



UNIVERSITY
OF WOLLONGONG
AUSTRALIA

University of Wollongong
Research Online

Faculty of Business - Economics Working Papers

Faculty of Business

2001

The Illawarra at Work: A Summary of the Major Findings of the Illawarra Regional Workplace Industrial Relations Survey

R. Markey

University of Wollongong, ray_markey@uow.edu.au

A. Hodgkinson

University of Wollongong, annh@uow.edu.au

T. Mylett

University of Wollongong

S. Pomfret

University of Wollongong, simonp@uow.edu.au

M. Murray

University of Wollongong

See next page for additional authors

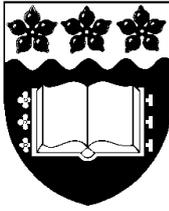
Publication Details

Markey, R, Hodgkinson, A, Mylett, T, Pomfret, S, Murray, M and Zanko, M, Illawarra at Work: A Summary of the Major Findings of the Illawarra Regional Workplace Industrial Relations Survey, Working Paper 01-05, Department of Economics, University of Wollongong, 2001.

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library:
research-pubs@uow.edu.au

Authors

R. Markey, A. Hodgkinson, T. Mylett, S. Pomfret, M. Murray, and M. Zanko



University of Wollongong
Department of Economics
Working Paper Series 2001

**The Illawarra at Work: A Summary of the Major
Findings of the Illawarra Regional Workplace
Industrial Relations Survey**

Ray Markey, Ann Hodgkinson,

Terri Mylett, and Simon Pomfret

with Maree Murray and Michael Zanko

WP 01-05

Contents

Preface and Acknowledgements

1. Introduction
2. A Description of the Illawarra Workplace Industrial Relations Survey
3. Profile of the Region's Workplaces
4. Workplace Ownership and Market Orientation
5. Industrial Relations Indicators
6. Management Organisation
7. Aspects of Employee Relations Management
8. Communication and Employee Involvement
9. Structured Management
10. Trade Unions
11. Active Unionism at the Workplace
12. Negotiations
13. Payment Systems
14. Organisational Change
15. Working Life: Perspectives from Employees
16. Small Workplaces and Small Business
17. Diversity in Employment Relations in the Illawarra: Gender, Sector and Industry
18. Distinctive Regional Patterns of Employment Relations
19. Further Reading

Abstract

This paper summarises the main results of the Illawarra Regional Workplace Industrial Relations Survey (IRWIRS). The data is unique in that it provides the only comprehensive and statistically reliable source of information about workplace employee relations at the regional level in Australia, and compares regional patterns with national trends. The data collected relates to industrial relations indicators, workplace ownership, market conditions, management organisation and decision-making in the workplace, among other things. The results reveal a positive pattern of employment relations in the Illawarra, distinctive in many respects from national trends.

Preface and Acknowledgements¹

This paper summarises a much larger publication by the same authors, *Regional Employment Relations at Work: The Illawarra Regional Workplace Industrial Relations Survey* (University of Wollongong Press, 2001) and represents the fourth in a series of reports on employment relations in the Illawarra (see Further Reading).

We acknowledge funding from the University of Wollongong, the NSW Departments of State and Regional Development and Industrial Relations, and the Illawarra Regional Development Board (IRDB). The Commonwealth Department of Workplace Relations and Small Business allowed use of its 1995 Australian Workplace Industrial Relations Survey questionnaires, and the Illawarra Regional Information Service (IRIS Research) conducted the fieldwork for the survey. We also acknowledge the time and effort of the 348 managers, 86 union delegates, and 1219 employees who responded to the questionnaires, and we are grateful for their contribution.

The project was guided by a Steering Committee that played an active role in the design of the survey and in promoting community support for its successful implementation. The committee consisted of Ern Ferris (then South Coast Manager, Metal Trades Industry Association), Alan Gageler (Industrial Relations Manager, BHP Steelworks Port Kembla), Jennifer Gray (then Industrial Officer, Australian Business Chamber, Illawarra Branch), Mark MacDonald (then President, Illawarra Chamber of Commerce), Bruce Macdonnell (then Regional Manager, State and Regional Development), Lindy Manojlovic (then Executive Officer, IRDB), the Honourable Colin Markham (then MLA for Keira and NSW Parliamentary Secretary for the Illawarra), Paul Matters (then Secretary, South Coast Labour Council), Rod Oxley (Illawarra Regional Organisation of Councils), and Judy Stubbs (Social Planning Consultant).

The following individuals also gave their support to the project at critical junctures: Michael Alexander (School of Industrial Relations, Griffith University), Dr Helen Bauer (then NSW Director-General of Industrial Relations), Professor Ron Callus (Director of ACIRRT, University of Sydney), Julie Chin (then Department of Economics, University of Wollongong), Rob Hood (Department of Economics, University of Wollongong), Frances Laneyrie (Department of Management, University of Wollongong), Alison Morehead and Mairi Steele (then Workplace Industrial Relations Project, Commonwealth Department of Workplace Relations and Small Business), Debra Murphy (Executive Officer, IRDB), Dr Chris Nyland (then Director, International Business Research Institute, University of Wollongong), Martin O'Shannessy (Manager, IRIS Research), Jeff Shaw, QC (then NSW Attorney-General and Minister for Industrial Relations), Professor John Steinke (Chairman of the Board, IRIS), and Professor Gerard Sutton (Vice Chancellor, University of Wollongong).

¹ Some government department names and individuals' positions mentioned here have changed since the project commenced.

1. Introduction

The Illawarra Regional Workplace Industrial Relations Survey (*IRWIRS*) collected data on a wide range of employment relations policy and practices as well as the context of employment relations, such as economic and organisational issues. As such, it provides a detailed account of industrial relations, human resource management and labour markets in the Illawarra. The main focus of the study was workplaces. A workplace was defined as a location that is ‘a single physical area occupied by the establishment from which it engages in productive activity on a relatively permanent basis’ (ABS in Morehead et al. 1997: 14).² The data was gathered from general managers, employee relations managers, and union delegates from workplaces with more than 20 employees. This is the Main Survey of *IRWIRS* and the primary subject of this summary report. *IRWIRS* also included a survey of employees (selected from those workplaces included in the Main Survey) plus a survey of managers of workplaces and small businesses with less than 20 employees. The results from these surveys are summarised in parts 15 and 16 of this summary report, and they have been reported on in more detail elsewhere (see Further Reading).

The *IRWIRS* generally replicates the *AWIRS*: the Australian Workplace Industrial Relations Survey. The *AWIRS* was conducted in 1990 and 1995. The matching of *IRWIRS* and *AWIRS 95* allows comparison of the Illawarra region with Australia as a whole. There are many differences between the Illawarra and Australia in terms of employment relations and we argue that workplace employment relations are influenced by location in the Illawarra. But there were also similarities between regional and national patterns. The picture is further complicated by the diversity we found within the region, such as differences between industries. This mix of similarities and differences regionally and nationally is to be expected if social life is conceptualised as a web of inter-relationships (see the Introduction to the Main Report for further explanation). The Illawarra region is distinctive, but through relationships that extend beyond the region, it is integrated with New South Wales, the nation and further. The *IRWIRS* was a fruitful endeavour given the rich description it provides of the region but the value of the study extends beyond this. The regional-national comparison leads to greater understanding of the phenomena that make up ‘Australian employment relations’ and helps explain the nature of increasing spatial diversity across Australia.

The rationale behind *IRWIRS* was to investigate something that has been taken for granted for many years: that the Illawarra has a poor industrial relations climate. Until *IRWIRS*, there was no data available to test this image. Our findings certainly challenge it: 95 per cent of managers rated their relationship with employees as ‘good’ or ‘very good’, and more than two-thirds of employees reported they were satisfied with their jobs. Managers were also predominantly positive about their relations with unions. National-regional comparisons do reveal some negatives, but the regional employment relations ‘infrastructure’ is healthy, with high rates of employer association membership; high rates of union membership; extensive communication and consultation; wide-ranging workplace negotiations between employers and individual employees, groups of employees and union representatives; and a high incidence of registered and unregistered collective agreements, union and non-union. It seems that this institutional infrastructure is an effective avenue for managing the employer-employee relationship. For example, the higher rate of union membership did not result in a statistically-significant higher level of industrial action. In the Illawarra, 26 per cent of workplace managers reported that there had been industrial action of some type in the year prior to the survey compared with 22 per cent nationally, even though *IRWIRS* was

² A workplace therefore could include a shop, a branch of a bank, a school, a factory, etc. Some sites consist of a large number of workplaces clustered together (for example, the University of Wollongong). In such cases, following convention, the workplaces rather than the site were counted in the population from which the sample was drawn. Many workplaces were part of larger organisations, and the *IRWIRS* therefore at times collected information about organisations as well as workplaces.

conducted at a time of national industrial action associated with the *Workplace Relations Act*. *IRWIRS* also found that substantial organisational change had been taking place, particularly in exporting and import-competing businesses. Productivity had risen in 70 per cent of workplaces over the two years prior to the survey. Voluntary labour turnover and dismissals are lower in the Illawarra than nationally. Employees are often paid over-awards. Formal training programmes are in place in 73 per cent of workplaces. Half of Illawarra workplaces were engaged in Total Quality Management. One fifth of workplaces had employee representatives on the board of directors. The professionalism of human resource management (measured through the 'structured management' variable) was equal to national figures even though the Illawarra has a smaller average firm and workplace size. In these and many other respects, we conclude that regional employment relations policies and practices are a source of strength for the Illawarra's continued restructuring and development.

The following section describes the survey in more detail. We then present a sample of some of the information on regional employment relations available from the Main Report, *Regional Employment Relations at Work: The Illawarra Regional Workplace Industrial Relations Survey* (University of Wollongong Press, 2001).

2. A Description of the Illawarra Regional Workplace Industrial Relations Survey

The Illawarra region spans the five Local Government Areas of Kiama, Shellharbour, Shoalhaven, Wingecaribee and Wollongong. It is centred on the commercial and industrial complex of Wollongong/Port Kembla, 80 kilometres south of Sydney, but includes the city of Nowra (a further 60 kilometres to the south), and the towns of Bowral, Moss Vale and Mittagong in the Southern Highlands. At the time of the survey the population was approximately 374,500 (237,000 in Wollongong), with a labour force of about 154,000.

The regional economy has been characterised by a relatively narrow base, depending largely on coal, steel and metals fabrication. In 1981 manufacturing and mining employed 35 per cent of the workforce. By 1996 this had fallen to 18 per cent, which was only marginally higher than that for the State of New South Wales as a whole (16 per cent). The main falls in manufacturing employment occurred as a result of restructuring and downsizing of the steel industry, and the coal industry experienced a number of mine closures during the 1980s and 1990s. This trend has been offset by substantial growth in the services sector, particularly in the retail, wholesale and finance and business services industries. The retail industry employs about the same proportion of the workforce as manufacturing now, that is, about 16 per cent.

AWIRS 95 fieldwork occurred between August 1995 and January 1996, and *IRWIRS* fieldwork occurred a year later, from October 1996 to February 1997. The economic context for the Illawarra survey was less buoyant than for *AWIRS 95*, with falling trade conditions in the region and declining employment, particularly in manufacturing. The legislative and policy environment also changed with the election of the Howard Liberal/National Party federal government in March 1996. Its *Workplace Relations Act 1996* did not become effective until immediately after the fieldwork for *IRWIRS*, but nevertheless, the changed policy environment led to an increased level of industrial disputation during 1996/7.

IRWIRS replicated *AWIRS 95*, with minor modifications to take account of regional characteristics and the slightly changed environment. *IRWIRS* had three components:

1. The **Main Survey** of 194 workplaces with 20 or more employees; the main focus of this summary report. These workplaces represented 25 per cent of all such workplaces in the region. The Main Survey consisted of four parts: the Workplace Characteristics Questionnaire, the General Management Questionnaire, the Employee Relations Management Questionnaire, and

the Union Delegate Questionnaire administered to 86 delegates who were the most senior delegate from the union with the most members at unionised workplaces.

2. The *Employee Survey* of 1219 employees from the 194 workplaces included in the Main Survey.
3. The *Small Workplace Survey* of 154 workplaces with 1-19 employees, representing 1.4 per cent of all small workplaces in the Illawarra.

3. Profile of the Region's Workplaces

The profile of workplaces and employees included in the Illawarra survey was broadly similar to that of the Australian survey. The Illawarra had a higher proportion of smaller sized workplaces (20-49 employees) and a slightly higher proportion of public sector employment than did Australia as a whole. Secondary industry employment slightly exceeded the national proportion, even though the Illawarra recorded a lower level of manufacturing and mining employment than nationally. Total services sector employment was slightly lower than for all Australia.

Table 1.
Workplaces and Employees by Industries, Illawarra and
Australia, 1995/6

Industry	% of Workplaces		% of Employees	
	Illawarra	Australia	Illawarra	Australia
Manufacturing/Mining	15	18	17	21
Utilities	3	1	3	1
Construction	6	3	6	2
Retail/Wholesale	19	20	15	15
Hospitality	11	8	8	5
Transport and Storage	6	4	7	3
Communications	3	2	2	2
Finance, Property and Business Services	10	11	11	12
Government Administration	7	6	9	10
Education	8	13	8	11
Health & Community Services	9	8	11	13
Cultural & Personal Services	4	6	3	5

The Illawarra had a comparatively high proportion of independent workplaces, particularly in smaller, private sector firms. Similar proportions of regional and national multisite firms owned or controlled other workplaces, or were owned or controlled by other workplaces. These trends indicate that the Illawarra is less of a 'branch office' economy than it is often characterised.

In terms of patterns of employment, the Illawarra labour market has been affected by broadly similar trends to those operating at the national level. This is evident in the significance of part-time and casual employment, their distribution across industries, and their highly gendered nature, with women accounting for the large majority of both part-time and casual employment. Seventy-one per cent of the Illawarra workforce was full-time and permanent; part-timers (permanent and casual) accounted for 24 per cent of the workforce, and casuals (full and part-time) 17 per cent. Women accounted for 44 per cent of the workforce in the Illawarra, but only 29 per cent of full-time permanent employees.

There were two main regional variations in the Illawarra. First, whilst the overall level of female employment and the pattern of labour market segmentation by industry were very similar between the Illawarra and Australia as a whole, the degree of segmentation was greater in the Illawarra. Secondly, whilst the aggregate levels and overall patterns of part-time and casual employment did not vary much between the nation and the region, there were differing levels of concentration in

various industries. Education and finance, property and business services in the Illawarra registered a significantly higher level of part-time and casual employment than throughout Australia.

4. Workplace Ownership and Market Orientation

The level of foreign ownership in the Illawarra was much lower than throughout Australia. The markets in which Illawarra firms as a whole operated also were relatively less internationalised than the Australian average. These results indicated a relatively substantial degree of integration into the national economy, but a lower degree of integration into the international economy. Both national and international linkages, however, occurred predominantly through organisations controlled from outside the region.

One eighth of Illawarra workplaces experienced a change in ownership in the year prior to the survey. The most common impact of these changes in ownership was on the numbers of employees. On the other hand, a strong positive correlation existed between capital expenditure and changes in the level of employment.

5. Industrial Relations Indicators

The main indicators used were labour stability, dismissals, and industrial action. There is little or no evidence in these survey results to support the popular image of the Illawarra as a region of poor industrial relations or militancy.

Voluntary labour turnover occurs when employees resign from their employment. A high rate of turnover may reflect employee dissatisfaction, but it can also indicate labour shortages. In either case, high turnover rates may prove expensive because of recruitment and training costs, and a reduction in the level of experience in the workforce. For these reasons usually it is to an employer's advantage to retain labour. The regional rate of voluntary labour turnover (calculated by dividing the number of resignations by the number of all employees) for the year prior to the survey was 9 per cent, compared with 19 per cent for Australia, which may reflect the weaker regional labour market.

Dismissals indicate an irreparable breakdown in the employee/management relationship. The average workplace rate was 1.4 per cent for the Illawarra, compared with 2.1 per cent for Australia. One per cent of Illawarra employees were dismissed, compared with 1.4 per cent for Australia.

Workforce reductions are most likely to occur because of the business cycle, technological change and organisational restructuring. In recent years there has been a marked trend towards corporate 'downsizing', resulting in increased workloads. In the year prior to *IRWIRS*, 30 per cent of Illawarra workplaces intentionally reduced their workforces, compared with 27 per cent for Australia. Manufacturing and mining experienced higher proportions than other industries, principally because of slack demand.

Industrial action (mainly stop work meetings or strikes) occurred in 26 per cent of Illawarra workplaces in the year prior to *IRWIRS*, compared with 22 per cent for Australia. It is actually surprising that the level of industrial action was no more than marginally higher in the Illawarra than for Australia, given the changed political environment which motivated greater industrial disputation. A third of Illawarra workplaces experiencing industrial action reported that it had increased in the previous year.

6. Management Organisation

It is evident that employment relations is not the preserve of employment relations specialists. Senior workplace managers make more decisions concerning employee relations than do specialists. *Specialist employee relations managers* occurred in only 36 per cent of Illawarra workplaces,

compared with 46 per cent for Australia; occupational health and safety (OHS; 27 per cent) and human resource (14 per cent) managers were the most common specialists. Specialist employee relations managers were more prevalent in larger workplaces and in the public sector. Supervisors/line managers play a somewhat more important role in employee relations decisions in the Illawarra, particularly concerning those issues closely associated with day-to-day work organisation: overtime, recruitment, training and changes to work practices.

Illawarra workplaces were much more likely to be a member of an employer association than Australian workplaces generally (73 per cent compared with 62 per cent), but they also used the services of employer associations less than members do outside the region. A high proportion of 54 per cent of Illawarra employers made no use of other external advisory services (law firms, management consultants, government departments and placement agencies), which was significantly higher than the national figure (43 per cent). A benign interpretation of the data suggests that Illawarra workplaces face fewer employment relations problems that they were unable to solve by themselves.

There were significant variations between different sectors regarding the degree of workplace autonomy in employment relations decision-making. For example, in government administration, there were few specialist managers employed, and most decisions on employment relations issues were taken above the level of the workplace; that is, decision-making is centralised. Generally, private sector tertiary industry workplaces had less autonomy than secondary sector workplaces. Perhaps the model of workplace negotiations with direct involvement of supervisors/line managers and employees and delegates is a model most appropriate to manufacturing and mining workplaces.

Finally, however, the input of various levels of management into corporate planning was very similar for Australia and the Illawarra. Senior workplace management contributed more often than not, but employee relations managers were the least likely of any level of management to enjoy an input; in fact, they were only marginally more likely than union delegates to contribute to corporate planning. For the nation and the region, therefore, the reality of incorporation of HR strategy into corporate planning and general decision-making falls well short of rhetoric.

7. Aspects of Employee Relations Management

There is strong evidence in the Illawarra and Australia of the development of aspects of 'best practice' human resource management (HRM). However, there also are a number of clear limitations indicated in regional and national management practices.

Performance evaluation of employees, benchmarking or key performance indicators, or some combination of these were used by about two thirds of regional and national employers to monitor workplace performance, and 77 per cent in the Illawarra measured *labour productivity*. Illawarra workplaces seem particularly responsive to competition in developing performance monitoring, but they utilise a smaller range of performance monitoring techniques simultaneously than is the pattern for Australia as a whole.

Formal training was provided by 73 per cent of Illawarra workplaces, compared with 68 per cent for Australia. However, Illawarra workplaces were less likely to provide training for blue collar employees than were Australian workplaces.

Equal employment opportunity or affirmative action policies (EEO/AA policies) have been developed by a majority of Illawarra and Australian workplaces. However, the most common form of dissemination of these policies was 'employees can ask to see the policy if they want', in 46 per cent of Illawarra workplaces with policies. Active dissemination by distribution of policies to all employees or conducting information sessions was far less frequent (30 per cent and 23 per cent

respectively), and only 3 per cent of Illawarra workplaces with these policies translated them for non-English speaking background employees. Only 40 per cent of workplaces offered management training in EEO (60 per cent of those with policies).

Illawarra managers were more likely to be *family friendly* in provision of leave other than unpaid leave for employees who are family carers (mainly women). However, regionally and nationally unpaid leave was still relied on by 36 per cent of employees needing time off to look after sick family members, and for women this figure rose to 44 per cent.

The incidence of *occupational injury or illness* was a little higher in the Illawarra than for Australia: 22 per cent of employees reported one or more injuries or illness in the year prior to the survey, compared with 17 per cent of national employees. The higher regional incidence occurred across most industries and occupations, but was most marked in manufacturing and mining (34 per cent Illawarra frequency, compared with 22 per cent nationally). However, workplace injuries in the Illawarra were less likely to lead to long periods off work. Dislocations/sprains/strains were the most commonly reported injury or illness, occurring amongst 9 per cent of employees, followed by stress related illness, which affected 6 per cent of employees.

8. Communication and Employee Involvement

'Best practice' strategic HRM suggests that building employee cooperation and commitment through effective communication and involvement is an important means of improving workplace performance. *IRWIRS* found that *communication* was an important aspect of interaction between management and employees, with a daily 'walk around' by senior management and regular formal meetings between managers and employees each utilised in 80 per cent of workplaces. Almost half of workplaces also employed newsletters or bulletins to communicate with employees. The more systematic, formal methods of communication with employees — suggestion schemes, newsletters, employee surveys, and email (used in 20 per cent of workplaces) — were more likely to be adopted in larger and unionised workplaces. Communication methods have expanded recently, with 20 per cent of Illawarra workplaces introducing formal meetings in the past two years. Unionised private sector workplaces seem to be experimenting with new forms of communication more frequently than other workplaces. However, the flow of information tends to be downwards, from management to employees, rather than two-way as 'best practice' HRM would prescribe.

Over 80 per cent of Illawarra managers provided their employees with information concerning workplace performance, product or service quality, customer satisfaction and occupational health and safety. Union delegates were much less positive in this regard, but far more likely in the Illawarra than in Australia to report that management provided them with information over the nominated issues (72 per cent to 47 per cent). Less than half of workplaces claimed to provide employees with information concerning future investment plans, and only 10 per cent of delegates claimed that they received this information.

Employee involvement or participation 'allows employees to exert some influence over their work and the conditions under which they work' (Strauss 1998: 15). *Direct participation* involves the employee in job or task-oriented decision-making in the production process at the shop or office floor level. All types of direct participation by employees had a significant presence in Illawarra workplaces and there was a strong association between the different forms. The most popular method, Total Quality Management (TQM), had been adopted in 50 per cent of Illawarra workplaces, and even the least popular method, quality circles, appeared in 21 per cent. Both were significantly more frequent in the Illawarra than Australia generally. Teams and semi or fully autonomous work groups were somewhat more frequent nationally, but they still occurred in over a third of Illawarra workplaces. Team building was more frequent with larger sized firms.

Autonomous work groups were significantly more frequent in the private sector than the public sector in the Illawarra, the reverse of national trends.

Representative employee participation occurred less commonly than direct forms, and less commonly in the Illawarra than Australia generally, but its presence in the Illawarra was significant nevertheless. Over a quarter of all Illawarra workplaces operated standing joint consultative committees (JCCs) and/or specific purpose task forces or *ad hoc* committees. Almost a fifth (19 per cent) of Illawarra workplaces had employee representatives on the board of directors.

Management usually had multiple objectives in introducing all forms of participation. Autonomous work groups or quality circles were introduced to improve productivity or efficiency in 61 per cent of Illawarra workplaces, and 47 per cent were motivated by a desire to increase employee responsibility or autonomy, significantly more than for Australia as a whole. The frequency of this motivation also increased amongst unionised workplaces. It is noteworthy, however, that increasing employee motivation or commitment only ranked fourth as an objective for introducing direct participation (39 per cent of Illawarra workplaces), since it provides much of the theoretical basis for introduction of participatory modes of management.

The range of objectives for introducing representative consultative committees in Illawarra workplaces was smaller than for direct participation. Over half reported introducing committees to improve communication, and over a third to improve efficiency or productivity or assist in implementing change. Employee job satisfaction or morale ranked fourth, with 27 per cent of Illawarra workplaces identifying this as an objective. Australian managers placed greater emphasis on efficiency as an objective of committees than did their Illawarra counterparts, but a much higher proportion of public sector managers in the Illawarra identified efficiency as an objective.

Three quarters or more of managers considered that work groups and quality circles had improved workplace performance and product or service quality and facilitated communication and workplace change. Union delegates also evaluated direct participation positively, with almost three quarters in the Illawarra considering that it allowed employees to have a say and empowered them to make decisions, as well as improving customer satisfaction, and 90 per cent claimed that managers used ideas generated by work groups and quality circles. Two thirds or more of Illawarra managers also considered that consultative committees had met their objectives, in terms of workplace performance, communication, introduction of change, and product or service quality, a somewhat more positive evaluation than throughout Australia. Most committees were active, with 59 per cent meeting at least monthly, and 91 per cent at least quarterly.

Unions played a major role in JCCs' operations, with a high correlation between existence of consultative committees and unionisation of workplaces, and 47 per cent of these committees were composed entirely of unionists, a much higher proportion than for Australia as a whole. Union delegates were also much more positive concerning the quality of information provided by management to the committees than they were about the quality of information generally communicated by management, with 80 per cent rating it as good to very good for the committees.

9. Structured Management

This indicator refers to the extent that managers adopt formal procedures and policies to manage employment relations as opposed to an *ad hoc* or reactionary approach (refer to Table 2). 'Best practice' HRM is associated with such formality. The likelihood of a workplace having structured management rises with size and with unionisation; it seems that structured management may be necessary as complexity increases. Developments in employment law over the 1980s and 1990s have also encouraged workplaces to create and implement policies in order to comply with EEO, OHS and unfair dismissal laws. Under a number of employment law provisions, employers are

responsible for the behaviour of employees, and must educate employees about policies and procedures as one way of reducing risk of non-compliance. *AWIRS 95* found that the proportion of workplaces with structured management rose to 59 per cent compared with 39 per cent in *AWIRS 90*. All variables associated with structured management became more prevalent across workplaces, which supports the argument that employment law has had an affect. The recorded increase in structured management was also influenced by a doubling of the number of workplaces with joint consultative committees, reflecting the impact of the Australian Industrial Relations Commission's 1989 structural efficiency principle that encouraged consultative committees in the award restructuring process into the early 1990s. Growth in these structures further suggests that management style is being influenced by a greater awareness of the importance of employee participation in improving the quality and quantity of production and service provision.

Table 2 shows a range of variables associated with a structured approach to the management of employment relations following the approach used by *AWIRS 95*. The Illawarra has similar rates of structured management. The lower incidence of EEO/AA policy in the Illawarra compared to the national data may be associated with the Illawarra having a lower average firm size than nationally; since by law, only firms with more than 100 employees must have an affirmative action policy.

Table 2. Structured Management Indicators, Illawarra and Australia, 1996/7
(% workplaces)

Indicators	Illawarra	Australia
Disciplinary procedure	94	92
Formal monitoring of employees	64	68
Frequently used grievance procedure	48	47
Training for any supervisors	70	72
Joint consultative committee	28	33
Occupational health and safety c'tee	43	43
EEO/AA policy	55	67

Table 3 Structured Management Workplaces, Illawarra, 1997
(% workplaces)

Workplace Characteristics	All	Private Sector	Private Sector Unionised	Private Sector Non-unionised
All Workplaces	59	53	65	29
Employment Size				
20- 49	48	42	54	21
50 - 99	68	71	78	59
100 or more	94	94	94	100
Sector				
Private	53	..	..	..
Public	70	..	..	..
Organisational Status				
Part of larger organisation	74	68	77	39
Single workplace	31	33	43	21
Industry Sector				
Secondary	59	58	66	13
Tertiary	59	51	65	32
Union presence				
No Union	37	29	..	..
Union	68	65	..	..

These separate variables can be turned into a composite indicator of structured management, which shows that 59 per cent of Illawarra workplaces had a structured approach to employment relations, the same as for Australian workplaces. The variations in structured management in terms of workplace characteristics shown in Table 3 indicate that larger workplaces, multi-workplace organisations, public sector and unionised workplaces were more likely to have structured management. Data for the private sector, and for unionised and non-unionised private sector workplaces is also presented here to show that unionisation was positively associated with structured management even amongst small workplaces and in single workplace organisations.

In addition to the variables presented in Tables 2 and 3, larger workplaces and unionised workplaces tended to be more structured in some other important ways: they were more likely than others to have adopted systematic formal communication methods (suggestion schemes, newsletters, employee surveys, email), TQM, and team-building.

10. Trade Unions

Union membership density for workplaces of 20 or more employees was 65 per cent in the Illawarra according to managers, well in excess of the national figure of 51 per cent. The main difference was in private sector union density, which virtually equalled that for the public sector in the Illawarra, whereas it fell far short of the public sector throughout Australia.

The employee survey showed a lower total union density than the management survey, at 59 per cent, which still exceeded the Australian figure of 50 per cent. Five per cent of Illawarra employees had been union members at some previous time, about the same as the national proportion. Blue collar occupations - plant and machine operators and drivers, labourers and tradespersons – and employees with secondary educational qualifications only reported the highest union densities. Trade union membership was higher amongst older employees, and amongst males in comparison with females, but the female rate of union membership in the Illawarra still surpassed that for Australia. Part-time union membership in the Illawarra also was much higher than for Australia.

The majority of managers and union delegates considered that union membership in their respective workplaces had been stable in the year prior to the survey. The main cause for change, whether an increase or decrease, was attributed to changes in the size of the workforce.

Recruitment drives were conducted by trade union officials in 29 per cent of workplaces according to managers,. Recruitment drives were far more likely to occur where there was already a trade union presence. Managers reported that recruitment drives enjoyed success in 54 per cent of cases, rising to 72 per cent where a union delegate was present. However, according to union delegates the numbers of new unionists recruited in these drives were very small. Delegates claimed that recruitment drives only accounted for a quarter of increases in membership in the year prior to the survey, and the delegates were usually the main recruiters of new members. Delegates were much more likely to attribute a role to management than full-time union officials in normal recruitment.

Almost half of employees stated that they would prefer to be in a union than not if totally free to choose. However, a significant 29 per cent also claimed that they would not. Unsurprisingly, 51 per cent of non-unionists would not like to be unionists, but 16 per cent of non-members would like to be union members. There was also a pool of workers, representing about a third of non-unionists, who were uncertain over whether they would like to be a member of a union or not.

Compulsory unionism was agreed by Illawarra managers and union delegates to occur for at least some employees at about a quarter of unionised workplaces, and 36 per cent of unionists believed that they were compulsory union members, a slightly higher figure than for Australia. Blue collar

occupations - tradespersons, plant and machine operators and drivers, and labourers - were particularly prone to compulsory unionism. Illawarra and Australian managers and union delegates agreed that the main reason for closed shops was agreements between management and unions.

Where closed shops did not operate in the Illawarra, a large majority of managers and delegates agreed that employees were neither encouraged nor discouraged to join unions. Virtually all of the remainder claimed that employees were encouraged rather than discouraged to be union members. Employers in 83 per cent of unionised Illawarra workplaces deducted union fees from members' pay.

Management attitudes toward unions on balance were fairly positive in the Illawarra. A majority of managers in non-union workplaces would not even mind dealing with unions if they enrolled their employees. However, 90 per cent of managers would prefer to deal directly with their employees rather than through a union.

Union members' attitudes towards unions were also quite positive. They were far more likely to agree than disagree that:

- unions do a good job improving members' pay and conditions,
- unions take notice of members' problems and complaints,
- unions do a good job representing members with management,
- management and unions do their best to get on with each other, and
- they were satisfied overall with the service unions provide members.

The exception to this positive response was that only about a quarter of Illawarra and Australian unionists agreed that unions gave their members a say in how the union operates, and just as many disagreed. Half of all employees in the Illawarra and Australia disagreed that 'if you want to get on at this workplace it's not a good idea to be in the union', and only about a tenth agreed.

Union delegates were present in 64 per cent of unionised Illawarra workplaces, compared with 70 per cent for Australia. The difference between regional and national union delegate presence stemmed largely from different performances in the public sector; regionally and nationally union delegate presence in the public sector far exceeded that in the private sector, but in the Illawarra public sector it was still significantly lower than for Australia as a whole. Union delegates were also much more likely to be present in larger workplaces, and the Illawarra is characterised by a higher proportion of smaller workplaces than throughout Australia. Some industries of high trade union presence in the Illawarra recorded very low union delegate presence compared with other regional industries and with the same industry Australia-wide; notably utilities, communications, construction and government administration.

Illawarra union delegates were fairly representative of the workforce in terms of gender balance and proportion of part-time to full-time workers, but less representative of non-English speaking workers. They were also concentrated in the 40-54 years age group.

Paid time off work to attend union training courses was received by 79 per cent of delegates, and 88 per cent reported adequate support from their union offices. The vast majority (86 per cent) of Illawarra delegates also reported good access to senior managers, although their influence appears limited since almost two thirds of employee relations managers claimed that discussions with delegates occurred less frequently than monthly or only when an issue arose

Formal negotiations with delegates were reported by 43 per cent of employee relations managers, and with union officials in 41 per cent of workplaces, but in some of these workplaces negotiations occurred with both delegates and full time officials. Generally, negotiations were more likely to

occur with delegates, but this likelihood varied depending on the issue, with occupational health and safety, working conditions, and dismissals or discipline being the most likely.

The vast majority of Illawarra managers (96 per cent) and most delegates (69 per cent) perceived their relationship with the other as positive. However, almost a third of delegates considered that managers' ignorance of awards and industrial relations procedures made their job more difficult.

Delegates in larger workplaces were more experienced, more likely to be involved in enterprise bargaining, and enjoyed greater access to management. Public sector delegates differed from private sector ones to some extent in that they were more experienced, more likely to receive union training, enjoyed a higher regularity of contact with full time union officials, and exhibited a higher degree of confidence in management keeping its word.

11. Active Unionism at the Workplace Level

Similarly to the process of blending variables to create the 'structured management' indicator, variables associated with unions can be combined to sketch workplace variations in union activity. Table 4 shows the incidence of active unionism by specific workplace characteristics. An 'actively unionised workplace' is defined as having union members and a union delegate that carries out a range of activities on behalf of members including meetings with management. An 'inactively unionised' workplace has union members but no delegate, or a delegate that is relatively inactive. A non-unionised workplace has no members at all.

Table 4. Actively Unionised Workplaces, Illawarra, 1997
(%workplaces)

Workplace Characteristics	Actively unionised	Inactively unionised	Non-unionised
All Workplaces	18	56	26
Employment Size			
20- 49	8	59	32
50 - 99	26	51	23
100 or more	48	49	3
Ownership			
Private	13	55	33
Public	31	59	10
Organisational Status			
Part of a larger	26	53	20
Single workplace	4	61	35
Industry Sector			
Secondary	28	58	14
Tertiary	15	55	30
Union presence			
No Union	..	..	100
Union	25	75	..
Management Style (private sector only)			
Structured Management	24	59	18
Unstructured Management	0	50	50

Whilst three-quarters of Illawarra workplace had a trade union presence, less than one-fifth of workplaces were actively unionised. Active workplace unionism was more likely to be found in large workplaces and in workplaces that were part of a larger organisation. Nevertheless, the incidence of active unionism in the Illawarra was the same as for Australia despite the Illawarra's lower average workplace size. In the Illawarra by industry, workplace union activity was high in government administration (50 per cent), transport and storage (46 per cent), and education (38 per cent). It was low in private sector services and the retail and wholesale trades. There was also an association between active unionism and management style. This association may merely reflect the correlation of both variables with large workplace size, but it is consistent with Table 3 showing that unionised workplaces were more likely to be characterised by structured management across all workplace sizes.

Although delegates were present in a somewhat lower proportion of unionised workplaces in the Illawarra than throughout Australia, where they were present in the Illawarra there were greater numbers of delegates. This means that there were not necessarily fewer delegates per capita of the workforce in the Illawarra than nationally. Delegates were also more likely to be present in larger workplaces and these employ more employees than smaller workplaces. Illawarra delegates were more representative of part-time employees, more experienced, spent more time on union business, were active in a greater range of tasks, were more self reliant in workplace negotiations, and received more information from management than their Australian counterparts, although they received less training in enterprise bargaining than the Australian average. Somewhat greater numbers of Illawarra unionists also claimed to have attended union meetings than Australia-wide. To a significant degree these findings extend the composite variable for active unionism, to suggest that in important respects Illawarra unions were more active in the workplace than was the case nationally.

In *Unions 2001* (Evatt Foundation 1995), a report based on discussions and meetings about the future directions of unionism, it was concluded that improving union activity at the workplace level was a way to stem the decline in union membership and to improve services to members. Both in the Illawarra and nationally, *IRWIRS* and *AWIRS 95* confirm that workplaces with union delegates are least likely to have experienced a decline in union density. Utilities and education provide pertinent industry examples. Both are amongst the most highly unionised of industries in the Illawarra, but utilities has the highest degree of lapsed membership, and education the lowest. Utilities also has a very low level of delegate representation, and education has a very high level. The data shown here indicates that unions may face structural barriers in improving their workplace focus – such as workplace size - but also that the low rate of active unionism in private sector tertiary workplaces could be improved through union activity. The hospitality industry illustrates this with its relatively high level of union density (63 per cent) and delegate presence and low level of lapsed membership, even though many of its workplaces are small.

12. Negotiations

Negotiations over workplace matters took place between management and employees or their representatives in 70 per cent of Illawarra workplaces. These negotiations involved employees as individuals, groups of employees, union delegates, full-time union officials, or in many cases some combination of these. Their greatest frequency was in larger, unionised workplaces. Even individual employee negotiations were almost as common in unionised workplaces as non-union ones. Both individual and union negotiations occurred in about half of Illawarra workplaces, whereas negotiations with groups of employees occurred in only about a third.

Non-union negotiations have achieved a significant foothold in virtually all industries, but negotiations with individual employees were more evenly spread across industries than with groups of employees. Most industries in the Illawarra and Australia recorded an incidence of 40 per cent

or more for individual negotiations. Few non-union negotiations were restricted to pay issues, but in the public sector most were restricted to non-pay issues.

In the Illawarra clerks, sales and personal service workers and tradespersons were most likely to have engaged in non-union bargaining, to a significantly greater extent than Australia-wide. Illawarra managers were more likely than many occupations to negotiate individually (at 29 per cent ranked fourth), although this contrasted with Australia as a whole where they were the least likely to have engaged in individual negotiations.

A greater range of issues was negotiated through negotiations with individuals than with groups of employees. The most common issue arising in both forms of negotiations was work practices and organisation. Training, work hours, and occupational health and safety also ranked highly for both types of negotiations in Illawarra and Australian workplaces generally.

13. Payment Systems

A variety of systems for determining pay were utilised in Illawarra workplaces in 1995/6 at the time of the *IRWIRS*. The award system remained the basis of Australian pay determination, but awards were just the starting point for pay determination, and managers, employees and unions had many options available to them. Even within most workplaces two or three methods of wage determination were used. This variety indicates a high degree of flexibility in wage determination, even prior to the *Workplace Relations Act 1996*, which was designed to broaden choices for pay determination. Employee relations managers and union delegates also expressed a high level of satisfaction in the wage system at that time in achieving the objectives of management and employees.

Individual contracts were the least common form of wage determination. They were in place at almost a quarter of workplaces but usually only applied to a minority of the workforce. Nationally, non-unionised workplaces were more likely than unionised workplaces to have workers covered by individual contracts, but in the Illawarra the reverse was found.

Awards covered at least some of the workforce in virtually all workplaces (98 per cent). Illawarra workplaces had much higher coverage of employees by State awards: 63 per cent indicated that they operated solely under State awards, compared with only 45 per cent for Australia, and 53 per cent for NSW.

Over-award payments were made to at least some employees in 54 per cent of workplaces. Forty-four per cent of over-awards in the private sector were set by management unilaterally, 31 per cent were negotiated with individual employees, and a quarter were negotiated with groups of employees or unions. The main reasons for over-award payments were to reward merit or skills, or to compensate for award rates which were set too low in relation to the labour market.

Collective enterprise agreements of some kind existed in 46 per cent of workplaces, mostly written. A third of workplaces had introduced these agreements since January 1994 when the Commonwealth *Industrial Relations Reform Act 1993* came into force. Of these 64 per cent were registered, but there was a mixture of types of agreements, between State and federal jurisdictions and under different provisions in each jurisdiction, often within the same workplaces. A mixture of formal and informal agreements was also evident: although a majority of agreements were registered, 42 per cent of workplaces still had unregistered written agreements with unions or groups of employees or verbal agreements.

Post 1993 collective agreements partially replaced awards in 62 per cent of cases, and 20 per cent totally replaced awards. Most dealt with pay, hours and grievance procedures. Those involved in

negotiations were most commonly workplace management and either union delegates or officials, but a variety of other parties were sometimes involved too – including consultative committees and groups of employees independently of unions.

The most frequent reason given by managers for negotiating enterprise agreements was the desire to improve productivity or efficiency, and consistent with that aim, increased pay rates were commonly based on productivity gains. In terms of frequency this objective was followed by improvement of management/employee relations. However, many workplaces indicated a variety of reasons. Agreements were effective in improving labour productivity in 62 per cent of cases.

According to union delegates 30 per cent of workplaces experienced industrial action in the negotiation of agreements. It may be that the process of negotiation itself places management/employee relations under strain, but very few delegates reported industrial action in the implementation of agreements, which is a very positive sign. Large majorities of managers and union delegates expressed satisfaction with the agreements.

Performance-related pay systems operated in 35 per cent of workplaces. These were mostly based upon individual performance, but 20 per cent were based on work group performance, a low proportion given the 34 per cent incidence of work groups. This suggests that these aspects of HRM policy are not always well integrated in practice. Illawarra performance-related pay systems also were based on a smaller range of factors than in Australian workplaces generally. Finally, *employee share ownership* only occurs in 14 per cent of Illawarra workplaces, compared with 22 per cent for Australia.

14. Organisational Change

Organisational change occurred in 77 per cent of Illawarra workplaces in the two years prior to the survey. The most common form was reorganisation of workplace structures, which accounted for 44 per cent, whilst changed work practices and new office technology accounted for over a third, and new plant, equipment and machinery for less than a quarter. Restructuring of the workplace and changed work practices were the types of change more frequently identified than new technology with exerting the most significant impact upon employees. The intensity of change in the Illawarra was a little lower than for Australia as a whole, particularly for the introduction of new office technology.

The introduction of new plant, equipment and machinery and changes to the nature of work were strongly associated with exporting activity and import competition. Workplaces facing moderate or limited competition were less likely to have undergone organisational change at all.

Reasons most commonly cited for undertaking organisational change were, in order of frequency, improving productivity or efficiency, improving customer service, improving product or service quality, cost reduction, and making management more efficient.

Decision-making processes associated with organisational change were fairly centralised. About half of change decisions were made by managers beyond the workplace in those that were part of larger organisations, and about a third generally by senior workplace managers. Few employees had a significant input to the decision-making process, although according to general managers 39 per cent were consulted, compared with only 29 per cent for Australia. Employers preferred less structured, informal discussions to those involving committees or unions. In 58 per cent of unionised workplaces general managers reported no discussion with union representatives over organisational change at all. The remainder negotiated with unions, but most of them still made final decisions unilaterally. Two-thirds of managers reported not changing plans for organisational change as a result of consultation with unions, which suggests that this process is often one-way.

Union delegates were even less likely than managers to report consultation of themselves or employees over organisational change. Consultation with joint consultative committees or with union representatives occurred significantly more frequently in unionised workplaces, but these workplaces were also more likely to have no discussions, which may indicate that unionisation motivated some avoidance of consultation by management.

Reactions to workplace change were mixed. Almost a third of employees affected by change and almost a quarter of union delegates were perceived as resistant to change by managers, but just as many of both categories of employee favoured change. Union delegates and full time officials were least likely to be favourable to change, in managers' eyes, but their major response was neutrality. Managers and supervisors were seen as the most favourable to organisational change. However, employees directly affected were perceived in the most polarised way, with high proportions identified as resistant and in favour of change. Of all the types of change analysed, new technology attracted the greatest degree of support generally, and workplace restructuring fomented the greatest resistance. Resistance to workplace restructuring may have been linked to its tendency to have a negative impact on employment. Union delegates were much more likely to consider themselves or full time union officials to be in favour of change than were managers, but they also were much more likely than managers to see employees generally as resistant to change. Illawarra managers perceived a much more negative response than their Australian counterparts to organisational change amongst all groups in the workplace, but especially union representatives and employees affected by the change.

The association between acceptance of **organisational change and consultation** of employees and their representatives was weaker in the Illawarra than for Australia, contradicting a substantial body of literature in this area. Generally, informal discussions were associated with more favourable reactions from employees than formal discussions or joint consultative committees. From managers' perspective, union delegates were more favourable and less resistant to change the less they were consulted, especially with workplace restructuring and changes to the nature of work.

Impact of organisational change upon employment in the workplace was significant across a range of variables, but uneven. Managers and clerks were the occupations most affected, with blue collar workers being somewhat less affected. Almost half of those workplaces where organisational change had occurred indicated that it had impacted upon the total level of employment; these were equally divided between those that experienced an increase and those that experienced a decrease in employment. The greatest impact on employment occurred for full time employees, in terms of increases and decreases. New plant, equipment and machinery was more likely than other forms of organisational change to lead to an increase in employment, new office technology to no change, and workplace restructuring and changed work practices to decreases in employment. Large firms (100+ employees) were most likely to have increased employment and union membership as a result of organisational change. Most of this increased employment was part time and casual, with full time employees accounting for the largest decrease in large workplace employment, so that some replacement process seems to have been associated with organisational change.

Increased labour productivity occurred in 70 per cent of Illawarra workplaces over the two years prior to the survey, and 26 per cent claimed that it was 'a lot higher' (compared with 33 per cent for Australia). A strong positive relationship existed between labour productivity improvement and organisational change. Increases in capital expenditure obviously correlated with introduction of new technology, but also with workplace restructuring and changes in the nature of work. Capital expenditure also had a major impact on employment, with 38 per cent of those workplaces which increased capital expenditure recording an increase in employment, and 90 per cent of those where capital expenditure fell experiencing decreased employment.

Barriers to change for efficiency improvements were reported by 63 per cent of managers. They mainly related to circumstances beyond the control of workplace managers, such as head office policy, legislation, or awards, followed by financial constraints. Union or employee resistance to change rated very lowly as an identified barrier to organisational change.

15. Working Life: Perspectives from Employees

The positive aspects of the Employee Survey were substantial, but qualified in important ways. Employees expressed relatively high degrees of *satisfaction* regarding their job overall (63 per cent), their working hours (73 per cent), and their levels of pay (47 per cent compared with 34 per cent dissatisfied), and 59 per cent considered that their workplace was a good place to work. Consistent with these trends, employees were more likely to rate management positively than negatively in a number of areas, except whether management can be trusted, where they were fairly evenly divided.

Equity was affected negatively by some labour market patterns. We have already noted the significant proportion of the workforce in *insecure employment* - part-time, casual or fixed-term. Part-time work sometimes represented disguised underemployment since 19 per cent of part-time employees sought more work. Yet, part-time work was not found to be necessarily short term or casual. Casual employees, and even those on fixed-term contracts, were also often long term employees. Part-time and casual work were principally the preserve of women and the young, and together with workers from a non-English speaking background, these groups were also disproportionately represented in the lowest paid quartile. Although 57 per cent of employees had experienced a pay rise in the year prior to the survey, about an eighth of part-timers, and the occupations of labourers and plant and machine operators and drivers reported pay reductions, that is, at about twice the rate of other employees.

Wage/salary increases: some significant industries and occupational groups in the Illawarra did not keep up with their national counterparts during 1996. These included the manufacturing and mining, construction, and finance, property and business services industries, as well as managers, tradespersons, plant machine operatives and drivers, and labourers more generally. These represent a very substantial proportion of the regional workforce. On the other hand, women outperformed men in gaining pay rises in the Illawarra in 1996, whereas the opposite trend occurred nationally.

Workplace change resulted in increased *work efforts* for 56 per cent of employees, increased *stress* for 49 per cent, and increased *working hours* for 22 per cent, with 20 per cent of full-time employees desiring fewer working hours. Managers and professionals were more likely to consider themselves affected by these trends. They may also derive greater benefits from change, since managers disproportionately reported increases in promotion opportunities as well as pay increases through performance evaluation, and together with the young they were more likely to consider that they were better off overall as a result of workplace change. Managers recorded the highest level of job satisfaction and professionals were least likely of all occupational groups to think of leaving their jobs. However, managers and professionals were also most likely to report a decline in job satisfaction as a result of changes. This mixture of responses no doubt reflects the mixture of opportunities and threats for these groups. Tradespersons were a little more negative in their response to change, and in some respects full-time employees were more so than part-timers. Notwithstanding the positive response on balance to workplace change, there were significant minorities of between 20 per cent and 30 per cent who felt disadvantaged or had experienced declining job satisfaction. Clearly, the change process involves winners and losers, which is consistent with the observation of growing inequity (see ACIRRT 1999: 64-100).

Employees indicated positive workplace practices generally in consultation and participation, but again, with some important qualifications. As shown in Table 5, a majority of employees indicated substantial levels of consultation, particularly managers, professionals and the young. But here too, there were losers, with labourers indicating reduced input to decision-making on the job. A very large minority (47 per cent) considered that they had not been given a fair chance to have a say in the change process. Participation in the workplace seems to have been predominantly directed towards job-related issues, rather than overall managerial decision-making. This was consistent with the surveys of employee relations managers and union delegates, and with the greater incidence of direct participation, compared with representative participation in consultative committees.

Table 5.
Employee Participation

	Illawarra %	Australia %
Consulted about workplace changes	63	57
Given fair chance to have say about workplace changes	53	54
Increase in amount of say in decisions which affect employee	28	29
Increase in how much can use own ideas in doing work	40	39

16. Small Workplaces and Small Business (1-19 employees)

Small workplaces or firms as a whole (i.e. including the public sector) accounted for 55 per cent of employment in the Illawarra in 1996, although the proportion of employment accounted for by small private sector firms is slightly less than that for Australia as a whole. Most employment growth in the small business sector for 1996 occurred amongst young firms in tertiary industry. Locally based, private sector, single location businesses were the most likely to increase and decrease employment, i.e. they were the most volatile in employment terms. Overall, small business was not a major source of employment growth in the region in 1996.

Recruitment and labour turnover patterns in Illawarra small firms confirm these observations. Half of all firms surveyed recruited employees in 1996, far fewer than was the case with larger workplaces. Informal 'word of mouth' was the most common recruitment method. However, the total small workplace labour force was reduced by 18 per cent during 1996 as a result of terminations and resignations. Terminations occurred principally because of insufficient work. The main methods of termination were natural attrition and retrenchment, and very few firms experienced difficulty in terminating employees for any reason. Unfair dismissal legislation was an insignificant consideration in recruitment, termination or disciplining of employees. The state of the economy rather than industrial relations structures has been the major brake on further expansion of employment in the small business sector.

Flexibility was a major characteristic of small workplaces. **Part-time and casual employment** were an important source of labour flexibility for small businesses, particularly in tertiary industries, where 42 per cent of jobs were part-time and casual compared with 26 per cent in secondary industry. Small businesses tended to deal with **grievances and discipline** issues on their merits, on a case by case basis, with only 6 per cent having standard procedures. The high incidence of **over-award payments** was further indication of flexible management practices to reward and attract labour; 70 per cent of small businesses paid over-award, compared with 54 per cent of workplaces with 20 or more employees. The manner in which over-award pay was determined revealed a high degree of managerial prerogative for small workplaces, since virtually all over-awards were determined by negotiation with individual employees or by management unilaterally.

The widespread use of *overtime* to meet the needs of production or customer service also represented an important source of flexibility. Further, only one third of small businesses followed award prescriptions when overtime was worked. However, as most employers pay overtime rates of pay or provide time off in lieu, there was some inflexibility associated with the management of overtime. The relatively low level of formal training and high reliance on the external labour market also suggests a low degree of functional flexibility, with potential difficulty in covering fluctuations in skill requirements.

The *employment relations climate* is quite positive in Illawarra small workplaces, as indicated in:

- the very high rating of the quality of the employment relationship (78 per cent ‘very good’, 21 per cent ‘good’),
- the high degree of harmony indicated in employer/union relations (68 per cent have no objection to dealing with unions, although 97 per cent would ideally prefer not to),
- the virtually non-existent record of industrial action, and
- the relatively high degree of consultation between management and employees, predominantly of an informal nature (80 per cent have daily or weekly meetings with all employees).

Union membership in small workplaces was relatively low, covering 15 per cent of the total workforce, which was somewhat higher than for Australia as a whole, and regional membership appears to have increased as it fell nationally. The very low level of delegate representation in unionised small workplaces indicated a serious limitation to union effectiveness at this level. Another important limitation was the low level of unionisation amongst the growing casual workforce.

Employer association membership was significant (50 per cent), but lower than for larger employers (79 per cent). It was somewhat higher than for Australia as a whole, and highest in secondary industry. Amongst those employers who were members of associations, there was a high degree of satisfaction with the services provided. Small employers relied principally upon associations and/or government agencies for advice regarding industrial issues, since in most cases they would lack the specialist skills in these areas which are more commonly available in larger firms.

The *award system* is strongly entrenched in the small business sector in the Illawarra. Over 80 per cent of small workplaces had employees covered by awards, principally State awards, and virtually all of their managers expressed satisfaction with the award system. A fifth of small workplaces were covered by *written agreements*, most of which were registered, and which occurred slightly more frequently in the tertiary sector. A third of small workplaces also had *verbal agreements* in place, which indicates a relatively high degree of flexibility in remuneration arrangements. The level of satisfaction for these wage determination arrangements as a whole was a resounding 92 per cent.

17. Diversity in Employment Relations in the Illawarra

Gender

Extensive occupational and industry employment segregation characterise Illawarra workplaces, with the dominance of a male workforce in traditional blue collar areas of employment, and of a female workforce in lower-skilled service sectors of industry. In this context, women suffered a number of distinctive labour market disadvantages. Women :

- provided a large majority of part-time and casual employees;
- were lower paid than men on average, and lower paid even if we focus on full-time employees only;
- were more likely than men to be forced to take unpaid leave for family care;
- were more likely to suffer stress-related illness related to their employment; and

- were also less likely than men to consider that workplace change had empowered them in using their own ideas in the workplace.

Many of the flexibilities associated in particular with small businesses impacted negatively upon gender equity. Female-dominated small businesses were also less likely to recruit inexperienced workers or provide formal on-the-job training.

Yet, women's overall evaluation of management was more positive. Women also were more likely to be satisfied with their pay, and to express job satisfaction generally than men.

Male union membership density was higher than for females in the Illawarra, although the level of female union membership was comparatively high. Men were a little more likely than women to express satisfaction regarding their union. However, men were far more likely than women to be dissatisfied with the comfort and safety of their workplaces, and to experience physical injury at work.

Private/public sector

It is possible to identify quite distinct employee relations practices between private and public sectors, some of which are an extension of different propensities to develop a structured approach to management. Private sector workplaces were more likely to have individual contracts, over award pay and performance-related pay than those in the public sector. Direct participative practices (autonomous work groups, quality circles) were also more common in the private sector, in contrast to the public sector where consultative committees and employee board representation were more common.

Public sector workplaces were more likely to have a union present at the workplace, and as we have seen, to generate more active unionism. Related to that, collective agreements were more common in the public sector, which confirms the active role of unions in public sector workplaces. Nevertheless, union density was similar between the public and private sectors in the Illawarra.

Other characteristics of public sector workplaces seem to be related to their much greater likelihood to be part of larger organisations, and the degree of centralised management that characterises the public sector. Senior workplace managers in the public sector enjoyed far less decision-making authority than did their private sector counterparts, and fewer specialist employee relations managers were present. Workplace negotiations as a whole were somewhat less common in the Illawarra public sector than the private sector, and significantly less than in the public sector throughout Australia. However, individual negotiations were more common in the Illawarra public sector than nationally or in the private sector. This trend may reflect informal means by which Illawarra public sector managers achieved flexibility within a centralised management structure.

Public sector workplaces were also characterised by the nature of organisational change, and its impact. In comparison with the private sector, they were more likely to undergo workplace restructuring, rather than technological change. In undergoing organisational change they were also more likely to be motivated by productivity or efficiency than the private sector. At the same time, public sector employees reported relatively high levels of dissatisfaction and negative impacts as a result of restructuring in the workplace, even though some groups in this sector recorded a high proportion of pay rises. In the public sector the patterns of employment relations were generally less positive than in the private sector.

Industry

In terms of broad industry patterns, it is possible to a large extent to generally group the industries below into blue collar secondary industry, private sector services and public sector. Amongst

employees there were larger differences between industries within the region than occurred nationally.

Manufacturing and mining industries exhibited a high degree of structured management and active unionism. Workplaces in these industries were very active in all forms of management/employee interaction, including communication, direct participation (particularly TQM), joint consultative committees, and trade union negotiations. Union membership density was high in comparison with other regional industries and with the same industries throughout Australia, and union delegates were more active than full-time union officials in workplace negotiations. Manufacturing and mining also had a relatively high frequency of collective agreements. In many respects these industries typify, and have shaped, the traditional industrial relations patterns of the Illawarra. However, the incidence of structured management, and especially the strong participatory management practices evident in manufacturing and mining, suggests that they have been able to instigate change to develop new and more positive employment relations processes. Manufacturing leads many industries in 'best practice' HRM techniques in the Illawarra, even as it has declined in relative economic importance to the region. In association with these trends, manufacturing and mining have invested to a comparatively high degree in new plant and equipment, faced more intense competition, and were more oriented to international markets than other regional industries.

Construction was similar to manufacturing and mining in some respects. It was characterised by a very high union membership density, compared with Australia and other regional industries. It also displayed a high frequency of collective agreements. However, it differed from manufacturing and mining in that workplace restructuring was more significant as a form of organisational change, and the incidence of structured management practices were weaker. Nevertheless, employee evaluations of workplace relations were relatively positive. Although they were the least likely to gain pay rises in 1996/7, construction employees did enjoy a significant degree of reductions in working hours, so it is not surprising that they expressed the greatest degree of satisfaction of an industry with working hours. They also recorded the greatest reduction of stress levels as a result of workplace change. Construction employees expressed a comparatively high level of job satisfaction and, a high frequency of consultation about workplace change. They also had some of the most positive attitudes regarding management and management/union relations.

Transport and storage shared the other blue collar industries' propensity for a very high union membership density. In addition, its unions had a high level of delegate presence in the workplace, and a low level of lapsed membership. Union members expressed a high degree of satisfaction with their unions. As with construction, workplace change was more important than other forms of organisational change, and structured management practices were less evident than in manufacturing and mining. The exception in this regard was joint consultative committees, which were fairly common.

Transport and storage employees arguably recorded the most positive evaluation of employment relations. They exhibited comparatively high levels of pay and pay increases, one of the highest rates of workplace change, some of the greatest reductions in working hours, one of the greatest levels of satisfaction with working hours, a high degree of job satisfaction generally, and were positive regarding management/union relations. Non-material factors no doubt contributed to this, since they recorded a high degree of consultation by management, and increased opportunity to have a say in how they did their jobs.

Hospitality was characterised by a high proportion of female and casual employment, as well as a set of relatively negative management trends. Hospitality recorded the lowest frequency of EEO/Affirmative Action policy formulation, notwithstanding its high proportion of female employees. It also had the lowest frequency of occupational health and safety policy formulation

and committee formation, although occupational injury and/or illness occurred at a relatively high frequency. Employees reported low pay and the lowest level of consultation over workplace change. Rather surprising, therefore, hospitality employees reported the least work related stress and a high degree of job satisfaction, with a comparatively large proportion considering that management did a good job.

Unions could be pleased with their performance in the industry. They had a relatively high membership density (63 per cent), at twice the level for Australia as whole, although they also have a large minority of workplaces with no union presence. Unionised hospitality workplaces were characterised by a strong delegate presence compared with Australia and industries outside the traditional union strongholds of blue collar industry and the public sector. There was also a significant degree of involvement by these delegates in workplace negotiations. Hospitality could be summarised as exhibiting a low degree of structured management, but a high level of active unionism.

Cultural and personal services provided a major contrast to hospitality in a number of ways. Union membership density was low compared with other Illawarra industries, and lower than throughout Australia. Individual contracts were common. Employees reported intensified work efforts as a result of workplace change at the highest rate of any industry. They also recorded the highest level of increased stress. Yet, they also registered the greatest degree of increases in job satisfaction, improved promotional opportunities, and say in doing their jobs and using their own ideas in their job.

Finance, property and business services was similar to cultural and personal services in its relatively low union membership density, and in the frequency of individual contracts. Membership satisfaction with unions was also relatively low. The industry introduced new office technology at a comparatively high rate.

Retail and wholesale trades were also similar to finance, property and business services in introducing new office technology at a high rate, and in having lower than average union density and presence in the workplace. Retail and wholesale workplaces reported a high level of non-union negotiations with employees as a group, and a low frequency of union negotiations, compared with other industries and their national counterparts.

Utilities contrasted with the private sector service industries in its very high union density, but it had a low level of delegate presence in workplaces. It had a high frequency of individual negotiations and contracts, as well as of collective agreements. Board membership of employees is more frequent in utilities than any other industry. Employees claimed a high frequency of pay rises for 1996, and were the most likely to consider that they were consulted by management. Their job satisfaction level was also higher than for utilities throughout Australia. However, these positive aspects seem to be balanced in some ways by the impact of the highest recorded workplace change for all industries. Utilities employees as a group had a strong perception of declining promotional opportunities, a negative response overall to the proposition that their workplace is a good place to work, and a relatively negative response towards management.

Government administration had a union presence in all of its workplaces, but not much more than half of its employees were union members. Although this is relatively high, its membership density was lower than for other parts of the public sector, and actually lower than that for hospitality. Union delegates presence in only 57 per cent of workplaces, but they contributed to the highest level of active workplace unionism for any industry. The frequency of both union and non-union negotiations was high, demonstrating that these activities were not mutually exclusive. However,

the outcomes of these processes in the context of workplace change led high proportions of employees to report a decline in opportunities for promotion and job satisfaction.

Education was characterised by very high union membership density and delegate presence in workplaces, a low degree of lapsed union membership, and a high level of membership satisfaction with unions. Joint consultative committees and employee membership of boards of management occurred very frequently. The level of collective agreements was also high. Education displayed many of the characteristics of structured management and active unionism.

However, employees in education perceived the most negative outcomes from workplace change, although as a group they were the most highly paid and a comparatively high proportion enjoyed pay increases in 1996. They were the least likely of all employees to consider that their overall position had improved because of workplace change. The greatest impact which they reported from workplace change was increased working hours, which generated the highest degree of dissatisfaction of any employees with their working hours. Job satisfaction has declined and work related stress levels were high. In addition, education employees were relatively unlikely to consider that their say in their job or opportunity to use their own ideas had increased as a result of workplace change.

Despite all of this, their general evaluation of management was quite positive. This seems to reflect a willingness to separate dissatisfaction with workplace conditions from the responsibilities of workplace managers. This is consistent with the low degree of discretion over employment relations matters reported by workplace managers, although they did have a high degree of control over financial matters.

Health and community services contrasted with the remainder of the public sector in its comparatively low levels of union membership density and membership satisfaction with their unions, although union delegates were relatively active. Employees recorded one of the highest frequencies of work related stress and one of the worst records in occupational health and safety. They also registered a high degree of decline in job satisfaction. Yet, health and community services still had the highest frequency of job satisfaction, and very positive attitudes towards management.

18. Distinctive Regional Patterns of Employment Relations

Taken as a whole, *IRWIRS* reveals five main aspects of the state of employment relations in the Illawarra. First, the regional variations from national patterns were generally not great. Secondly, where there were significant regional variations in general patterns, they were more often than not positive. Thirdly, a high degree of diversity of employment relations practices exists within the Illawarra, particularly between industries, but also between workplaces in the same industry, and even within workplaces. Fourthly, the process of workplace change has greatly affected working conditions for most employees. The variation in the impact of this on equity and overall satisfaction with working conditions between industries and occupational groups shows that there are clearly winners and losers from this process. Finally, notwithstanding the similarity with national trends, it remains possible to identify a distinctive regional pattern of employment relations.

There is no justification in the *IRWIRS* results for the negative regional image of poor industrial relations and union militancy hindering workplace efficiency. The regional similarity with national trends in employment relations means that Illawarra managers, in partnership with unions, have generally been keeping abreast of modern management practices designed to improve efficiency and increase employee commitment. This can be seen in the survey results relating to organisational

change, flexibility in payment systems, communication and employee involvement. In some areas Illawarra managers have not embraced change as intensively as the national average, but in others they are more advanced.

However, the shared limitations to HRM practices in the Illawarra and Australia are equally clear in the patterns studied here, and hence, offer a guide to areas where further development is required on the part of management. It is evident that the prescriptions of 'best practice' HRM were not consistently followed by the regional or national employers, particularly in the small business sector. The need for extension of management efforts is indicated in the use of formal selection procedures, training for blue collar employees, provision or support of child care, elimination of unpaid leave for family care, and reduction of occupational injury and illness. Stress appears to be the great sleeper for occupational illness. Greater extension of policies and active commitment in terms of dissemination and training in the areas of EEO, OHS and grievance procedures are also clearly indicated. These last three areas show the impact of legislation in terms of formal legal requirements, but employer commitment beyond these formal requirements, which is so necessary for positive management practice in these areas, is not as strong. The attitudes of employees towards their managers sum up managerial practice quite well: on balance positive, but with plenty of grounds for improvement.

Further, if small business is to be the engine of economic dynamism, there remains an important advisory and support role for government agencies. There particularly appears to be a role for the government and other stakeholders in continuing with the training reform agenda to ensure industry-level provision, assessment and accreditation of training and skills. It is also necessary to address the high degree of occupational segregation and inequities in employment opportunities and rewards between men and women. A well-functioning occupational labour market is a necessary ingredient for small business success. The existence of a regional labour market which was more favourable to employers because of the higher degree of unemployment may have reduced all employers' need to develop leading policies to attract, retain and motivate labour.

The Illawarra as a region is distinctive in its underlying culture of employment relations dominated by the 'old' industrial relations system. In the relatively high membership of unions, and the high State award level of coverage of employees, we may see a distinctive regional Illawarra mode of employment relations affecting even small workplaces not normally associated with these patterns. This 'old' employment relations culture has been particularly associated with the former economic dominance of manufacturing and mining, but has been extended significantly into the service sector as it has become more important in the regional economy. The hospitality industry, together with the relative strength of unionism in areas normally associated with union weakness – women, part-timers, some of the service industries – confirms that even as the industrial base of the Illawarra has shifted in recent years, a strong habit of unionism has persisted and spread into new areas.

Another aspect of the regional employment relations culture is the substantial degree of employer networking. This is clear in the high regional level of membership of employer associations. The significant level of employer usage of 'word of mouth' as a recruitment method indicates the existence of a relatively closed regional labour market, partially dependent upon regional networks facilitated by the institutional infrastructure of unions and employer associations. On the negative side, this may have contributed to a general perception of regional management to be more traditional and inward looking, encouraged by a relatively low degree of integration into the global economy, although there is considerable variation in this regard.

What the Illawarra survey shows conclusively is that modern techniques of strategic HRM, flexibility and diversity may prosper within a culture characterised commonly as the 'old' industrial relations. The strength of employer networks and of the regional institutions, such as unions, have

clearly contributed to predominantly positive outcomes in regional employment relations, Their strength also suggests that they will need to be active in any attempts to change those aspects in employment relations that require improvement. There is substantial reason to believe that the regional institutions can be major participants in the successful development of the regional economy in the new millennium, as they have been previously.

19. Further Reading

Ray Markey, Ann Hodgkinson, Terri Mylett and Simon Pomfret, with Maree Murray and Michael Zanko, *Regional Employment Relations at Work: The Illawarra Regional Workplace Industrial Relations Survey* (University of Wollongong Press, 2001).

Ann Hodgkinson, Chris Nyland and Simon Pomfret, *Investor Perceptions of the Illawarra Industrial Relations Climate* (Industrial Relations Report no. 1, Labour Market and Regional Studies Centre, University of Wollongong, 1997).

Ray Markey, Ann Hodgkinson, Maree Murray, Terri Mylett and Simon Pomfret, *Employment Practices in the Small Business Sector in the Illawarra* (Industrial Relations Report no. 2, Labour Market and Regional Studies Centre, University of Wollongong, 1997).

Ray Markey, Maree Murray, Terri Mylett, Simon Pomfret and Michael Zanko, *Work in the Illawarra: Employee Perspectives* (Industrial Relations Report no. 3, Labour Market and Regional Studies Centre, University of Wollongong, 1998).

Alison Morehead, Mairi Steele, Michael Alexander, Kerry Stephen, and Linton Duffin, *Changes at Work. The 1995 Australian Workplace Industrial Relations Survey* (Longman, Melbourne, 1997).