represent management's view as consensual rather than conflictual, and a prime objective is to develop direct lines of communications between management and employees'. If one side in the employment relationship has this view of it, an employee relations view, then how can the industrial relations approach properly explain what is happening at the workplace?

To sum up, the so-called 'industrial relations' approach does not seem to be a particularly useful tool for analysing the AWIRS data, at least, when it comes to analysing management structures. Indeed, the available evidence, including some from AWIRS itself, directly contradicts the industrial relations approach.

What is particularly disappointing is that when the data does not fit the thesis, alternative explanations, more in line with the thesis, are sought.

For example, a finding that senior managers made decisions on 'industrial relations issues' does not sit well with the so-called trend to specialist industrial relations managers, the latter 'trend' being consistent with the industrial relations approach. AWIRS gets around this by suggesting that workplace managers making industrial relations decisions 'could mean that higher level management sets stringent guidelines . . . workplace managers can make decisions only within parameters that are determined by higher level management' (p. 79). Unfortunately, AWIRS did not interview managers 'beyond the workplace' '(p. 76), so there is no way of knowing whether the authors' speculation has any basis in fact.

3. Constraints on Enterprise Performance

One of the most publicised findings from AWIRS concerns possible industrial relations constraints on workplace performance. This is examined by way of a question to managers responsible for the respondent workplace's industrial relations about the constraints they faced in carrying out their jobs (pp. 98 and 99) and by way of questions to managers about hours of operation of their workplaces and reasons why efficiency changes cannot be made (pp. 203–208).

Forty-two percent of managers with industrial relations responsibilities felt they faced no constraints though there were considerable sectoral and size differences. Nineteen per cent reported industrial relations constraints with larger workplaces more likely to report such constraints.

Lack of autonomy was another constraint identified by 10% of respondents though with a significant sectoral difference - 22% in the public sector and 5% in the private sector.

The authors conclude that organisational constraints are more of a problem than the industrial relations environment.

Separately, managers were asked what efficiency changes they wanted to make but could not. Fifty-seven per cent identified no changes. Technology and capital resources were the major complaints. Up to 8% suggested greater autonomy was required. Thirteen per cent identified industrial relations issues.

The industrial relations barriers were also examined via a question about preferred operating hours with nearly half responding that hours were determined solely by demand. Of those whose operating hours were determined other than by demand or technology, e.g. by legislation, awards or custom and practice, 36% indicated that but for those constraints they would have different operating hours.

The authors conclude that 'management' issues generally hampered

efficiency, rather than industrial relations considerations.

The AWIRS concludes with the following:

> Our survey evidence shows that more workplace managers perceive factors other than traditional industrial relations concerns - such as capital limits and organisation issues - as greater impediments to improving workplace efficiency and productivity.   Moreover, a factor evidently constraining managers from reforming workplaces which are part of larger organisations is a lack of autonomy or authority to take the necessary decisions.

> Interpreting this evidence calls for closer investigation.   For example, the low incidence of perceived industrial relations problems may in part be associated with the high rate of turnover amongst specialist managers leading to a lack of skills or priority allocated for the negotiation of complex changes in workplace practices and culture - matters which involve longer time horizons to resolve.   Other managers may regard industrial relations constraints as inevitable or beyond their authority to address; or, in the absence of knowledge about international best practice, not significant.   Such issues demand further research if policy and programs directed toward major workplace reforms are to be appropriately developed and targeted (p. 213).

This evidence has been widely reported and interpreted as meaning that the industrial relations system does not hamper workplace efficiency nearly as much as management performance.   For example, in releasing the Survey, the Minister for Industrial Relations called for an examination of the role, functions and skills of management because of the 'dramatic' lack of autonomy by workplace managers (Cook, 1990, p. 7).

In this light, it is necessary to examine closely what the Survey actually tells us about this issue.

First, the Survey does not, in fact, suggest lack of autonomy is a 'dramatic' problem.   Only 10% of managers responsible for industrial relations reported it to be a problem - about half those who said industrial relations issues were a problem.   Less than 8% of managers generally reported lack of autonomy to be a problem. Eighty-eight per cent of private sector managers whose workplaces were part of a larger organisation believe they have medium to high autonomy (p. 82).

It should also be borne in mind that, as managers 'beyond the workplace' were not interviewed, a complete perspective on the issue of autonomy is obviously missing.

Another problem with the autonomy argument is that management

autonomy is not necessarily the most appropriate approach to all business situations. The discussion in the report and elsewhere proceeds on the basis that autonomy is a desirable characteristic in all circumstances. Yet, Dunphy and Stace (1990, p. 77) illustrate that the style of management - collaborative, consultative, directive or coercive - will depend on the scale of change and challenges. For example, major transformations may require more direction and less collaboration. Thus, a prescription that managements should always in all circumstances be autonomous would be quite wrong.

Second, the Survey does not test, other than very incompletely, whether managers are justified in rating lowly the impact on efficiency of industrial relations issues. The question asked about what determines operating hours is an incomplete guide at best, especially in the light of the authors' acknowledgement that 'managers (may have) accepted the industrial relations environment as given' (p. 99).

Acceptance of the industrial relations environment by workplace managers was also a feature of the Business Council's Workplace Survey. In examining the data, the National Institute of Labour Studies said

> . . . site managers appear reasonably content with the IR system. They trace their major productivity difficulties to non-IR issues, such as a lack of skilled labour, absenteeism, poor work layout, and poor supervision. Only the inability to reward good performance, clearly an issue related to awards and the IR system, was viewed as having even a moderately adverse impact on productivity . . . When asked directly, plant managers did not view the IR system as a problem, but when we statistically link their responses regarding performance and the characteristics of their plants, the IR system clearly shows up as important. Multiple unions in the workplace are a significant cause of restrictive work behaviours, inflexibilities and conflict. Multiple unions and related union demarcation issues may not be perceived by plant managers as a problem, but evidence provided by those same managers suggests otherwise . . .the award structure also has adverse effects on the workplace. Company awards, as opposed to multi-employer awards, are associated with less inflexibility, restrictive work behaviour and industrial conflict. Furthermore, having to deal with both Federal and State jurisdictions as a consequence of award coverage is associated with greater levels of strike activity and resistance to change. (National Institute of Labour Studies, 1990, p. 47).

In short, evidence is available to support the contention that the industrial

relations system hampers workplace performance but that managers, working within the system, accept those limitations.   This is not to say that management issues are not a problem; indeed, amongst other reforms, some greater managerial capacity to measure the impact of industrial limitations does seem necessary.   Reforms need to be undertaken of both management practices and the system.

To be fair to the authors, they at least acknowledge, unlike some commentators too quick to focus on the management issue, the need for further research on the AWIRS data to identify more accurately its messages. On the face of it, there is considerable scope to analyse the AWIRS data to assess the factors impinging on workplace performance.   It would be disappointing if the ready availability of the data sets for secondary analysis did not prompt the academic community to examine these issues in more detail.

An issue associated with the performance of enterprises is the nature of the 'industrial relations indicators' which might be used to judge that performance. AWIRS uses some traditional indicators such as absenteeism, labour turnover, dismissal and industrial action.   Although a high incidence of each or any of these may be an indicator of 'poor' industrial relations performance, a low incidence does not necessarily indicate a 'good' industrial relations performance.   Better indicators are needed.

Amongst the kinds of indicators which might give a better measure of industrial relations performance is the impact of various industrial relations characteristics (e.g. award and union coverage, workplace level dispute management practices) on the firm's: international competitiveness, its adaptability, degree of common interest, extent of overmanning, work organisation, downtime, cost of maintenance, capacity to fully use technology, on the choice and scale of technology, introduction of new management techniques, on skill development, and on the change process itself.

AWIRS highlights major deficiencies in this area.   In turn, these deficiencies highlight the need for reporting systems within firms to allow better measurement of the impact on the firm's performance of its industrial relations characteristics.   Some teaching institutions are starting to bridge the gap between accounting systems - one of whose functions is to measure the firm's performance - and industrial relations practice, potentially a major contributor to that performance.   More needs to be done.

4. Peculiarities
Two important peculiarities are revealed by the findings of the survey.

First, it is said that 'almost half (47 per cent) of workplaces had no more

than one award' (p. 41). This is an important issue because the pattern of award coverage is a central question in the debate about the nature of enterprise bargaining and reform of award coverage more generally.

Given the largely occupational basis of many Australian awards, the finding is counterintuitive. The occupational basis of award coverage and the multi-occupational structure of employment in most workplaces suggest that coverage by more than one award would be the norm rather than the exception.

Small workplaces tended to report coverage by one or fewer awards. It is probable such workplaces are covered by State common rule awards, making award coverage all the more difficult to identify. If the AWIRS finding were inaccurate, a possible explanation, therefore, is respondent error. Further examination and follow up of the current survey's data or any other available data might throw more light on the issue.

The second peculiarity is the finding, at page 62, that 72% of workplaces 'had never had any industrial action'. The finding that 72% of workplaces had never had any industrial action does not seem credible, implying as it does perfect knowledge by respondents. In any case, as AWIRS itself acknowledges (p. 54), labour turnover and absenteeism may be forms of industrial action. Unfortunately, AWIRS did not seek to measure the extent to which turnover and absenteeism could be categorised as industrial action. In addition, a little over one-third of workplaces were affected by industrial action occurring elsewhere.

Moreover, direct measures of industrial action such as working days lost or number of strikes only imperfectly reflect the impact of industrial action. Even an infrequent incidence of industrial action is no guarantee of a healthy workplace relationship or competitive enterprises. For example, Rimmer and Verevis (1990, p. 26) identify a firm where the industrial relations climate in 1990 was still being affected by the outcome of a strike in 1982. More generally, industrial action affects employee commitment, and enter- prise focus, the incentive the firm has to upgrade its management techniques and the firm's reputation as a supplier.

The conclusion that 72% of workplaces report they had never had any industrial action, even if it could be substantiated, is presented in such a way in the report ('the most dramatic finding from this part of the survey') as to underplay the incidence and severity of industrial action. Policy makers should be wary of acting, or failing to act, on the face value of such a finding.

5. Myths and Realities

Potentially the most far reaching part of the Survey team's analysis is the

classification of respondent workplaces into five workplace types

*   informal workplaces

*   unstructured inactive workplaces

*   structured inactive workplaces

*   reactive bargainers

*   active bargainers

The authors argue, on the basis of their classifactory system, that a debate about industrial relations reform centring on stereotypes of workplaces is misleading.   They say:

> There are policy and practical consequences of a classifactory system that is based on the key components of industrial relations; management organisation, employee organisation and methods of interaction.   Firstly, it suggests that macro or industry level policies that group workplaces on the basis of organisational or product characteristics rather than a number of industrial relations characteristics may produce different outcomes at workplaces within the same industry.   The advantage of the classifactory system is that it may allow policy to be more closely tailored to the requirements of different workplace types.   Secondly, on a more practical level such a classifactory system suggests that managers, employees and union officials may well look to practices at workplaces beyond their own industries, that have similar patterns of industrial relations, for a range of methods and strategies to evaluate and trial in their own organisations.   The practical significance of the classificatory system is to allow more effective comparisons to be made.   To compare like with like.   Different workplace experiences are put into context and action can be based on choices that are relevant and meaningful (pp. 174-175).

Given the survey team's workplace types, this is a very reasonable conclusion and helps point the way ahead for policy makers.

In that light, it is all the more disappointing that in the public presentation of the survey findings, the significance of the AWIRS classifactory system has been forgotten.

A major point being made in the public presentation of the Survey is that it debunks a number of myths about the nature of industrial relations in Australian workplaces.   At least four so-called myths are said to have been

debunked (see, for example, Cook, 1990, p. 3 - 5):

*   first, on the basis that 57% of workplaces are union free and only
    2% have more than five unions on site, the myth that Australian
    workplaces are highly unionised and covered by a multiplicity of
    unions;

*   second, on the basis that three quarters of Australian workplaces
    have 'never' experienced 'any' industrial action, the myth that
    Australian workplaces are 'stricken' with industrial action;

*   third, on the basis that half the managers questioned said they
    would make no award changes if given the chance, the myth that
    the arbitration system chills workplace industrial relations;

*   fourth, on the basis that one third of managers reported restruc-
    turing work practices and 86% reported some form of organisa-
    tion change, the myth that workplace change is hard to achieve.

In this light, the major lessons from the survey have been said to be that

*   workplace reform is not an economic panacea; industrial relations
    problems are relatively unimportant;

*   citing an alleged lack of autonomy, the role of management should
    be the central focus of workplace reform;

*   that a great deal of change is already taking place;

*   the further evolution of enterprise bargaining is likely to be
    hampered by lack of union negotiating 'infrastructure' in work-
    places.

These generalisations ignore quite dramatic differences between the
workplace types identified by the researchers.   Attempting to debunk the
first myth by saying that the stereotype of highly unionised workplaces is
wrong by reference to the 57% of union-free workplaces is to ignore the
fact that heavily unionised workplaces employ the largest proportion of
employees and are large workplaces.   For example, AWIRS reports (Table
A17, p. 245) that 51% of workplaces with 200-499 employees had 4 or more
unions and 73% of workplaces with 500+ employees had 4 or more unions.
These workplaces employ 40% of employees (Table A1, p. 229).
    Similarly, it is the large workplaces which experience industrial action:
two-thirds experienced industrial action in the survey period.   To promote

the idea that the state of Australian industrial relations is basically healthy because three quarters of workplaces have 'never' experienced industrial action, a finding which itself is suspect, is a misleading characterisation.

The importance of the large corporate sector, apart from the large proportion of employees and union members it employs, lies in the fact that it competes globally, has the scale to finance R & D and is generally the engine room of the economy on which many smaller sectors depend.   If the large corporate sector has industrial relations problems, and it does, then that represents a significant drag on the economy.   A similar argument can be made in the case of large public enterprises on which the private sector depends for a competitive infrastructure.

The third myth, hinging on the finding that 57% of managers would make no award changes if given the chance, has already been discussed.

On the fourth myth, AWIRS takes us some steps closer to understanding the nature of workplace reform which has occurred in recent years.   But it does not support a claim that workplace change is easy to achieve or that institutional elements of the industrial relations system are not barriers to change.   The major changes reported by AWIRS respondents were personnel and organisational changes affecting senior management (p.188). Being directly within the power of owners or the most senior managers of workplaces to make, such changes, on their face, do not compare with changes involving potentially countervailing institutional forces such as unions, employer associations and industrial tribunals.   While AWIRS also reports that work practices have undergone major reorganisation, there is much evidence (NILS, 1990; Rimmer and Verevis, 1990) to suggest that such changes are still only partial and have been difficult to achieve or sustain. Indeed, AWIRS contains no data on the degree of difficulty or the cost of achieving change. Claims made as to ease of change and the policy implications of such claims should, therefore, be treated with some caution.

A final point concerns the view that there is a lack of union negotiating infrastructure for enterprise bargaining which will hamper its growth. This reflects the 'industrial relations' approach at work.   There is no reason why enterprise bargaining should need unions as an ingredient for its success, unless one sees bargaining only in traditional institutional terms. Bargaining without unions could be either individual or collective.   Most Australian legislation only gives a legal status (beyond the common law) to awards and agreements made by 'registered' unions.   Individual and collective agreements may also be overridden or qualified by common rule awards, especially under State jurisdictions.   Bearing this in mind, what is really required is a clarification of the status of agreements made on an individual or collective basis without union involvement.

6. A Note on the Business Council's Research

As the data available from the Business Council's Workplace Survey has been criticised in some quarters, it is worth noting that when AWIRS data for 'large' workplaces are considered separately, they tend to confirm the BCA's data in a number of important respects of which three are worth mentioning:

* the relationship between workplace size and the number of awards at the workplace: the larger the workplace,the more awards, with large workplaces (200+ employees) having an average of 4 - 5 awards, the same as in the BCA survey;

* a similar relationship between workplace size and number of unions: workplaces with 200-499 employees have an average 3 - 4 unions and 500+ employee workplaces averaged over 6 unions, figures very close to the BCA's findings;

* large workplaces tended to suffer from considerable industrial action with about two-thirds being affected by it in the survey period; again this is in line with BCA's data.

7. Conclusion

The Australian Workplace Industrial Relations Survey is, generally, a good first attempt to document some basic data about Australian workplaces. Some of the weaknesses of the survey are due to the learning process that most observers would expect to occur in a first survey effort. The inadequacy of the performance indicators used to gauge 'industrial relations performance' is one such area which should be capable of being addressed before the next survey.

The remaining areas of controversy concern the conceptual framework within which to consider the data and the interpretation of the data themselves. While the latter will always be controversial, the opportunities available for secondary analysis should at least ensure that a variety of alternative explanations is available. That is a potentially healthy development which should lead to better debate and greater understanding.

As for the conceptual framework, a good deal of the data actually contradicts the authors' preferred industrial relations approach and, as the report itself confirms, one side of the employment relationship - the employer - seems to be adopting the employee relations approach. In these circumstances, the risk in analysis of the current survey, and for subsequent

surveys, of ignoring the employee relations approach, or of failure to understand it, is that the survey reports will become too far removed from the very workplaces they seek to analyse.   This will make the Survey a much less valuable tool for policy makers.

The real lesson from the Survey is drawn directly from the classification system adopted by the AWIRS team.

In Australia, craft/occupational and industry classification structures are frequently used for analysing industrial relations data.   Indeed, major practices and institutional characteristics of Australian industrial relations have a decidedly craft and occupational flavour.   AWIRS demonstrates that workplaces in the same industry may have very different characteristics and concludes that industrial relations policy should recognise the differences between workplaces. This has important implications for the general debate about the shift to enterprise bargaining as well as for debates about award and union coverage.   In particular, the AWIRS classification proposal strongly suggests that even an industry basis for awards and unions would be inadequate.

The policy implication is that in looking to change the pattern of union and award coverage we need to look beyond the industry basis.   An enterprise basis for award coverage seems even more desirable in light of AWIRS; an industry pattern would have to avoid lumping together firms in the same industry but with quite different characteristics; the differences between large and small firms will be particularly important.

The AWIRS classification system also has important implications for union organisation and policies.   Again, an industry basis for unionism would seem to require a narrower rather than a broader focus; within unions, sufficient autonomy and flexibility would seem to be required to deal properly with the particular circumstances of different groups of workers within the same, potentially larger unions; in particular, policies which in the past were intended for membership-wide application, would have to be re-thought to cater for differences within the membership, allowing for the nature of the workplace within which they are employed.

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