



**AUSTRALIAN CENTRE FOR INDUSTRIAL
RELATIONS RESEARCH AND TEACHING**

University of Sydney

**UNIONS 2001 REPORT:
THE IMPLICATIONS FOR EMPLOYERS**

edited by Meryllyn Bryce

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Unions 2001 Report:
The Implications for Employers
edited by Marilyn Bryce

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1. UNIONS 2001: A SHORT SUMMARY

Tom McDonald

INTRODUCTION

The central aim of the Evatt Foundation report, *Unions 2001: A Blueprint for Trade Union Activism*, was to make a positive contribution toward creating better and more democratic unions for workers in Australia. The recommendations of the *Unions 2001* report are largely based on a number of assumptions.

First, working people want a greater degree of control over the decisions that affect their workplace, family and social life.

Second, in the future greater emphasis will be given to participatory democracy, rather than representative democracy.

Third, the growth of individualism does not necessarily mean a rejection of collectivism, but rather a rejection of certain types of collective organisations. The message for unions is less central control and more local autonomy.

More local autonomy can only be achieved if unions create decentralised power structures and redefine the decision making role of the central body. That is the flavour of what we are saying to unions.

Unions 2001 argues that Australian trade unions need to operate in the future in a more flexible way and with a greater focus on the industry and enterprise levels. But we do not advocate flexibility at any price, and argue that trade unions have a responsibility to protect the interests of all workers and to see that everyone gets a fair go.

We support coordinated flexibility which involves unions in protecting the collective interests of workers. We are opposed to individual employment contracts and other arrangements that in the name of flexibility are designed to play one worker off against another.

The creation of a working poor cannot be justified in the name of flexibility, nor can it excuse employers from meeting their obligations to social justice. For example, we reject the views expressed by Bert Evans, Metal Trades Industry Association, on this question as reported in the *Telegraph-Mirror* of March 9, 1995, where he is quoted as saying: 'It is not a question of social justice, we need to look at what our competitors are doing . . . the

harsh reality of the open economy is that the global market place will determine who has jobs and how much they are paid, not the Industrial Relations Commission'.

We say if social justice cannot be delivered via enterprise bargaining, and we doubt whether it can be delivered, then it must be delivered via the social wage and those employers who benefit from enterprise bargaining must contribute towards the cost of funding progressive changes to the social wage.

THE IMPACT OF AMALGAMATIONS

Unions 2001 recognises that unions cannot bargain in the 1990s in the same way that they did in the pre-Accord days of overaward bargaining.

Unions need to operate in a more flexible way that takes account of the changing needs of industry, on an industry by industry basis. They must also have regard for the varying employment and living needs and circumstances facing working people and their families.

Unions 2001 argues that 'Super Unions', providing they operate with decentralised power structures, will be best able to succeed in the new decentralised industrial relations environment. Such unions will be best equipped to represent workers at the industry level, as well as at the enterprise and national level.

Decentralisation of union power means giving greater leadership responsibility, and autonomy in decision making, to bodies such as industry divisions or professional committees where appropriate. Union delegates, and members at each enterprise, need to have more power.

Some argue that the Evatt Foundation's emphasis on restructuring and democratisation of the 'Super Unions' is wrong; that the 'Super Unions' are the problem and not the solution. They argue that large organisations and structures are no longer appropriate and are being discarded across the globe. Some argue that the 'Super Unions' will fail because they will destroy the class identity workers had with their old craft and occupational unions. Whilst others want to change the Industrial Relations Commission to enable the industry-based 'Super Unions' to be dismantled. Some argue that there should be competition between unions for membership and no union should have exclusive constitutional coverage of any industry or industry sector. The Coalition supports these approaches and advocates that workers should have the right to join any union or no union.

KEY QUESTIONS FOR THE INDUSTRIAL RELATIONS SYSTEM

These arguments pose four questions that are of great importance to industry as well as to unionists.

First: Is it best to have unions that have a craft and occupational focus or is it best to have unions with an industry and enterprise focus?

Second: Do we want to have a lot of unions in each industry or enterprise or is it best to have a limited number or, preferably, one union?

Third: Can big 'Super Unions' operate in a flexible and democratic way in the new environment or is it inevitable that they will become overcentralised and bureaucratic organisations that become isolated from the needs of the enterprise and the workforce?

Fourth: Will competition between unions create better unions or return us to the old days, when demarcation disputes over union membership did enormous damage and not one benefited?

My union, the Building Workers Industrial Union (BWIU) had some fierce battles with the Builders Labourers Federation (BLF) where our constitutional coverage overlapped. More progress on achieving much needed reforms to the building industry, which benefited workers as well as employers, took place after the BLF went out of existence than when the two unions competed with each other for members.

In my experience, craft and occupational unions have never been very flexible. They have always resisted changes in one industry on the grounds it might create a precedent elsewhere. You only have to look at the approach they took towards multi-skilling and changes in work practices to see that. Craft unions often resisted change in a particular industry because of concerns about the flow-on effect to other industries.

Employers and employer organisations adopted a similar approach. Employer organisations like the Chamber of Manufactures, the Chamber of Commerce, The Employers Federation, and the MTIA always determined their approach to an agreement in the building industry on the basis of how it would affect the majority of their members in other industries, rather than on whether the agreement was appropriate for the building industry.

On the other hand, unions with a membership focus are more likely to judge issues on the basis of whether it is good for the industry and for their members in that industry.

The Business Council of Australia (BCA) has identified from an employer perspective the extent to which occupational unions resist changes.

In summary they said that occupational unions:

- impede the task of modernisation of job classified work patterns etc;
- were a barrier to better career paths;
- lead to inefficiency and delay in the bargaining process;

- fragmented the workforce in enterprises;
- were a problem with regards to demarcation; and
- limited the scope of enterprise agendas and maximised the potential for external agendas.

THE 'SUPER UNIONS' IN OPERATION

Unions 2001 argues that industry based 'Super Unions' are more likely to support progressive reforms to their industry because the future security and employment of their members will be at stake, as will the future of the union.

During the amalgamation ballots that led to the creation of the 'Super Unions', workers raised concerns that the big, new unions would become bureaucratic and they would lose their influence and identity in the new union.

This led to my own union at the time, the BWIU, and the several other unions who were proposing to amalgamate and form what is now the Construction, Forestry, Mining and Energy Union (CFMEU), taking the path of developing a union with decentralised power structures. This means that the miners have their own division within the union, as do the building workers, and as do the forestry workers. Issues that only effect one division are handled by that division alone; they have full autonomy in respect of these matters.

The autonomy concept was put to the test following the Wood Chip Licensing Decision made by the Federal Minister for Resources David Beddall. The Forestry Division had the power to decide this issue for the whole union and it vigorously supported granting the new licences, even though the majority of the national leadership of the union were probably opposed to the decision. The decision was made by those who were elected by those who would be affected by the decision. Members of the Forestry Division went as far as manning the barricades outside Parliament House with the employers' support. And history was made when employers supported their own employees going on strike.

Now what were the basic issues involved in this issue?

First, it proved that the interests and identity of a minority of workers can be protected in a decentralised 'Super Union'.

Second, when the Forestry Workers amalgamated to become part of the CFMEU they did not lose the right to decide their own future which they had previously held as a smaller union.

Third, the decision was made by those who had first hand knowledge and close contact with the industry and who best knew what the workers wanted; they were directly answerable to those workers.

Fourth, it was a democratic decision - if your concept of democracy is that those who are directly affected by a decision, or those who are directly elected to represent those affected by a decision should make the decision.

MAKING THE DECENTRALISED MODEL WORK

The decentralised model is about less bureaucracy and an increased empowerment of workers. This means less central control, more autonomy for workers as collectives and greater opportunities for workers to participate in the union, and for most workers that participation is only possible at the workplace.

The union leadership still have an impartial role to play in providing leadership. But that role in the future is now more a strategic role, with tactical issues mainly left to committees, delegates and workers at the enterprise level.

In respect of policy, the leadership role will be to set the policy framework or policy direction - and its interpretation and application being determined at the industry level or enterprise level in ways that are best suited to the needs and circumstances applying.

As international comparisons of union success show, democratic and articulate unions are the unions which are most likely to succeed. They are unions with strong, well resourced national organisations who also have strong workplace organisations and well trained delegates who are assisted by organisers whose main role is that of a facilitator. In an articulate union both the central and local organisation work together and are mutually dependent on each other. Articulate unions can bargain at either a national, regional or enterprise level or at all of these levels.

In respect of enterprise bargaining we say that each union would develop a bargaining strategy which has the objective of achieving benefits for all members.

This should include an ongoing and concerted union campaign to preserve the award system and protect its relevance to workers and the industrial relations system.

In our view, the award system, supported by the IRC, will be the only way through which millions of workers can secure their wages and conditions of employment.

CONCLUSION: UNIONS AND DEMOCRACY

The further democratisation of unions that I have mainly spoken about is just one aspect of democracy. Another is democracy in the workplace which involves challenging the doctrine of management prerogative. The other is about workers having the right to organise, struggle and campaign around all the national and state wide issues that affect their employment and their social being.

And this they can only be done effectively through unions.

So that all those who seek to undermine trade union must be vigorously opposed; cooperation with those forces who seek to undermine unions is not possible.

2. TOWARDS A PARTNERSHIP WITH INDUSTRY

Dr Peter Botsman

I want to bring out one of the parts of *Unions 2001* which has been neglected in the discussion of the book to date: the idea that to achieve a maximum level of productivity and employment requires a framework of corporate citizenship which is binding on government, industry and trade unions. This is raised in a number of chapters of the book and particularly as a matter for future debate within the union movement. The argument that I want to make today is that business should sign on to a charter with unions and government to achieve fundamental national social and economic goals such as sustainable economic growth and full employment.

EVALUATING AUSTRALIA'S ACCORD 'FROM THE FRONT DOOR'

When you evaluate the Accord between the Hawke and Keating Governments and the Australian trade union movement from 1983-1995, foreign observers, or those who would be more familiar with European tripartism, might be forgiven for asking where were the representatives of commerce and industry? It's an interesting question, however, before I answer it, by way of backdrop, let me evaluate Australia's Accord from, what I will call a front door perspective, that is from the perspective of the Federal government's Accord partner, the union movement.

In 1983 the ACTU and the then Hawke Government signed a historic national agreement. There was to start with, the famous National Economic Summit which involved key representatives of industry, but as time went on industry and commerce faded into the background.

From the union perspective the Accord was about influencing national economic, industry, trade and social policy outcomes which affected the quality and quantity of their members' jobs. The Accord enabled unions to go beyond wages bargaining to work in partnership with government to achieve common national policy goals such as full employment. In many ways the Accord was an extension of the Australian union movement's traditional corporatist strategy of relying on government instruments such as the Arbitration Commission to mediate wages outcomes.

Through the 1980s and 1990s the Accord is without parallel in the Western World, and the endurance of the partnership, which has been renewed this week, speaks for itself. The Accord has undoubtedly strengthened the strategic position of the Australian union movement. In 1983, the union movement was factionally divided, chased the tail of high inflation through wage rises, and had little capacity to influence government policies

including industry policy. Now Australian unions can point to a number of positive achievements:

- The economy is more efficient and more productive and this has been achieved in a way in which workers' interests have been taken into account. There is the potential for an ongoing restructuring of the economy aimed at creating future prosperity for all Australians;
- Australia's social welfare state has been reformed so that it maximises the benefits that flow to those on low incomes. Trade union social wage activism protected low income workers from widening inequality and the worst ravages of the recessions of the 1980s and 1990s;
- The rights and aspirations of Aboriginal Australians have taken a major step forward with the High Court Decision on Native Title and unions have been active in supporting the accompanying Mabo legislation;
- Australia is becoming a more independent minded country and the Republican debate offers new challenges to consolidate this independence in a way which benefits our children. The union movement will play an important role in this debate over the coming years;
- The Accord has been a relatively friendly environment for the union movement to fundamentally restructure itself and though there is still a considerable amount of work to be done, this restructuring is aimed at strengthening union resources and capacity at workplace levels into the 2000s;
- Despite the advent of enterprise flexibility agreements at Federal and State levels, the rights of unions and their members have been strengthened through legislative mechanisms (eg the right to strike);
- Australia's job growth rate for most of the 1980s was envied by many other nations, and most recently, there has been significant progress in reducing long term unemployment. However, it must also be observed that it took Australia six years (1983-1989) to reduce unemployment from 10.3 per cent to 6 per cent during the last boom. But it took only eighteen months of a severe recession to push unemployment from 6 per cent to nearly 11 per cent. That is why we simply cannot afford another boom-bust cycle.¹

To have worked towards, and helped achieve, these things in the 1980s, when many national union movements went backwards, should be seen as a substantial achievement in itself.

1 AFMEU, *The Union, the Economy and Industry Development*, July 1994, p.3

However, from a union perspective, there have also been a number of negative developments:

- Non-union enterprise flexibility agreements have opened a new and potentially worsening front of what, from a union perspective, is unnecessary industrial conflicts;
- The overall framework of industry and economic policy continues to be weak. As Derek Sicklin has observed, while the government's rhetoric is to encourage high value added exports, with few exceptions, our policy settings, from our National Farmers Federation inspired Gatt position to our reluctance to develop sector specific industry development strategies, are geared towards low value exports²;
- The easy credit of the 1980s encouraged corporate avarice which resulted in many unproductive speculative activities and corporate collapses, this squandered the wage sacrifices which Australian workers were asked to make for the sake of national efficiency;
- Taxation cuts favouring the rich and powerful, blooming executive salaries and full dividend imputation have contributed to increasing inequality;
- The push for privatisation and deregulation has gone too far and continues to threaten workers welfare. As Fred Argy one of the architects of Australian financial deregulation wrote last week: 'when markets get the true long-term social and economic fundamentals wrong, governments should tell them to jump in the lake!' Argy went on to say: 'This is where I differ markedly with Alan Wood {columnist for *The Australian*}: he appears to think markets are always right and you can't buck them anyway. If that were true, heaven help our children and grandchildren';³
- The lasting legacy of financial deregulation is an unwarranted fixation with 'fighting inflation first' and this contributed to the deep interest rate driven recession of the mid 1980s in Australia and has arguably led to the situation where, astonishingly, the major contributor to the CPI increase in the last quarter in Australia was high mortgage interest rates;
- Despite the sometimes brilliant reforms to the social welfare sector supported by the ACTU's Martin Ferguson, and undertaken by our most successful Minister for Social Security, Brian Howe, it seems clear that the whole framework of the social welfare state needs to be dramatically altered to accommodate a world of discontinuous work and continuing unemployment as has recently been acknowledged by Peter Baldwin.

2 Derek Sicklin, *Industry Policy Briefing Note*, May 1995, Australian Economic Analysis, Kirribilli, NSW

3 Letter to *The Australian*, April 28, p.12

Not all of these negative outcomes arose from the Accord. They either arose because of actions taken independently of the Accord partners, or independently of the Accord process. But they have impacted on workers and their families and they have undermined the basis for worker cooperation in achieving long-term gains from efficiencies in industry.

FROM 'THE BACK DOOR'

So let me now turn to the question: Where were the representatives of commerce and industry during the 1980s and 1990s in Australia?

In a very revealing speech on government-business relations late last year, former Treasurer John Dawkins said: 'while the Business Council of Australia occasionally laments its lack of success and lack of influence, it and its predecessors have by their proxies in the Government and the ACTU achieved more than could be expected from a Government of their friends, and one which no doubt they would have found more convivial in some important respects'.⁴

Some have interpreted Dawkins to mean that while the unions were coming through the front door for their Accord negotiations, business, to use the immortal words of Big Joe Turner, 'were slippin' out the back door'.

But if you read Dawkins more carefully I think what he is saying is that Labor politicians did more for industry by religiously following a new set of free market economic ideas than the conservative party could ever have done. And you would have to concede, Dawkins has a point.

Labor in Australia in the 1980s had two mistresses, the Accord and free market economics and at times it was a tempestuous ménage à trois. In New Zealand the unions seemed to have been forsaken almost completely for the free market, and the failure of the Lange Labor government in New Zealand, meant that any hope of reviving the relationship was dashed.

The lynch pin for the rise of free market economics in New Zealand and Australia was a small group of Treasury and Finance Department public servants. Faced with the inability of traditional Keynesian solutions to deal with the oil shock crises and stagflation of the 1970s, Treasury officials would talk to ambitious young Labor politicians of the so-called TINA option. TINA stands for 'there is no other alternative'. Roger Douglas in New Zealand and Bob Hawke and Paul Keating in Australia were seduced by the TINA option

4 John Dawkins, "Business Government Relations: A Decade of Economic Reform and the Role of Business", the 1994 Corporate Public Affairs Oration, Melbourne July 14, 1994, p.9

and believed that the solution to the ills of the 1980s was, wherever possible, to transfer economic decision making to the market place.⁵

In Australia the rise of this philosophy has been documented by Whitwell, Rattigan and Pusey. In New Zealand, Professor Ian Shirley argues the revolution was so complete that in August 1984 when Treasury published its 352 page document for the incoming Labor government, it was not a dispassionate analysis of the various policy options open to the government, but rather 'a set of ideological statements based on the libertarian ideas of the Chicago school' {of economics}.⁶

But did all this really serve business and industry well? Sydney banker Peter Apps has written in the conservative journal *Quadrant*: 'The deregulated model, it is asserted, will lead to an efficient allocation of financial resources Has the model worked in practice? The answer is, quite clearly, no. . . . By the time the excesses of the 1980s are behind us, banks (and non-bank financial institutions) in Australia will have lost twenty billion dollars, equivalent to five per cent of GDP. Our cities are burdened with see-through office towers and under-occupied hotels. And huge numbers of small businesses have gone to the wall'. (Apps, 1992, pp.53-4)

In the final analysis I am not sure how supportive the general business community is of the pursuit of zero tariffs when our Asian competitors have tangibly higher levels of protection for their markets. Nor is the general business community as a whole supportive of leaving everything to the market. Obviously there are sections of the business community that benefit directly from privatising our public utilities and they make their voices heard through business forums, however, in the end nobody benefits from bad public policy or the polarisation of the community.

Ultimately I think a group of free market ideologues said to Labor politicians like John Dawkins in the 1980s and 1990s, 'trust us', the discipline of the market is good medicine for the business community and good for unions, even if they squeal and squawk it will be good for them in the long run.

TOWARDS AN ACCORD WITH INDUSTRY

Well in the long run we are all dead, as Keynes said, and in *Unions 2001* we at the Evatt Foundation have put forward an alternative three part framework through which government, unions and industry could work together, possibly under the auspices of a new Accord to achieve national objectives.

The *first part* of the framework involves working together to attain sustainable economic growth and development.

5 Professor Ian Shirley, "New Zealand: The Advance of the New Right", in Taylor, I., (ed) *The Social Effects of Free Market Policies*, Harvester, London, 1990.

6 *ibid* p.9

The *second part* involves working together to arrive at a general corporate code of citizenship which discourages takeover merchants and irresponsible commercial activity and recognises unions as partners in social and industrial development.

The *third part* involves creating good quality jobs for as many of our fellow citizens as possible and this involves adopting a code of best practice at enterprise level.

Sustainable Economic Growth and External Balance

The first part of the partnership between labour, industry and government should involve an acceptance by all parties that it is imperative to achieve sustained economic growth without blowing out the balance of payments.

If we are to solve the problem of unemployment it is imperative in Australia that we avoid the boom bust cycle that has typified the Australian economy over the past couple of decades.

The Keating Government's White Paper on Unemployment has already been a significant achievement in providing work and training opportunities for the long term unemployed.⁷ However, unless there is strong and sustainable economic growth, then there will simply be a churning effect in which many people move back and forth from training to unemployment. If economic growth were to fall below 3.5 per cent, the economy is not growing as fast as workforce numbers and unemployment will increase.

The Committee on Employment Opportunities projected that 4.5 to 5.0 per cent average economic growth was needed from 1993 to 2000 to reduce unemployment from 10 to 5 per cent. The government has done pretty well so far, even despite the fight inflation first brigade that has emerged over the past six months. But it should be noted that average growth levels above 4.5 per cent over a period of seven years have not been achieved over the past twenty years in Australia. So to achieve even the modest falls in unemployment projected by the Committee on Employment Opportunities requires a major national effort by industry, government and unions.

7 It has cut long term unemployment by 76,000 since March 1993, which compares well with the track record of the entire decade of the 1980s when 1.6 million jobs were needed to cut long term unemployment by 109,000. (Crean, 1994 p.6)

AUSTRALIA'S VITAL STATISTICS AND FUTURE ECONOMIC TARGETS

Year	GDP	Inflation	Trade Balance % of GDP	Current Account % of GDP	Net Foreign Liabilities % of GDP
1980/81	3.5	9.41	-1.8	-3.9	23.4
1981/82	2.3	10.4	-3.6	-5.8	24.6
1982/83	-1.7	11.5	-2.2	-4.0	28.4
1983/84	6.0	6.9	-1.3	-3.8	28.6
1984/85	5.1	4.3	-2.2	-5.3	36.2
1985/86	3.9	8.4	-3.1	-6.1	40.4
1986/87	2.5	9.3	-1.9	-4.7	44
1987/88	5	7.3	-0.8	-3.7	41.5
1988/89	4.9	7.3	-2.1	-5.3	43
1989/90	2.9	8.0	-2.0	-5.7	43.5
1990/91	-0.4	5.3	-0.2	-4.4	47.2
1991/92	0.6	1.9	+0.3	-3.3	51.2
1992/93	2.6	1.0	-0.6	-4.0	54.4
Future Targets	4.5 (1)	2-4%(2)	+1.0(3)	-4.0(3)	50-60%(3)

- (1) The watershed growth of real GDP, where the economy is producing more jobs faster than the workforce is growing, appears to be about 3.5 per cent. So we must achieve greater than 3.5 per cent growth to reduce levels of unemployment. However, it should be noted that this rate of growth has never been achieved for 7 years in a row in the last 20 years. But before 1974 it was regularly achieved.

- (2) The objective here is to achieve 'low inflation', in other words inflation at about the trade weighted average of our trading partners. That number we estimate to be between 2 to 4 per cent for the foreseeable future.
- (3) The objective in relation to the trade balance, current account deficit and foreign liabilities is to halt the rise of liabilities as a percentage of GDP, which has been occurring since the 1980s. This requires that the CAD = net capital inflow and trade balance be kept within definite limits. It can be shown, on plausible assumptions, that this requires a CAD less than or equal to -3.5 to 4 per cent of GDP and a trade surplus of greater than or equal to 1 per cent of GDP.

This underlines the importance of designing a strategy for strong, environmentally sustainable, economic growth which does not blow out Australia's trade balance, overall current account deficit and foreign liabilities. There are five key benchmarks (which are set out in the as Table A of your handout) for government, industry and the workforce which must be kept in balance if we are to achieve our goal of sustainable growth and external balance. That is we must simultaneously achieve economic growth of around 4.5 per cent +, inflation at a level of 2 to 4 per cent (the trade weighted average of our trading partners), a positive trade balance equivalent to 1.0 per cent of GDP per annum, a stabilised Current Account Deficit at about -4 per cent of GDP and Net Foreign Liabilities stabilised at 50 to 60 per cent of GDP.⁸ (Aspromourgos, 1994, pp. 1-20)

If there is any one set of reasons why government, unions and management should work together in a national partnership then I think they are conveyed in these figures.

Perhaps the most central target, which together unions and industry can do something about, is to achieve a positive trade balance of +1.0 per cent of GDP. Barring some cataclysmic event, this would contribute to the stabilisation of the current account deficit and Australia's net foreign liabilities, and ensure that the conditions for sustainable growth were maximised.

To achieve this goal, from a union perspective, Australia needs:

- A multifaceted strategic trade policy that is more carefully integrated with domestic industry plans and initiatives. This strategy should be given as much prominence and resources as the government's efforts to achieve its multilateral goals of reducing tariff levels at GATT and regional goals at APEC, and it should aid

8 It is important to recognise that these benchmarks are not cast in stone because they are about measuring the fluid and changing situation of the nation, and they therefore have to be viewed with some flexibility. Maintaining a positive balance of growth, inflation, trade, the current account and foreign liabilities is very difficult and sometimes there must be trade-offs. For example, the union movement has no control over the exchange value of the Australian dollar or over national and international events which could dramatically alter one or other of the factors above. In these situations the union movement must adopt new benchmarks or support policy trade offs.

Australian companies to break into multinational systems of production and distribution particularly in Asia and the Pacific.

- A new regime of industry policy which moves from saving industries to creating and seizing industry and export opportunities in primary, manufacturing and services industry sectors. This would build on the successes of 1980s manufacturing industry policies and develop further tripartite initiatives.

I will not go into detail about trade and industry policy here, however, there are some draft ideas in *Unions 2001* waiting for innovative leaders of industry, super unions and government to take them further. In summary, the idea would be to build a new and proactive set of industry policies supported by tripartite industry groups which would help improve the potential of key exporting industries within our primary resources, manufacturing and services sectors.

Principles of Corporate Citizenship

The second part of a partnership between government, union movement and industry should involve the development of principles of corporate citizenship. I think it can be argued that while the ACTU has shared some of the glory of the achievements of the last ten years, it and the Labor government have also been burdened by the weight of leadership in particularly difficult times. I don't think that it is too much to ask the corporate sector to sign on to some key national responsibilities and principles.

As we envisioned it each of the partners should be prepared to sign on to a series of principles of corporate citizenship. From our perspective we'd like to see the Australian corporate sector agree to ten principles: 1. Social and Economic Partnership with unions and government, 2. Long Term Investment 3. National Workforce Skill Development, 4. Empowerment of People at Work, 5. Investment in Social Justice, 6. Recognition of Unions 7. Joint Consultation, 8. Career Paths, 9. Commitment to Egalitarianism and the maintenance of minimum award wages and work standards and finally 10., a common Commitment to Best Practice in all of the dimensions of production and work.

CODE OF CORPORATE CITIZENSHIP: WORKING DRAFT

1. **Social and Economic Partnership:** The Australian corporate sector should act as a constructive social partner along with the Australian union movement and the Federal government to achieve common national goals and to maximise the social and economic well being of all Australians.
2. **Long Term Investment:** Australian companies should work with union and government to discourage short term speculative investments and promote long term investment in productive industry.
3. **National Workforce Skill Development:** Australian companies should work with unions and government to ensure high levels of learning and skill development for their employees which lead to competencies that are recognised within their industry and across the national training system.
4. **Empowerment of People:** Australian companies work with unions to devolve decision making power over the management and control of production to their employees and recognise this as a way of achieving international best practice.
5. **Investment in Social Justice:** Like all Australian citizens, corporate citizens have an obligation to return a fair share of tax as a proportion of profits to Australia's social development. Industry should also work with unions and government to improve our social services so that they are relevant to the changes and needs of our economy and society.

6. **Union Recognition:** Australian companies should recognise that unions are keys not obstacles to better ways of working and that when employees have the right to organise, bargain and strike, they feel more able to work responsibly, productively and cooperatively. There should be proper freedom for shop stewards and union organisers, along with time off for union training to enable them to pursue their role in negotiations.
7. **Joint Consultation:** Consultation with workers should be an integral part of enterprise decision making and should have the full support in the form of training and decision making powers by all Chief Executive Officers.
8. **Career Paths:** In conjunction with government and unions, employers should develop skills based pay systems which provide employees with a career path involving the achievement of competencies.
9. **Minimum Award Standards:** Employers should recognise that the Award system has been at the heart of Australian egalitarianism. While there should be capacity for enterprise bargaining to achieve flexible work processes, it is critical that the minimum wage and working conditions enshrined in the Award system are regularly updated.
10. **Best Practice:** In partnership with government and unions the Australian corporate sector should commit itself to best practice in all of the dimensions of production including social and environmental standards. As well as being competitive by world benchmarks, Australian corporations should adopt techniques which will conserve raw materials, minimise waste, utilise energy more efficiently and reduce, re-use, recycle and recover production, government and household resources.

Enterprise Best Practice

The third area of partnership concerns best practice work and performance at enterprise levels. Best practice technology can bring new benefits to workers and the economy in general. As the US Dunlop Commission have argued, ' . . . in an economic world in which knowledge is critical, firms that effectively develop and use the brainpower of employees have an advantage over competitors . . .' (Dunlop, 1994, p.6)

But retro management ideas can also exacerbate traditional problems for workers. Smart machines can be used to replace human capacity and skills; but alternatively they can lead to human enhancement through new skills, employment opportunities and knowledge. Management can use technology to make the workplace a dungeon for workers; or, alternatively, technology can be used to develop a more industrially democratic workplace bound by mutual responsibility and profit sharing. Information technology, for example, can be used as a means of surveillance; alternatively it can become a means of worker empowerment through information sharing, skill enhancement and social exchange.

As Shoshanna Zuboff argues in her book *The Age of the Smart Machine*: 'There is a world to be lost and a world to be gained. . . . a powerful new technology such as . . . the computer, fundamentally reorganises . . . our material world. It eliminates former alternatives. It creates new possibilities. It necessitates fresh choices'. (Zuboff, 1988, p.5)

The principles of enterprise best practice that we have developed include good planning, holistic work design that focusses on improving all aspects of work not just the productivity of direct labour, the CEOs full commitment to continuous improvement and best practice work organisation, consultative and participative management, skills based career paths, access to company information, etc. The whole concept of these principles is based on the 'idea that a workplace which meets all or most of them will be a good workplace for employees and will have a good prospect of long term success'. (Ogden, 1993, p.32)

CHECKLIST OF ENTERPRISE BEST PRACTICE AND DEVELOPMENT⁹

<ul style="list-style-type: none"> • A Strategic or Business Plan. A plan of where a company is going in 2-5 years and more generally over 10 years.
<ul style="list-style-type: none"> • A Holistic Approach. An understanding that improvements will not happen by focussing only on direct labour but on integrating and making all parts of the enterprise work together.
<ul style="list-style-type: none"> • The Full and Public Commitment of the Chief Executive Officer to best practice work organisation.
<ul style="list-style-type: none"> • A management style that is consultative and participative. This should manifest itself both in formal and informal day-to-day minute-by-minute operations, and through a properly constituted Joint Consultative Committee.
<ul style="list-style-type: none"> • A skills-based career path pay system allied to pay increases derived from efficiency improvements.
<ul style="list-style-type: none"> • Adequate provision of information obtained through the consultative process.
<ul style="list-style-type: none"> • A commitment to education and training. To develop an organisation that is a learning process for all those employed from the CEO down and which is integrated with a systematic training program for all those wishing to undertake it.
<ul style="list-style-type: none"> • Devolution of responsibility and decision making. Commensurate with skills and work design, the employees who do the value adding should become integral to decision making. This assumes the evolution of flatter structures and the progressive elimination of unnecessary middle management.

9 From: Max Ogden, *Towards Best Practice Unionism The Future of Unions in Australia*, Pluto Press, Sydney, pp.32-34 includes an addition of environmental best practice checklist.

A CHECKLIST OF ENTERPRISE BEST PRACTICE AND DEVELOPMENT (CONTINUED)

- Work Design Commitment to implementation of work teams which will take an ever increasing responsibility as their skills and ability to operate as a team develop.

- Constructive industrial relations. Strategic plans should include constructive conflict resolution strategies which involve a single bargaining unit with effective and competent shop stewards with paid access to union training, and an understanding that a strong union organisation can contribute to company efficiency.

- Commitment to customer service. All elements of an enterprise have a full understanding and commitment to the best possible service to a customer and an understanding of the market.

- Close relations with suppliers. Where appropriate, suppliers must become integrated as partners.

- Flexible Workforce and Management. Arising from effective and cooperative industrial relations, allied to increasing knowledge and training, a flexible workforce and management can respond rapidly to problems, changes in the market place, new product and service design etc. Working hours would also as far as possible suit the individual employee.

- An innovative culture. Commitment to, and recognition of, innovative approaches to production and methods of work from all sections of the workplace.

- Establishment of a set of key performance indicators. Arrived at through the consultative process, influenced by company performance and going beyond simple cost per unit criteria to include safety and environmental best practice.

- Benchmarking. Constant checking, both locally and internationally, on work organisation and technology that works well in relation to problems and work processes relevant to the enterprise.

A CHECKLIST OF ENTERPRISE BEST PRACTICE AND DEVELOPMENT (CONTINUED)

<ul style="list-style-type: none"> • An Equal Employment Opportunity Program.
<ul style="list-style-type: none"> • A Commitment to Occupational Health & Safety. A properly agreed system that minimises risks, ensures rapid response to problems, provides a good work environment and whose performance is seen as integral to company performance.
<ul style="list-style-type: none"> • A Commitment to Environmental Best Practice. A plan for achieving environmental best practice including developing plans for achieving zero waste and zero emissions.
<ul style="list-style-type: none"> • An Openness to New Technology. Regular investment in new technology, consultation as to its introduction, and a willingness to design technological systems so as to increase the skills and responsibility of employees.

CONCLUSION

It may be utopian to expect a national social partnership between employers, unions and government in Australia in the near future but certainly in individual companies many of the principles and ideas that we have espoused are in place. There is a spirit of cooperation and common purpose between unions, government and management in these places.

In the coming months employers must start to decide about where they stand on these issues. They can bank on John Howard and what will undoubtedly be a more divisive industrial relations system. Or they can consider the possibilities of a commitment to social partnership with unions and future Federal Labor Governments.

One thing is certain, in the 2000s there will be no second chances. To survive in an increasingly competitive world, with our values and ideals intact, we will need managers and workers who have a primary commitment to building productive industry and to building this nation. For that reason, though there will be those within commerce and industry and within the union movement who will argue against any formal cooperation, I believe that the future belongs to us and the possibilities of national, corporate citizenship and enterprise partnerships that we have espoused in *Unions 2001*.

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3. 'UNIONS 2001: A BLUEPRINT FOR TRADE UNION ACTIVISM' - REFLECTIONS ON ITS IMPLICATIONS FOR MANAGEMENT

Vic Taylor

There is no question that *Unions 2001* qualifies as a wide-ranging and thought provoking document. It addresses a most serious issue for Australian society, the future of trade unions. This is an issue that is not confined to these shores. In almost all developed countries this question, or something very similar, is being posed. It is a question which requires consideration not simply by current union members and their elected leadership, it is indeed a question that demands a response from virtually all sections of our community. Of course, the different agendas being pursued, and the different ideologies subscribed to, will lead those who do seriously consider this question down very different paths. Plainly this is a document put together by senior trade union activists and sympathisers with obvious assistance from many willing helpers. Unashamedly, and rightly so, its stated purpose is to provoke discussion and debate around this central issue. Over the course of its 300 plus pages the reader is dramatically taken through the many challenges for Australian unions, identified by the writers.

In many ways *Unions 2001* takes its place in a lengthening list of union documents that have appeared over the past decade or more. In fact, if one looks carefully enough at the original Accord it is perhaps possible to detect this central concern of today in an embryonic form there. But the contributions of the latter part of the eighties such as *Australia Reconstructed* (1987) and *Future Strategies for the Trade Union Movement* (1987) mark a clear surfacing of the issue which has now been aired in a number of collections¹ besides these more obviously trade union sponsored investigations. What is becoming evident therefore is a certain degree of incrementalism in the thinking about trade union futures.

The most obvious spur driving this consideration of the future of trade unionism is, at one level, that of falling densities. The latest figures for Australia put private sector membership density at below 30 per cent with the public sector maintaining around 65 per cent. In absolute numbers that translates into an almost even split of total union membership between the two sectors. From a membership perspective trade unionism in

1 One of the more prominent of these collections is Crosby and Easson (1992). Outside Australia the issue of the future of trade unions has been addressed in contributions from Turner (1991); Regini (ed) (1992).

the mid nineties is a very different creature from what it was at its high point in the fifties. At another level there is the much more complex concern that economies such as Australia's are in the midst of experiencing a transformation of the social structure of accumulation and the newly emerging institutional framework of 21st century capitalism may well see a marginalisation of unionism as it has been known.

From a reader's point of view what has to be said about *Unions 2001* is that it does indeed carry many of the traits of a committee document. As a consequence it is a little difficult to tease out, in summary form, the core ideas. But it also has to be admitted that the central issue(s), when converted into practical concerns, is an exceedingly complex one which necessarily has to address both the internal and external imperatives confronting organised labour today. It is hardly surprising, therefore, that at the end of the document we find a set of some 51 wide-ranging and diverse main recommendations, with a number of these consisting of a set of sub-elements.

It is interesting to compare the production of *Unions 2001* with some of its business counterpart reports such as those prepared by the Business Council of Australia (BCA). Resources available for the production of *Unions 2001* appear to be far below those available to the BCA, yet the published results bear little comparison. What does require more consideration, however, has been the capacity of the BCA output to attract ongoing attention in the various media, and even in certain policy making circles, despite some very telling criticisms of that work. In the case of union material however, media interest has typically been shortlived and propagation has depended on union and academic sponsored seminars and conferences, such as this, to attempt to get the message across. The lesson seems to be that the production of a report is just part of the process. Equally, if not more important, it seems, is the ongoing marketing of the document and its ideas. On the public relations front to date, therefore, it seems that management has little cause for concern.

CORE IDEAS AND KEY RECOMMENDATIONS OF *UNIONS 2001*

At the heart of the report is a primary concern with trade union purpose and power within the rapidly changing Australian and global political economy, viewed within the context of current policy directions. This is an issue that is not unique to Australia, and this fact alone must prompt caution against explanations that place heavy reliance on domestic causation. Happily this situation has been recognised by the authors of the report. But union purpose and power are intensely political issues and since they first entered the institutional stage different interests, not least business interests², have persistently attempted to impose their preferred characteristics onto union identity. Today the situation is no different, despite periodic talk of political settlements between labour and capital. Union purpose and power in both national and global political economies remain serious issues for all actors, most particularly for workers. This is because in both developed and

2 A classic statement on union purpose is found in Flanders (1970). For a recent theoretical treatment see Martin (1989)

developing nations unions are key social institutions located at the political interstices between efficiency and equity concerns where social tensions are constantly in evidence. It is these core concerns which constitute the essence of *Unions 2001*.

The stance taken to these issues is clear enough. Strong and strategic unionism is essential to the body politic and for the long term well-being of the working class. The question is how to achieve this objective. How is the theory to find expression as *praxis*? In brief, what *Unions 2001* says is that there are internal and external imperatives facing individual Australian unions, and the union movement as a whole, which must be addressed if a reinvigorated institution is to be achieved. Moreover, the recent creation of 'super' unions is perhaps less the key to future strategy than was originally thought, and may well constitute part of the problem.

When the set of recommendations teased out of the analysis is perused most readers are likely to be somewhat disappointed. Partly, this is because findings and recommendations are mixed together, and as a result it is extremely difficult to disentangle the relative importance of each proposal, and if you like, the critical path, and hence priorities, which might exist between the various individual proposals. But this disappointment is also due in part to the obvious concern to try and cater for the variety of policy tastes represented in the key clientele for whom the report is intended.

If the findings and recommendations are considered from a management perspective which seem to be of most importance? First and foremost is the goal of shifting union focus from the straightforward 'strategic unionism' of *Australia Reconstructed*, to 'militant strategic unionism' [my emphasis]. The key descriptors here are - democratisation, solidarity, and pro-activity, essentially antonyms for bureaucratisation, factionalism and reactivity. Crucial here is the aim to develop robust and independent [of management] workplace union organisation, through the encouragement and nurturing of 'rank and filism'. Such unions will be 'best practice' entities as well, with well developed links between workplaces and efficiently run union offices operating with the use of modern management techniques. They will also be encouraged to incorporate in their culture, a much greater stress on recruitment.

Second, in the area of wage strategy, the aim is for an articulated system where enterprise bargaining takes place under an umbrella of industry framework agreements, and where the award system is preserved and enhanced. Allied with this position on the desirable future mode of wage determination is a strong statement on equal remuneration. Located at the centre of these wage proposals is therefore a concern to preserve a measure of equity, a position that stands in contrast to that articulated by most leading organisations representing business interests who prefer a much more fragmented form of enterprise bargaining.

Third, in the area of managerial relations, the report writers, obviously convinced by current management aligned thinking on job design, express a decided preference for a post-Fordist workplace in which the union forms part of a productivity coalition. Related to

this hoped for form of work organisation, and to the logic of democratisation which permeates much of the document, is the aim of promoting joint consultation rights.

Of note is a fourth matter which could be of concern to some management, namely the encouragement of links between unions and environmentalist groups. This is not really a new aim in some quarters, but on some issues, such coalitions could be impossible to create, because, as has been seen in recent times in the timber industry, a coalition of union and employer is a much more accurate reflection of respective interests.

In view of the wide-ranging nature of these recommendations the intention here is to focus discussion on just six matters which might be seen as most significant in attempting to identify the implications for management. These six areas are:- union recruitment and recognition; rank and filism; joint consultation at the workplace; the post-Fordist workplace; wage strategy; and, *Unions 2001* in the context of modern management thinking and practice more generally.

UNION RECRUITMENT AND RECOGNITION

Among the foremost aims for future emphasis which *Unions 2001* spells out is that of the creation of a recruitment culture among union membership and the workforce. Certainly the data on trade union membership have consistently shown that there is a positive relation between age and union density rates suggesting that in comparative terms younger workers do not enter the workforce informed about unions or anxious to obtain union membership if they have some knowledge³. Neither does it appear that employers encourage their new or younger workers to sign up. Apart from other influences employer encouragement is one factor which would clearly assist union membership growth. As Bain (1970) has pointed out for the UK there is a clear and positive relationship between union growth and employer recognition. Now union recognition is one of the slippery terms of industrial relations. There are technical meanings relating to the question of being recognised as the legal representative of a particular workforce [or segment], but there are also meanings which relate to aspects of the relationship which have very little to do with legal obligations. Thus while one employer may incorporate mention of the union and its role in the induction material or session⁴, another may say absolutely nothing and the new worker, if aware of union activity, may need to wait until approached by a union delegate or representative, if ever, if he or she is to have the chance to consider membership. Essentially what the report is saying is that the union movement should attempt to create an environment in which there is greater awareness and encouragement of membership. The question here is how might modern day managers react to such an initiative? It would appear that they have three options - they might embrace the idea, they might ignore it or

3 Some qualification should be made to this general statement in that the union density of married women shows no clear cut relationship with age, with around 3 in 10 organised in each age bracket. See ABS Cat No. 6325.0, *Trade Union Membership*.

4 The existence of various forms of union shop and closed shop, or the presence of a union membership agreement may promote such behaviour, but for such practices to occur does not necessarily require the existence of any of these situations.

they might actively oppose it. Naturally there will likely be some proponents in each camp, but what stance might the majority take?

At the heart of this issue is undoubtedly the issue of managerial ideologies. Reverting to the classic terminology those who operate according to a unitarist outlook may prefer to ignore the push for a union culture perhaps believing that to visibly oppose it would have the reverse impact to that desired. This is not to say that more sophisticated less visible oppositional strategies would be avoided. There may, however, still be some among the unitarists, who might be labelled 'fundamentalists', and who could not resist adopting a hostile counter position. Businesses with minority union membership among their workforce and those anxious to protect, or obtain, EFAs or similar state arrangements could display this type of behaviour. In the light of recent key tribunal decisions and media reports we might conclude, that some management, if not board members, of substantial corporations, could comprise a surprisingly large and growing fundamentalist unitary group in Australia today.

For simplicity, management who display pluralist behavioural tendencies might be divided into two main types. Some may truly adhere to the desirability of a pluralist workplace, but others may simply be unitarists in disguise - forced to behave as pluralists because of a strong trade union presence among their workers. In the former case a union recruitment initiative, as proposed in *Unions 2001*, may even generate a positive response from employers where the perception is one in which the various interests represented in the workforce are seen to warrant genuine representation. Scope for what has been termed a workplace 'productivity coalition' could well be enhanced in these circumstances. In the latter instance, the response to such an initiative will almost surely be resistance and opposition, or certainly one of non-cooperation. What needs to be noted in this regard is the fact that permeating management studies, as taught in the various institutions of post secondary education and in executive programmes, is a strongly unitarist world view, and in its research base, a heavy reliance upon methodological individualism.

On balance, therefore, the overall response from management to any attempt to create a recruitment ethos is likely to be mixed and patchy. Certainly the emergence of any support from managers, it would seem, is likely to be extremely rare. The conclusion therefore is that while unions may wish to devote resources towards the promotion of a recruitment ethos among members and in the community generally, they will receive little assistance from employers and probably strong and even sophisticated opposition from some business quarters. To the extent that some measure of success may be achieved among potential and future union membership candidates the impact upon employers in the foreseeable future is likely to be tenuous and marginal. Nor is the coming of workplace bargaining likely to be of great assistance. Given the current drift, the source of benefits built into agreements is just as likely to be seen as management, as it is union negotiating prowess. The emergence of a few well orchestrated and publicised lucrative non-union deals could create a formidable challenge to union recruitment hopes.

RANK AND FILISM

The Australian Workplace Industrial Relations Survey [AWIRS] provided confirmation of what was already very well understood by knowledgeable observers for quite some time, namely that despite the relatively sound performance of Australian unions in membership terms, they had enjoyed only scattered pockets of effective workplace organisation. In private sector unionised workplaces there were 44 per cent which did not have a job delegate or shop steward present, and in the newer service industries such as finance, retailing and business services, it was common to find that union representatives devoted less than one hour a week to their union role. What *Unions 2001* recognises is that '... democratisation and participation are imperative if unions are to survive and thrive into the future . . . ' [p.264], and it also states that two of the central characteristics of 'Strategic Unionism' are 'A more radical democratisation of the union movement and the workplace', and 'A more dynamic involvement of rank and file unionists in all aspects of union decision-making and action' [p.281]. From a union point of view these are admirable, but perhaps idealistic sentiments given the present state of affairs.

Exactly what form this democratisation and participation might preferably take is left somewhat in the air. On the one hand there are the needs of the union movement viewed as a whole, and on the other there is the issue of individual union autonomy. Historically this has been a constant point of tension, but clearly over the past decade, or more, the needs of external economic policy makers have tended to predominate at the expense of other interests. What the document does is recognise that this shift has perhaps gone too far, milking unionism of the vitality which comes from genuine rank and file involvement. In essence, this comes close to being a rediscovery of the membership factor and what is proposed for the 'super unions' of today is the encouragement and nurturing of a more active membership involvement in union decision-making and action. This is a tall order, for the argument rests upon the proposition that a re-alignment of internal union power will lead to an overall enhancement of union social power and influence. Whether in fact this is sound analysis is debatable. But what is clear is that wherever a redistribution of power is pursued in most organisations, there are likely to be power struggles, and winners and losers.

Management are more than interested bystanders in such matters. After all this is the age in which, by all accounts, management are allocating considerable resources to the promotion of designer organisational cultures and the implementation of what are said to be commitment enhancing strategies. As some say, today the 'soft' side of management has become the 'hard' task. So to the extent that the vast majority of 'super' unions have the heart for, and can genuinely precipitate, the development of a more robust form of 'rank and filism' it is likely that this would amount to a direct assault on much that modern management is about, namely the winning of the 'hearts and minds' of the workforce.

To be sure, without any management response whatsoever there are formidable challenges which unions would need to confront if they are to make progress in this endeavour and *Unions 2001* recognises this. Significant labour turnover, the socially created demands on women's time outside the workplace, various ethnic groups with

limited command of English, and various categories of so-called 'marginal' workers constitute well known impediments even to those unions with the will to push for more membership involvement. Indeed, at times, it has been suggested that some management have adopted a conscious workforce recruitment policy designed to limit the scope of union cohesiveness and involvement - or 'rank and filism'. It would be interesting to have some research findings on the use made of various psychological and other assessments made by employers to identify job applicants with union activist histories, or tendencies.

The historical record suggests that with a handful of exceptions, such as the waterfront in its casual labour era, it is the presence of either craft or internal labour market forms which provide the richest ground for strong workplace organisation. But outside the public sector, and even within it these days, such labour market forms are being replaced by industries and workplaces where a whole array of numerically flexible creations have been put into place. Thus it seems that while such trends remain any union attempts to promote 'rank and filism' will face inherent obstacles. In some ways unions need first to find formulas which neutralise the impact of these current tendencies and only if they are successful in this will those managers apprehensive of the effect of stronger workplace unionism need to consider measures to counter this turnaround. But the situation is far from constant across industries and some unevenness is bound to be evident over time.

JOINT CONSULTATION

In industrial relations the idea of joint consultation has been a recurrent and contentious theme. This is hardly surprising because like other industrial relations concepts such as 'public interest', 'work value' and 'no disadvantage' it appears to offer much, but in fact due to its inherent ambiguity contains the inevitable prospect of continuing discord. In its bald form joint consultation is a term with which everyone can agree, it is just that different people can have very different understandings of what the idea means. It is very rare indeed for union and management spokespersons to share common understandings of the concept. This is not to say that the form of joint consultation promoted in *Unions 2001* would have no employer friends, but the number is unlikely to be overwhelming.

Consider a hypothetical workplace which is embarking on the implementation of 'joint consultation', what matters need to be decided, and by whom? Clearly 'consultation' has some relationship to decision making but it is here that the difficulties become apparent. First, which parties are to be involved in the decision process, which managers, which employees and are employee representatives to be limited to those with union membership, or even to union office holders? Second, there is the question of which decisions are to be placed on the table. Are they to be restricted to proverbial non-agendas, such as the type of biscuit to be purchased for tea breaks, or are they to embrace significant issues such as changes in work organisation, new technology and other similar investment [and disinvestment] decisions? What if these decisions are effectively made, not at workplace level, but at corporate headquarters? How far would the joint consultation machinery penetrate such higher levels of decision making? Third, what rights are implied by 'joint consultation'? Does it refer simply to a right to be told or

informed, or is it something much stronger such as a right to co-decision making? These are hardly insignificant differences.

What is proposed in *Unions 2001* is the creation of a set of 'Joint Consultative Rights' which are spelt out in some detail in the recommendations at p.296. In that statement what is clear is the belief of the writers concerned that joint consultation rights should embrace a set of structures, supporting mechanisms and issues which link up with enterprise bargaining agendas and ensure that there is a genuine shift in decision making power towards workplace union organisation. It is true that in recent times there has been, in management circles, rhetoric about the need to 'empower' the workforce. A union proposal to expand and formalise a more robust set of joint consultation rights appears to share common ground here, but does it? Available empirical evidence on the use of various forms of consultation might best be described as mixed [see AWIRS], despite management rhetoric. The persistent advocacy for practices such as productivity enhancement groups, employee involvement schemes, briefing meetings, self-directed work teams, regular information sharing and so on, appears to have had marginal impact. Perhaps AWIRS2 will reveal a more substantial cultural shift.

But the political realities on this issue, even under an ALP government, are such that it is doubtful that anything more potent than the currently prevailing TCR requirements will be embodied into practice through legislative change or arbitral ruling in the foreseeable future. Despite the frequent argument that greater consultation is required to meet the rigours of modern day competition what is apparent when one looks at the management practices of many of Australia's most prominent overseas competitors is that state and management approaches to industrial relations are more authoritarian, than consultative, in style. How far will such arrangements find a place in 'best-practice' proposals?

All this leads to the question of what type of conditions could lead employers to voluntarily introduce joint consultative arrangements consistent with the aspirations of *Unions 2001*? With rare exceptions, possibly the only location of those conditions would be found in those workplaces which face significant capital costs combined with product market characteristics that shield them from the more vigorous types of competition, and which have a strong and experienced union presence, and hence an effective worker voice. Management's rationale here would be to seek development of a package of local institutional structures which create the opportunity to minimise tendencies for worker misunderstandings, and to sidestep costly but avoidable conflict situations.

Thus, taken as a whole, there is something of a *Catch 22* situation evident in this and the earlier sections of the discussion - on recruitment, and 'rank and filism'. Policy measures around these earlier elements are initiatives designed to help bolster workplace union power, but it is suggested that only when unions hold workplace power will management be likely to invite participation in more potent forms of joint participation. Put simply, it is difficult to conceive of many managers who, facing weak workplace unionism, would then choose to bolster that power by introducing a more robust form of joint consultation at the workplace.

POST-FORDIST WORK ORGANIZATION [OR THE BRAVE NEW WORKPLACE]

For sometime now leading figures in the Australian trade union movement have been encouraging the widespread introduction of what has come to known by various names, perhaps the most common being 'post-Fordism'.⁵ Thinking in this area has been informed by job design and work organisation specialists and, as such, there has been some considerable venturing into the management literature. A main theme in much of the academic musing on this subject area has been the replacement of Taylorist workplace designs by group and/or team centred production processes. The pedigree of these ideas can be found in earlier work such as human relations, socio-technical systems, organisation behaviour studies, theories of leadership, and more recently in the quality and excellence movements.

For the trade union proponents of these ideas positives are to be found in the scope which exist in these newer forms of work organisation for a much more active and participatory role for the workers themselves. In a sense, what we might term the 'optimists' hold the view that these ways of organising work open the door to a modern form of industrial citizenship resting on a variety of participatory options. Through these schemes workplace union representation can be linked up with the production dynamics of the office or factory. On the other hand, those we might call the 'pessimists' are sceptical about the reality of these practices. What this group sees is work intensification, self exploitation driven by peer group pressure, 'theft' of innovative ideas contributed by workers and pseudo power sharing through manipulative participation schemes.

The section of *Unions 2001* which deals with the issue of work organisation has clearly been most influenced by the optimistic point of view. There is endorsement in the report for practices such as team work, best-practice, TQM/JIT, process re-engineering, benchmarking, de-layering and so on. However, in the ideal world envisaged, these practices are combined with a real role for shopfloor workers and their unions. What we have in the report is a recast role for unions as part of a workplace productivity coalition.

While it is true that many managers have an interest in workplace arrangements that yield results consistent with the targets set by the budgets that are produced by head office, or wherever, they are also interested in retaining their jobs. For this and other reasons they may be reluctant to relinquish real control. At the same time head office managers may welcome workplace participation aligned with modern forms of work organisation if it brings productivity improvements. But there is no need for their purpose to continue to coincide with those of their staff. For example, it may simply be that higher productivity growth allows them to pin a more attractive price tag on the business so that corporate headquarters can 'cash up' for entry into some new market segment, by selling this now

5 Another common label is "lean production", while still another might be "Japanization". Specialists will be aware that there are differences between the meanings of these various concepts but for our purposes here the term "post-Fordism" will suffice.

more valuable asset to a buyer keen to apply even more pressure for growth to justify the purchase to shareholders.

If senior managers can be convinced that what we might term operational decisions, and no others, are open to worker influence then they may react positively to such participatory proposals. If, however, they see the dynamics of participation to have potential to spread the practice into more strategic decision making areas, perhaps because of cross workplace coordination by unions, then endorsement may be refused. Alternatively senior management endorsement could be dependent upon a clear indication that the workplace is genuinely independent of wider union influence and power. Thus the call for enterprise based unions from some quarters of management can be seen as consistent with this type of concern.

The whole area of work organisation is in some ways the issue of the nineties. For this reason alone it is a matter that the report had to address. But on this there is much that many managers will be comfortable about, and indeed will welcome, because of the endorsement of their restructuring and flexibility strategies. The position of the critics needed more attention in the report, especially with anecdotal evidence now coming to hand of change fatigue and a growing incidence of stress among the workforce, even in this early stage of enterprise bargaining.

WAGE STRATEGY

The key word in the wage strategy of *Unions 2001* is 'solidarity'. In essence this refers to a concern for unions not to be drawn into the atomistic, fundamentalist, micro-economic textbook form of 'enterprise' bargaining which has been continuously proposed for some time now by influential employer and business organisations. The report proposes that the backbone of this wage setting strategy would consist of nationally set industry level framework agreements and these, among other things, would ideally contain both floor and ceiling wage outcomes. Where industry employers are not motivated to negotiate these framework agreements at national level, then key industry unions would determine their own and seek to use these as their guide at enterprise level. In more traditional parlance these might be seen as a kind of quasi, parent award, or as an instrument of pattern bargaining.

So in practice enterprise level agreements would reflect industry level parameters, and many of the features of 'managed decentralism' would persist. National Wage hearings would also need to continue to set floor conditions for workers who are located in weaker industries, but the system would also need to preclude scope for double dipping. Plainly, this wage setting design is intended to provide some balance between efficiency and equity considerations, and does not subscribe to the view that poorly managed and/or performing businesses should be able to shore up their operation by being permitted to pay harsh and inequitable wage rates. At the same time the wage system envisaged would seek to protect living standards of those workers in important industries where scope for efficiency gains is limited. In effect, *Unions 2001* is saying that, for unions,

workers and the community, any acceptable wage formula cannot be based on a 100 per cent enterprise performance rule.

Debates over wage setting arrangements have, and will continue to be located at the core of any industrial relations system. But there is a difference of degree in the short and long term perspectives. Short term changes which take place within an existing institutional framework do not permanently destroy the social capital accumulated over many decades. But where newly proposed wage setting practices are set within a slash and burn mentality of institutional change, then the long term consequences of the package of change needs to be considered very carefully indeed. Some would argue that equity considerations should not loom large in the wage setting arena. Distributive issues, it is reasoned, are not the province of wage setting institutions but of taxation policies and hence of elected governments. It follows from this argument then, that institutions established to address equity issues, primarily industrial tribunals, no longer have a place. In this light it is interesting to recall that many of the organisations and individuals who now advocate this position were not so long ago among the strongest proponents of a flat tax regime, that is the elimination of progressive tax scales. They have also repeatedly argued for lower corporate tax rates.

While there are employers guided by minimalist economic thinking who will regard the wage setting proposals as anathema to economic performance, there is much in them which warrants the support of those with a more informed view of human behaviour. If worker consent is an essential ingredient for willing application in the workplace, then a wage regime based upon an considered mix of equity and efficiency considerations would appear to offer greater prospects for long run economic performance than a regime with an almost singular emphasis on narrowly perceived economic efficiency. In following this latter scenario the outcome is likely to give rise to distinctive groups. At one extreme will be those motivated by ample wages, while at the other will be found those subject to the embittering 'spur' of low pay. The sociological and historical research is clear on the way in which a wide spread of wages can devalue social cohesion.

For these reasons employers concerned with the long term will find much of value in the 'solidarity wage strategy', rather than the alternatives currently being proposed. In those industries where unions do have some power the framework agreement, whether negotiated or not, is likely to be a reality. But the weakening or removal of tribunal influence could well backfire by giving greater scope for 'whipsawing' in these instances. It is true that the more militant employer critics would be likely to respond to any development of this kind by proposing legislative based punitive action, and where there are sympathetic governments, to 'showdown' industrial politics, if unions were to respond to the provocation. Much would also hinge upon the presence or not of an operative Accord. But for those employers with an eye to the long term, and mature self interest, the essence of the *Unions 2001* wage proposals needs to be seen in a favourable light.

IMPLEMENTATION: MANAGEMENT AND THE STATE

Any careful perusal of the content of *Unions 2001* quickly reveals that the effective implementation of many of the proposals made will require not only a genuinely sympathetic state, but also a measure of support from among the ranks of senior managers. While the former is far from a foregone conclusion, the latter might prove even more difficult to achieve. Neither the state nor management would appear to offer a climate all that conducive to the future world of the report.

With a Federal election due within a year, current indications are that the Coalition has its best chance for many years of winning office when the poll is finally taken. Even if the ALP should be able to retain office, the continuing drift in its broad policy direction down a market and efficiency path appears to have done little to assist the cause of unionism over the past decade or more, when viewed in a dispassionate light. It is true that a Coalition government would present an even harsher spectacle, but the direction taken by the ALP will mean that, when eventually, a Coalition government comes to occupy the government benches, the changes that will be ushered in then will be perceived as less traumatic than they might otherwise have been had the ALP trodden a more equity focussed track. In other words when the inevitable 'shell shock' comes it may not provide the same spur to rank and file action that would have been likely had the policy gap between Labor and non-Labor parties been wider. What for many people would otherwise be seen as a ground change, may now be seen simply as incrementalism. It would seem then that unions need to recover at least some of the ground and direction that they have lost under a Federal ALP government, and at least in part, *Unions 2001* seems to be saying just this. Unions have been, and will continue to be, dependent upon the state. In workplaces they are also dependent, to a very considerable degree, on management.

In this discussion attention has been given to union recognition, rank and filism, joint consultation, work organisation and wage strategy. The conclusion that must be reached is that any internal kickstart given to 'militant strategic unionism' by the union movement itself may undoubtedly create some momentum, given adequate will and resources. But, the state aside, that momentum is likely to be much more potent if management's ideological and material response is supportive, rather than passive or hostile. How likely is this to be the case? One way to attempt to provide an answer to this question is to explore some of the dominant themes in contemporary management thinking.

Surprisingly little detailed research is available on the actual practices and thinking of Australia's managers, especially its most senior managers⁶. Nevertheless, presumably

6 Some reasons for this lack of research on senior management could be due to two key factors, access and methodological problems. Open access to the day to day activities of very senior managers may be difficult to obtain on the grounds that this could jeopardise commercial and private confidences. Methodologically, research in the area of senior management [and for that matter in many similar areas], using the traditional tools of social science research, such as interviews and questionnaires, may fail to accurately capture credible evidence which could be used to either test hypotheses, or to infer some reliable proposition.

some of that thinking from among the ranks of larger organisations is reflected in the policy statements and proposals put forward by the BCA from time to time. While it is true that it is not executive directors who are involved in the day to day interaction with unions and their members, but rather production, industrial relations and human resource, and similar, managers, nevertheless it would seem to be the higher level people who play the more influential role in shaping the fundamental structures, overriding policies, performance criteria and ideological milieu which prevail in today's organisational world. The core issue for this discussion is how do senior managers see the role of trade unions.

While there are always exceptions to any generalisation which might be made in this regard, recent management literature, and indeed behaviour, seems to provide a clear indication that unions are not the favourite institution of chief executives and their associates. To put it more bluntly in the Harvard-speak jargon of the mid-nineties, little if any 'competitive advantage' is believed to flow from dalliance with unions, and even less from the 'militant strategic' variety. Rather, general management thinking, as reflected in the current crop of management texts, is riven with contradictions. Marketing specialists clamour to the theme that customer interests are paramount; financial people advise keeping a steady eye on financial performance and equity prices in the interests of shareholders, mostly institutions these days; business strategists stress the need to remain alert to acquisitions, core business activities, outsourcing and global options; management accounting people advocate the use of profit and/or cost centres for control purposes; and of course production/operations managers are likely to stress best practice, benchmarking and quality standards. Finally, though industrial relations managers may well articulate the view that 'an organisation is only as good as its people', within this thicket of confusing and contradictory positions such claims are all too often relegated to the status of rhetoric. Even where there is a will to attempt integration of these various positions, the process is soon discovered to be one of attempting to reconcile the irreconcilable. To give but one example - how does a manager go about reconciling the situation where plans for substantial job losses are announced at the same time that the organisation in question is posting record profit levels? For many senior managers today the public statements that they make on the conference round and in the media reflect a resurgent unitarist ideology. Perhaps apparent earlier conversions to pluralism were feigned behaviour. After all if one digs below the surface of most 'neutral' modern management methods, it is the soil of unitarist thinking in which they have been planted.

All this adds up to a very inhospitable climate for trade unionism and for assistance with the implementation of the recommendations in the report from the state and senior management. True, there will be bits and pieces of the document which will appeal here and there, but one must be doubtful in the extreme about commitment to the core themes relating to the nature and place of unions in society in the ranks of senior management and in key state institutions.

CONCLUDING REMARKS

There can be little argument that *Unions 2001* is an important document for unionism, and for modern Australia. Is it important for management? Clearly there are some parts which are of greater significance than others, work organisation being one important area. But for the most part the argument of this paper has been that the relationship between unions and management in Australia today is a very much a dependent one. Despite the often articulated contention of excessive union power the true picture of the present predicaments of unions are much clearer when considered in the light of the arguments and recommendations contained in the report. Unions may be able to regain some of their lost territory [not that they ever really had great leverage outside a few pockets of industry] through prudent implementation of fundamental recommendations contained in the document. But reliance on their own efforts and resources will render this a difficult assignment. Recruitment, rank and file vitality, consultation, solidarity bargaining and the other essential ingredients for a militant strategic unionism will be unlikely to attract much support, if any, from within management ranks, or for that matter the state. Australian union leaders will need to be resolute and committed if they are to restake their claim as serious players in a twenty first century, pluralist industrial relations world.

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4. UNIONS 2001: THE IMPLICATIONS FOR MANAGEMENT - SOME ISSUES

Ian Grey

There are many recommendations of the *Unions: 2001 Report* which, if implemented, would affect management in Australia.

However, as 'management' is not an homogeneous group, I will consider first, the implications for executive management and second for operational management. Thirdly, there are some implications for unions which I suggest in the spirit of 'bipartisan' discussion on this topic.

Executive management are those persons in corporate roles who are themselves remote from the workplaces which are the production hub of their businesses. Typically they are general management in both line management and also in support activities such as human resources, finance or marketing. These people are concerned about issues such as profitability, market share, productivity, company image and rate of return on capital. Few would have any in-depth work experience in industrial relations or in the broader human resource management field. Very little of their time is spent on planning and scheming how to reduce the pay or conditions of operational employees. On the contrary, these questions only enter their field of vision if the company's products or services suddenly become uncompetitive, or if labour costs appear excessive in the quarterly returns which they use as the index of business performance.

For managers at this level there are two critical implications from the recommendations made in *Union 2001*. Firstly, they must wrestle some control over, or at least influence on, the macro agenda. The Accords of 1983-1995 between the ACTU and the Federal Government demonstrate very clearly what happens when executive management has no part in the design, establishment and implementation of a broad-based reform agenda. The agenda is developed and implemented without them. To influence the agenda executive management will need to create one, single, consistent and recognisable voice to represent it in the public arena. Through this voice management will then have to achieve the articulation and legitimisation of a parallel business-driven agenda to that of the union movement, as detailed in the *Unions 2001 Report*. They cannot achieve this with the BCA arguing policy with the ACCI through the media, for example. The single voice which has been the ACTU for the last decade is an example of why such a single voice is a prerequisite for success.

It is relevant here to remember that the above tasks are inherently more difficult for executive management than for unions. The focus of executive management is primarily

at the enterprise, or maybe industry, level and they are trained to focus on what will maximise their own business at the expense of parallel businesses. They don't look broadly and they don't look collectively as a first instinct. Social issues are typically seen as something that an individual may have personal views on, which he or she can pursue privately in non-work time.

The second implication is that executive management will need to contain any industrial disputation associated with the implementation of the recommendations. For them, this is a peripheral issue to the main task of running their businesses. This is the second major implication - to achieve an appropriate balance between the *Unions 2001* agenda and all the other agendas with which they are required to deal. Within this need for balance are some difficult judgement issues; for example, how to conduct strategic industry-level consultation while retaining the nimbleness of an individual company to respond to market pressures.

One thing executive management does do increasingly well is to set clear goals, outline discrete tasks or projects and establish unambiguous accountabilities. As the ranks of middle management thin and organisational structures are flattened it becomes hard not to be very sure who is responsible for what. Executive management will have to ensure that managers manage, not 'abrogate their role' through excessive reliance upon consultative structures or joint committees, or through union veto. Managers are paid to manage; not just to administer or liaise; and executive management is increasingly expected to be 'leading the team'. In this environment, executive management has to be careful that responding to the *Unions 2001* agenda does not cramp their ability to do their total job effectively. While the issues raised are important, they are not the only issues which must be dealt with and they all have to be dealt with in an efficient and timely way.

The second group of managers I would like to suggest implications for are Operational management who face a related but differing set of implications from the *Unions 2001* Report. Operational management is the interface between the production workforce and the corporate-level executive management. They usually do not get to be involved in setting the company direction (let alone participate in formulating the so-called shared values) but they are expected to implement policy, manage change and redesign the workplace while simultaneously improving morale, lifting productivity and improving profit. Increasingly in the transnational companies, their future is being determined by events well beyond their direct control and by people who may have no attachment to Australia, its social or industrial structures, or to Australian-produced products and services.

Most operational managers are not interested in 'the big picture' or the macro social agenda - this is something which they - like their employees - see on the nightly news bulletin and which features a cast of politicians and would-be politicians. Their focus is on numbers of widgets produced, inventory levels, distribution problems, debtors, machinery down time. Even where they operate in a highly unionised environment, their industrial relations horizon is usually limited to site specific matters.

For these managers there is a wide range of implications from the report as they will often be the people who find themselves at the 'sharp end' of union attempts to put the agenda into place. For operational managers the first need will be to limit the 'ever widening bargaining' agenda described in the recommendations and to defuse the pressure to manage the business through joint consultative committees. In our society a business exists to make money, and the manager will have to ensure that an agenda which is primarily related to equity and equality issues does not overrun the primary agenda of the business which is to remain competitive and profitable. This is not to say social or environmental issues are unimportant - only to observe that in a capitalist society they are not why a business exists. Social changes traditionally have to be forced onto a company, typically via legislation. Like the executive managers, the operational manager must balance the time spent on valid industrial issues with the time spent on other issues relating to the business, and in doing this will need to particularly integrate the quality of life-driven pressures for job and process redesign with improvements to efficiency and productivity. An example of the complexity for this level of management will be the replacement of casual labour with genuine permanent part time labour.

The operational manager will also have to work out how to minimise the outbreak of 'political' strikes related to either official union or maverick delegate- sponsored attempts to force the implementation of the *Unions 2001* recommendations.

There are implications for unions as well, upon which I would like to comment briefly.

Having been a union official for nearly a decade, these last comments are offered empathically to the stewards charged with the implementation of this report.

Obvious implications are:

- educating management in the issues - some of whom may not even reside in Australia;
- validating any proposed new role of the union with its members;
- deciding whether unions are the class enemy of business, its partners, or simply stakeholders in its success;
- checking that the union structure and service delivery mechanisms are capable of delivering the task;
- developing different strategies for large and small enterprises.

Clearly there is cause for concern from the irony of Australian unionism in the 1980's, which saw a series of ACTU led public policy initiatives flow seemingly effortlessly from the Federal Government plus a transition to industry unionism and enterprise bargaining, yet many individuals felt that their own union was not protecting them adequately from restructurings, downsizings and unwanted multi-skilling or imposition of new (previously management) responsibilities. The result has been a sharp reduction in union coverage and widespread indifference to unions among key sections of society.

The challenge for unions to work 'in articulated mode' is the obvious remedy to this conundrum and it is the one which is proposed in the report. This has mode of operation implications such as:

- modifying unions' organisational capabilities;
- forming strategic alliances to pursue broad social changes in Australia and to pursue international labour rights;
- working out how to interest middle class, satisfied employees and also those under 25 in unionism;
- re-learning how to organise on the shop floor;
- allocating how to, and who will, pursue the broad social agenda and also the narrow wages/conditions agenda.

It is worth remembering that industrial relations is about power, conflict, consensus and control in the workplace. Unions need to decide at this juncture whether they become a consumer led service provider, whether they are genuinely interested in empowerment and reward of the individual at work, and whether they chase new industries and jobs which are radically different to the 'traditional' one in an industrial-manufacturing dominated society.

ACIRRT

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