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Managerial strategy and industrial relations in Telecom Australia

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MANAGERIAL STRATEGY AND INDUSTRIAL RELATIONS IN TELECOM AUSTRALIA

A thesis submitted in partial fulfilment of the requirements for the award of the degree of

M. Com. (Honours) (Industrial Relations)

FROM

THE UNIVERSITY OF WOLLONGONG

BY

ROBERT MACKLIN, B. COM. (Industrial Relations) UNSW
To the Memory of
my Father
Bruce Macklin
1925-1990
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ABSTRACT

Within the industrial relations literature there has been a growth in publications that utilise the concept of 'managerial strategy'.

Many writers use the concept as a simple shorthand description of managerial actions and decisions; other writers use it for solely normative purposes. However, a significant number of writers claim that the concept can be used to effectively explain industrial relations activity and arrangements, and also as a way of redressing problems inherent in traditional theoretical approaches to industrial relations.

This thesis examines these claims and also seeks to contribute to several debates concerning the concept of 'managerial strategy' that are raised in the industrial relations literature.

The conclusions drawn in this thesis are primarily based on a study of the progress of a managerial strategy developed in the NSW South West Region of Telecom Australia, and of industrial relations problems that emerged in the Narrandera office of the organisation. It is concluded that the concept of 'managerial strategy' does facilitate the generation of useful explanations of industrial relations activity, and that it does help to redress the inadequacies of traditional approaches.

In addition to investigating the concept of managerial strategy, this thesis briefly discusses a number of other issues. In particular, it examines the ability of consultative management approaches to improve industrial relations, the industrial relations of redundancy, and the dynamics of industrial relations in rural communities.
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Chris Nyland, who was my supervisor, provided valuable assistance on the structure and presentation of the thesis and considerable encouragement to keep going despite other events in my life. Without his support this thesis would not have been completed.

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The thesis relied heavily on interviews of Telecom managers and employees in Wollongong, Wagga Wagga and Narrandera. Their willingness to be interviewed and to speak with sincerity and honesty was vital and much appreciated. Further, the considerable interest they showed in my research provided me with added incentive and encouragement.

Finally, it is important that I acknowledge the support and understanding of my family, especially my wife Marie whose patience and tolerance was immense.
CHAPTER 1 - INTRODUCTION

This thesis is concerned with managerial strategy and industrial relations. More particularly, it is about the way the concept of 'managerial strategy' has been, and can be, used in the study of industrial relations. The examination will be based on an analysis of the relevant industrial relations literature and an empirical study of industrial relations activity and the progress and impact of a management strategy within Telecom Australia.

As will be discussed, within the industrial relations literature there has been a growth in the number of publications that concentrate on managerial strategy. Many of these articles use the concept in an uncritical way as a shorthand method of describing managerial actions and decisions. These approaches rarely define the concept and do not consider, in any depth, its theoretical implications. Rather, it appears to be assumed that its definition is obvious and its implications unproblematic. Other articles use the concept normatively as a way of improving organisational effectiveness and efficiency. It is argued that managers should move away from reactive approaches towards industrial relations and adopt proactive approaches that focus on the development of industrial relations strategies and the incorporation of industrial relations into corporate decision making. Such approaches, it is implied, will improve the ability of managers to deal with the dynamics of industrial relations over
the longer term.

However, not all writers adopt a purely descriptive or normative approach. Many are investigating the concept in more depth and are intent on using it as a way of explaining industrial relations activity and arrangements. Further, they are trying to use 'managerial strategy' to address problems associated with orthodox industrial relations approaches and the classic labour process statements of writers such as Braverman. These traditional approaches, it is claimed, are unable to explain contemporary developments in industrial relations because of inherent weaknesses in the theories themselves. Because they concentrate on industrial relations institutions, orthodox approaches are seen to be too static in nature. The classic labour process approaches, on the other hand, are thought to be too determinist. They portray development as progressing down an inevitable and somewhat predictable track which, it is claimed, is not in accord with actual events. 'Managerial strategy', it is argued, can rectify these problems by including a dynamic element in the theories: the decisions and choices of managers. Management actions, it is claimed, are not strictly determined by external factors, nor the institutions within which they work. The decisions and choices they make can have a profound effect on industrial relations and, as a result, can be used to explain diversity in industrial relations structures and processes.

This thesis seeks to examine these claims. That is, the primary aim of the thesis is to enable a judgment to be made about the
efficacy of 'managerial strategy' as an explanatory concept in industrial relations. In doing this, it will help to determine whether or not the concept can be successfully used to address the inadequacies of orthodox industrial relations and labour process theories.

The thesis also raises, addresses and attempts to contribute to several debates about the concept of 'managerial strategy' which are raised in the industrial relations literature. It will discuss the way the concept has been defined, what activity it is seen as embracing, and the conceptual problems raised. In this regard, the thesis will investigate issues such as whether a course of managerial action needs to be intentional, planned in detail, coherent and implemented to be deemed a managerial strategy; if in discussing managerial strategy management should be treated as a homogeneous group or as composed of groups or coalitions with sometimes conflicting perspectives and goals; and whether the concept of 'managerial strategy' leads to excessively voluntarist explanations of industrial relations activity. With respect to this last issue, because the empirical research in this thesis relates to activity in Telecom Australia, it will consider the constraints on managerial strategy which may be associated with the organisation's public ownership. That is, it will consider the nature and impact of the political context within which organisations such as Telecom operate.

Beyond definitional issues, this thesis will consider the relationship between managerial strategies and industrial
relations. It will investigate the impact that managerial strategies may have upon industrial relations. It will also briefly consider the extent to which industrial relations is a consideration in the development of managerial strategies and the ways industrial relations may affect the strategy implementation process.

As a way of examining the concept of 'managerial strategy', the thesis will use the concept to provide an explanation for industrial relations problems which developed in the Narrandera office of Telecom Australia. These problems, it is argued, relate to broader changes in Telecom Australia and, in particular, to a specific managerial strategy developed at the regional level of the organisation.

Since coming to power in 1983, the Federal Labour Government has initiated a series of reforms into government business enterprises such as Telecom Australia. The reforms were designed to improve the efficiency and accountability of the organisations, and were an integral part of the Government's micro-economic reform agenda and its moves to overhaul Australian public sector administration. The reforms were aimed to make management more responsible for the performance of their organisations and to increase accountability to the public. They led to the creation of new corporate structures within Telecom and eventually to the opening up of the telecommunications industry to competition.

In responding to the reforms, Telecom management implemented a range of initiatives aimed at improving the competitive position
of the company. In the South West Region of the Country Division, management responded by formulating a strategy that involved the amalgamation and, therefore, rationalisation of Telecom districts. In the Riverina area of NSW this involved the amalgamation of two long standing districts: the Wagga Wagga district and the Narrandera district. The amalgamation strategy was underpinned by regional management’s belief that it would enable a rationalisation of management and clerical positions; therefore increasing efficiency and cutting costs.

It will be argued that the strategy led to an increase in industrial relations problems within the Narrandera Telecom office.

During the mid to late 1980s, industrial relations within Telecom generally was far more consensual than it was in the early 1980s. The early 1980s were marked by a poor relationship between Telecom management and unions. Changes, such as the introduction of new technology, frequently lead to significant and protracted industrial disputes. Many of these disputes had wider industrial relations consequences and attracted intervention from the Fraser Liberal Government. Since the election of the Labor Party, the level of disputation has declined and the relationship between Telecom management and unions has improved at both national and local levels. This was despite a quickening in the pace of change associated with the Government’s GBE reform agenda, broader micro-economic and labour market reforms and the introduction of major technological innovations.
Events at the Narrandera office provide an exception to this improving relationship between management and unions. Before the amalgamation of the Narrandera and Wagga Wagga offices, relations between management and employees at Narrandera were excellent. High levels of trust existed and employees only undertook industrial action in response to national calls from the unions - and then only on rare occasions. However, in the period leading up to and following the amalgamation of the Narrandera and Wagga Wagga offices relations at Narrandera soured. Several industrial disputes arose from within the office and employees and managers increasingly came to view each other with suspicion.

It is these industrial relations problems and regional management's amalgamation strategy that are the main focus of this thesis. The objective is to establish whether the development and implementation of the amalgamation strategy can be used to adequately explain the Narrandera experience.

In investigating industrial relations at Narrandera, the thesis also provides a tentative and cursory examination of the nature or dynamics of industrial relations in rural communities.¹

¹ Because it is not the central concern of the study an extensive examination of relevant literature on rural industrial relations in rural communities has not been undertaken. In any case, literature searches revealed that the issue had not been examined in depth in the industrial relations literature. Some work has been done on industrial relations in company towns and mining communities but no analysis of rural communities has taken place. As a result, all analysis of the issue is based purely on empirical data. The issue is raised and investigated simply because it was seen to be a potentially important factor which may have a bearing on events at Narrandera and, therefore, of the role played by managerial strategy.
There is a strong belief amongst Telecom managers and employees that industrial relations within rural communities is less conflictual than is the case in urban areas. Rural based employees, it is claimed, are less willing than their urban colleagues to engage in industrial action: they rarely start industrial disputes and frequently refuse to become involved in national union campaigns. In this thesis the reasons put forward for the supposed rural industrial relations harmony are described. Factors discussed include the weak nature of the rural labour market; the quality of rural life; and the notion that social interaction in rural towns is more close knit.

In the concluding chapter of the thesis, a brief analysis of this claim is made based on the Narrandera experience. The conclusions are tentative: far more research is needed. Nevertheless, it does appear that the Narrandera experience does not support a view that industrial relations is less problematic in the bush than it is in the city. In fact, as will be described, to some extent the industrial action was exacerbated because it did take place within a small rural community. Many rural townships throughout Australia are in decline. Employment prospects are continually contracting as the size of town economies shrink and as the population steadily dribbles away to larger rural and urban centres. As a result, people remaining within the communities believe that the very existence of their towns is under threat. Any initiatives that are likely to reduce opportunities further are, therefore, fought against vigorously.
The Narrandera community is a prime example of this problem. The town reached its population peak in the first half of this century, but has been in decline ever since. By the 1980s the sole remaining large employers were government organisations such as Telecom. With the emergence of reform processes in the public sector, employment in government organisations in Narrandera has now begun to decline rapidly as well. This has led to suspicion and negative reactions from community members towards any new initiatives aimed at reducing the operating costs of public sector organisations. As will be described, the amalgamation strategy was seen in this light. It was perceived to be a real threat to the town and drew a strong negative response. The community came out in support of the local Telecom employees and to a fair degree pressured them to react as strongly as possible.

Turning to the structure of the thesis, in Chapter 2 the industrial relations literature that addresses the concept of 'managerial strategy' is reviewed. The chapter begins with a brief examination of why the concept has been increasingly used in discussions of industrial relations activity. Definitional issues are examined, a stance taken on a number of the issues and a definition of the concept for the thesis is adopted. The discussion then investigates the link between corporate level strategy and industrial relations and the influence of public ownership on managerial strategy and industrial relations. Finally, a number of the issues discussed are identified as being subjects for empirical research in the thesis.
Chapter 3 provides an overview of the history of Telecom Australia from its vesting in 1975 until the early 1980s. Major events during that period and the character of industrial relations are described. The chapter also describes in detail the reform process initiated by the Labor Government. In this respect, Chapter 3 concentrates upon the Government's 1977 'Guidelines for Statutory Authorities and Government Business Enterprises' and the 1988 Statement on the Communications Industry. The information for this chapter was gathered from a range of government publications and from the significant body of research on public sector reform. The chapter is designed to act as a background to developments at Narrandera. It helps to provide an understanding of events by providing a description of the history of Telecom and the recent extensive reform process.

The aim of Chapter 4 is to present a picture of industrial relations generally within Telecom against which industrial relations activity at Narrandera can be compared. The intention is not to provide a detailed description of industrial relations throughout the organisation, but simply to provide an impression of the industrial relations climate at Telecom. The period involved is from the mid 1980s until late 1990. Data for this chapter was derived from an examination of Industrial Relations Commission decisions and from in-depth interviews of 22 Telecom managers, supervisors and union representatives. The interviews were undertaken in 1990 and took place at Telecom's regional head office at Burwood, the district office at Wollongong and the district office at Wagga Wagga. The analysis of transcripts was
aimed to provide a picture of industrial relations at the formalised national level. The interviews were designed to develop a picture of local or workplace level industrial relations.

The focus of the study is narrowed in Chapter 5 to an examination of events in the Riverina region of Telecom where the Narrandera office is located. The chapter describes the progress of regional management's strategy to amalgamate the Narrandera and Wagga Wagga districts and also examines the effect this strategy had upon industrial relations within the Narrandera office. In this regard, the chapter enables a further examination of local level industrial relations. More importantly, it facilitates an analysis of the concept of 'managerial strategy' in Chapter 6.

Data for Chapter 5 was partly drawn from the local Narrandera newspaper, and Telecom annual reports. Most of the data was drawn from a series of in-depth interviews conducted in late 1990 and early 1991. The interviews were of 25 managers, supervisors, clerical staff and union delegates at Telecom's Burwood, Wagga Wagga and Narrandera offices. The interviews were designed to provide a clear picture of events within the Riverina region, and the Narrandera office in particular.

In Chapter 6 the empirical data discussed in Chapter 5 is examined from the perspective offered by the concept of 'managerial strategy' as it is defined in Chapter 2. The objective of this chapter is threefold. First, it provides an explanation of the events and developments at Narrandera which were a
consequence of the amalgamation strategy. Second, it provides insights into the concept of 'managerial strategy'. In this respect, it addresses some of the debates discussed in Chapter 2 and also raises several other issues which shed further light on the concept of 'managerial strategy' and its use as an explanation of industrial relations activity. Leading on from one and two, the chapter enables an overall judgment to be made about the power of 'managerial strategy' as a concept which can be used to explain industrial relations. While it is not seen as totally adequate, it is argued that an examination of events using 'managerial strategy' as an explanatory concept does facilitate understanding and the generation of useful explanations.

In the final chapter a judgment is made about the ability of the concept of 'managerial strategy' to address the inadequacies of orthodox industrial relations and labour process theories. It is argued that the efficacy of both theories is improved substantially by including the concept because it provides for 'choice' as a dynamic element in the theories. However, it is argued that both labour process and orthodox industrial relations theory could be improved further by investigating not only the strategies of managers, but also the strategies of other groups involved in the industrial relationship. The chapter and thesis is concluded with a brief discussion of a number of other issues which it is felt require further investigation. In particular, the ability of consultative management strategies to improve industrial relations and aid the implementation of change in organisations; the industrial relations of redundancy; and the dynamics of
industrial relations in rural communities.
CHAPTER 2 - LITERATURE REVIEW: MANAGERIAL STRATEGY AND INDUSTRIAL RELATIONS

INTRODUCTION

As stated in the introduction, in this chapter the managerial strategy and industrial relations literature will be examined. The review will investigate theoretical issues claimed by writers to be important to any study of the interrelationship between managerial strategy and industrial relations. A specific objective of the chapter is to highlight issues that will be examined empirically as part of the study of managerial strategy and industrial relations in Telecom Australia-Riverina.

MANAGERIAL STRATEGY AND INDUSTRIAL RELATIONS

In the last decade a body of literature has developed that considers the role of managerial strategies in industrial relations. Broadly this literature can be argued to have developed from two fields: orthodox industrial relations approaches\(^2\) and labour process theory (Bray and Taylor 1986).

In the orthodox literature the development appears to be related to dramatic economic changes faced in modern market based economies over the last two decades. Writers point out (eg. Kochan, Mckersie, and Cappelli 1984, Kinnie, 1985, Cappelli, McKersie, 1987, Bramble 1989) that in recent decades significant economic downturns coupled with an intensification of market

\(^2\) This literature is generally underpinned by pluralist assumptions and has been primarily concerned with the institutions of industrial relations.
competition have taken place in many advanced economies. The changed economic conditions, it is inferred, have led to reductions in trade union membership, and increased proactivity and initiative on the part of management in industrial relations. These changes, especially the increased role of management, appear to have prompted researchers to take a much greater interest in the activities of management in industrial relations. As a result, in recent years an increasing body of research has focused on the role of management in industrial relations (eg., Bray and Taylor 1986, Gospel and Littler 1983, Knights and Willmott 1986). The growing concentration on managerial strategy reflects this increase in interest (Whitaker 1986).

Further, in the light of the economic and industrial relations changes, it has been increasingly argued that traditional approaches to industrial relations no longer provide adequate explanations of industrial relations activity (eg. Kochan, McKersie, and Cappelli 1984, Gospel 1983, and Seglow 1983). It is argued that the concern with institutions in the traditional systems and pluralist based literature promotes a static approach that cannot adequately explain significant changes and developments. 'Managerial strategy' is now claimed as a concept that can redress this inadequacy because it embraces processes that are dynamic and variable. It is, as a result, being used by some writers (eg. Kochan et al.) as a way of adjusting the traditional approaches so that they offer more powerful explanations of current industrial relations developments.
Finally, at a more normative level, increasing emphasis is being placed on managerial strategy by writers who, it appears, wish to persuade practising managers to take a more strategic approach to industrial relations as a way of coping with recent economic and industrial relations changes. These writers stress the, generally, reactive nature of industrial relations management and the extent to which industrial relations is divorced from broader corporate considerations (Miller, 1987; Purcell, 1983).

In the labour process literature the increased interest appears to be related to an inability on the part of classic statements of labour process theory (e.g., those of Braverman, 1974; Edwards, 1979; and Friedman, 1977) to describe or explain adequately the diverse ways in which the labour process in modern capitalist enterprises has varied over time. Contemporary writers (e.g., Littler and Salaman 1982, Storey 1985, Knights and Willmott 1990) argue that the classic statements tend to identify inevitable trends, stages or limited alternative control strategies as almost immutable characteristics of capitalist development. However, they claim that the highly diverse developments in modern capitalist organisations undermine determinist conclusions. It now tends to be argued that the reality of modern work organisation implies that no general conclusion can be made concerning the direction of change or structure of the labour process.

Thus, it is claimed that Braverman's apparent emphasis upon an inevitable trend towards the degradation of work is far too one
directional. Writers have provided empirical evidence to show that management has at various times upgraded work as means of gaining control. In a similar way, Edwards' identification of discrete stages in the development of the capitalist labour process has been shown to over-simplify the complexity of labour process development. Further, Friedman's classification of control strategies into either "Direct Control" or "Responsible Autonomy" typologies is claimed to be, on the basis of empirical evidence, far too restrictive (Littler and Salaman 1982, Storey 1985, Knights and Willmott 1990).

As a response to these problems, many contemporary writers have started to investigate the role of management in structuring the labour process. In doing so, some now identify managerial strategies as possible explanations for this diversity and are using the concept in their arguments. They claim that the way the labour process is structured in a particular organisation can be explained, at least partially, by the strategies adopted by managers (Morgan and Hooper, 1987). As Littler (1990 p50) states:

If there is no iron law that determines the nature of the labour process, then perhaps it is possible to understand events and processes in terms of a range of managerial strategies.
In addition to the above, in both the orthodox and labour process literature an underlying reason for the development of the concept of 'managerial strategy' is that it embraces the idea of 'choice'. That is, in adopting the notion of 'managerial strategy', labour process and orthodox writers imply that management has an ability to choose a particular course of action. In other words, the idea that environmental factors directly determine industrial relations action and outcomes is rejected. Managers are given a vital role in choosing strategies to deal with environmental change. It is the idea that managers have a role to play in choosing possible strategies of action that is being used to explain diversity and change in modern capitalist organisations. In the labour process literature it is this ability to choose that is portrayed as the reason why the capitalist labour processes can vary (eg., Littler 1990, Friedman 1990). In the orthodox literature writers portray 'choice' as the needed dynamic element missing in systems and institutional approaches (eg., Kochan et al. 1984).

**DEFINITIONAL ISSUES**

A significant number of writers using the concept of 'managerial strategy' have done so in a highly unproblematic way. Many do not clearly define what they mean by 'managerial strategy', nor do they explicitly discuss the theoretical implications associated with the concept. It appears to be assumed that the meanings and implications are clear in the terms and can be treated in a largely commonsensical way.
Other writers appear to be wary of commonsense assumptions and endeavour to provide a clear impression of the meaning and implications of the concept.

In this regard, the orthodox writers tend to portray 'managerial strategy' as concerned with medium to long term plans and policies developed and initiated by corporate management. The impression given is that managerial strategies are directed toward the attainment of specified corporate, business or industrial relations objectives that are related to corporate viability or profit (Thurley and Wood 1983).

The labour process literature generally appears to portray 'managerial strategy' as embracing those techniques, methods, and approaches, used by management to control the activities of employees involved in the production of goods and services (Armstrong 1986). In Marxist terms, labour process theorists identify the objective of managerial strategies as being fundamentally concerned with the conversion of labour power (the capacity to work) into labour (effort actually expended) in ways that ensure capital accumulation or surplus (Lazonick 1990).

A significant number of writers have attempted to go beyond general definitions, and have attempted to clarify more explicitly what the concept of 'managerial strategy' embraces and implies
(eg., Thurley and Wood 1983, Littler 1990, Child 1985). In doing so, they have raised a number of problematic issues.

**Planning, Intention, and Coherence**

In both labour process and orthodox approaches the question of whether or not the concept of 'managerial strategy' must imply conscious planning, intention, and coherence on the part of management is frequently raised.

Writers who seek to persuade practitioners to adopt a more strategic stance, or who are intent on exposing the reactive nature of industrial relations management, claim, unsurprisingly, that managerial strategy must involve planning, intentionality, and coherence. This is the case because it is a perceived lack of planning, intention and coherence in management which they are trying to address (eg., Marsh and Gillies 1983, Purcell 1983, Miller 1987).

Some writers who are more concerned with the theoretical utility of the concept have also claimed that the term implies planning, intention and coherence. Rose and Jones (1985, p87), for example, claim that the use by labour process theorists of the notion of 'managerial strategy' to explain managerial activity ignores the extent to which:

*managerial approaches to the change of work processes and industrial relations lack the characteristic of a detailed plan of*
campaign implied by the term 'strategy'.

As a result, Rose and Jones appear to oppose the use of 'managerial strategy' as an explanatory variable (Thompson 1990).

Many writers do not take such a hard line. For example, Child (1985) rejects Rose and Jones's claim by arguing that it is far too restrictive. For Child (1985, p110) the notion of 'managerial strategy' need not imply strict coherence, it need only:

reflect a consciousness of certain general objectives which are the normal conditions for organisational survival.

Craig Littler (1990, p51) makes a similar point when he claims that:

Choices have to be made within a set of constraints and if these choices fall within a certain pattern, we are entitled to talk about 'managerial strategy'.

Child and Littler were writing from a labour process perspective, but a number of orthodox writers also reject a rigid approach. For example, Kochan et al. (1984, p22) argue that 'strategy':

may appear only indirectly, and may not even be the result of a consciously articulated and preconceived plan.
Further, Thurley and Wood (1983, p197) avoid an excessively rigid definition by talking about strategy in terms of:

*a consistent approach over time which is intended to yield results in the medium and long term for a specific problem.*

**IMPLEMENTATION**

A number of writers are critical of the assumption in some treatments that strategy intentions and outcomes can be collapsed (eg., Thurley and Wood 1983). In particular, writers are critical of the inference that successful implementation can be assumed when discussing the intentions of managerial strategy or that outcomes automatically reflect managerial intentions. In other words, the claim is that an unproblematic link between implementation and management intentions cannot be taken for granted. Writers stress factors such as worker resistance, informal practices, and managerial rivalry, as being potential barriers between the intentions of managerial strategy and successful implementation (eg., Batstone, Femer and Terry 1984).

For some, the problems of strategy intention and implementation raise questions about the usefulness of the concept of 'managerial strategy'. For example, Thurley and Wood (1983) ask whether the fact that many strategies are not implemented without negotiated modifications means that only deals, not strategies, exist. In a similar vein, Rose and Jones (1985) appear to use this problem as
another reason to reject 'managerial strategy' as an explanatory concept.

Other writers while acknowledging the problem reject it as a reason to claim that managerial strategies don't exist. For example, Storey (1985, p203) argues that it is unlikely that:

*a coherent multi-faceted strategy will be implemented unproblematically. But difficulties of implementation seem a peculiar reason for denying the existence of strategy.*

**DIVISIONS IN MANAGEMENT**

Another issue raised by the definitional ambiguity of the term 'managerial strategy' concerns the extent to which it is possible to talk about management as a coherent group. A significant number of writers point out that management does not necessarily act in a unified manner (e.g., Armstrong 1986, Teulings 1986, Child 1985). Management, it is claimed, may be fractured in a number of ways and different management groups may have different objectives that may, in varying degrees, conflict. In this regard, writers identify cleavages between senior and junior management, line and staff management (Brewster & Richbell 1983), between different professional groups in management (Armstrong 1986), corporate and branch level management (Edwards 1987), and between different managerial functions in organisations (Hopper et al. 1986).
Managerial conflicts are one important explanation for problems in the planning, coherence, and implementation of managerial strategy. Further, such conflict questions the efficacy of discussing "a" managerial strategy towards industrial relations. For a few writers, such as Rose and Jones, managerial factions undoubtedly add support to their argument that the concept is far too problematic. However, it appears that most writers think that despite divisions in management the concept is still useful (e.g. Child, 1985).

The above issues emphasise the danger involved in using the notion of 'managerial strategy' in a simplistic way. The dangers are all the more important given that managerial actions will often face resistance from unions and the workforce. That is, the coherence, etc., of a strategy and its potential to be implemented will be significantly affected by the way unions and workers react (eg., Child 1985, Batstone et al. 1984, Ferner 1985).

The responses by writers to these issues vary. For example, Rose and Jones seek to jettison the notion of management strategy. Buchanan (1986) appears to concur by suggesting that, perhaps, managerial choice does not exist.

On the other hand, Littler (1990) implies that regardless of coherence, etc. 'managerial strategy' is a valid notion because it provides a useful approach to modelling processes within organisations.
Other writers (eg., Batstone et al. 1984, Child 1985, Friedman 1990) seek to get round the issue by claiming that despite the problems of incoherence and division, etc. management does, to a significant degree, formulate and successfully implement strategies. For example, Batstone, et al. (1984) argue that managerial strategy will, at some stage or level, be planned, intentional, coherent, and implemented. They acknowledge that there are many factors related to the "complexities of situations" which may undermine strategies. Nevertheless, they argue that:

*The difficulties in pinning down strategies are not sufficient grounds, ... for adopting the opposite course: of seeing all management action as blind 'muddling-through' without any coherence. Evidence abounds to suggest that management is to a high degree 'proactive', rather than reactive, constantly making planned conscious choices and carrying them through.* (p5)

For writers such as Batstone, et al. the problem is not so much whether or not intentionality and division, etc. exist but how strategies can be identified. They claim that the solution to this problem is not to reject the concept of 'managerial strategy' but to engage in detailed research (Batstone et al. 1984).

Further, it is inferred by a significant number of writers that the concept of management strategy has validity because management decisions take place within a context that tends to shape the choices managers can make (eg. Littler 1990,
Thompson 1990, Child 1985, Kochan et al. 1984). That is, it is argued that the problems of incoherence, division, and resistance are constrained within bounds by contextual factors that influence the direction of choice and aid the implementation of managerial strategy. In this regard, writers identify a variety of different factors. For example, Labour Process writers tend to highlight the imperatives of capitalism, for instance the need for accumulation, that are seen to influence strategy through factors such as property rights (Morgan and Hooper 1987), financial controls (Hopper et al. 1986), the techniques of dominant professional groups (Armstrong 1986), and broader influences such as the state of product and labour markets (Child 1985). Orthodox approaches, while rarely talking in terms of the "imperatives of capitalism", also claim that choice is constrained by factors such as the nature of product and labour markets as well as political, social, technological, and organisational conditions (eg., Thurley and Wood 1985, Batstone et al. 1984).

In making this claim, writers acknowledge that while environmental factors don't directly determine industrial relations activity, they are far from irrelevant. To identify managers as always being able to choose, plan, and implement coherently any strategy they thought relevant would be to adopt a degree of voluntarism that all writers on managerial strategy and industrial relations appear to eschew. As Thurley and Wood (1983 p2) state:

*The study of strategy will be of little concern to those who see economic laws as sovereign, determining the course of*
organisational life in such a way that management has no choice, so that both its objectives and the best way of pursuing them are given: managers cannot, and, hence, do not, have the kind of autonomy which the term strategy conveys. The idea of strategy, however, does seem to imply an external force or forces which one must anticipate and try to come to terms with; strategic thinking arises from the need to cope with such pressures, not because they can be ignored. Lack of autonomy and strategic thinking are not then mutually exclusive. To argue otherwise is to make a very common mistake of associating choice with freedom, and treating its opposite as determinism.

As a starting point for this thesis, and taking into account the above issues, 'managerial strategy' is defined here as any intentional course of action undertaken by any managerial group that is aimed at achieving certain preconceived goal/s. In adopting this definition, the following positions on the issues discussed above are tentatively adopted.

First, the most important criteria defining a managerial strategy is intentionality. That is, a particular course of action can only be portrayed as a managerial strategy if there was an intention on the part of a manager or managers to achieve some preconceived goal. If a given action is not preceded by such an intention, it cannot be characterised as part of a managerial strategy.
The notion of intentionality is important because, as mentioned earlier, the concept of 'managerial strategy' introduces 'choice' into explanations of industrial relations.

Following on from this, to give the notion of 'choice' validity, intentionality on the part of management must be accepted. If managers do not, at least at some stage, intend certain things to happen, then it is not really appropriate to argue that they can make choices. In such a situation, it may be more valid to argue that their actions are directly determined by environmental factors.

Second, highlighting the importance of intentionality does in no way imply that managerial strategies need be planned in detail and coherent. Managerial strategies may be hurriedly or loosely conceived, and they may not be particularly coherent. To argue that the concept of 'managerial strategy' can only embrace carefully planned and coherent management actions would seem to be a far too rigorous requirement. Careful planning may be an often striven for ideal but it is at least intuitively obvious that very little human activity makes that grade. To insist that 'managerial strategy' must embrace such an ideal would surely reduce the concept to a mere empirical curiosity. Further, what constitutes coherence is highly dependent on an observer's or actor's point of view. What is coherent to one person is likely to be an irrational mish mash to someone else. In other words, coherence tends to be a highly subjective phenomenon.
Third, the definition should in no way be seen as implying that managerial actions need to be fully implemented in order to qualify for the title of 'managerial strategy'. As Storey infers, to deny a given course of managerial action the title of 'strategy' because it was not successfully implemented is a rather limiting criterion. As stated above, the important criterion is not implementation but intention. A course of managerial actions is a strategy if at its outset it was intended to achieve a preconceived goal. Whether or not it will be fully implemented in the manner intended, and whether or not all actions go as planned, will be highly dependent upon a variety of factors best summarised by Batstone et al.'s., 'complexities of the situation'. In taking this stance, it is accepted that managerial strategies and outcomes cannot be automatically linked, but this does not mean that the concept has no utility.

Fourth, 'managerial groups' are included in the above definition because it is accepted that treating management as a homogeneous group ignores the ways in which management is fractured. 'Managerial strategy' refers to the strategies of a particular individual or group of managers. Different management groups may have different strategies which may be intended to achieve different outcomes and, thus, possibly result in conflict within management. While this factionalism is important, it should not be seen as a reason to reject the concept of 'managerial strategy'. It may be problematic to discuss an all embracing organisation wide managerial strategy, but it is argued here that the concept can be applied to particular management
groups.

Fifth, the problem with adopting highly flexible criteria is that the concept of 'managerial strategy' may end up embracing too much. In other words, given the above criteria it is, perhaps, fair to ask whether or not there is any sort of management activity which cannot be labelled a 'management strategy'. The definition adopted in this thesis is intended to address this problem by limiting the concept of 'managerial strategy' to a course of managerial actions aimed at achieving certain preconceived goals. That is, a one off management decision does not constitute a managerial strategy. A management strategy involves a series of decisions or choices all aimed at the same preconceived goal.

Finally, though not clearly spelled out in the definition, it is accepted here that the degree of incoherence and irrationality, the problems facing implementation, and the extent of managerial factionalism are constrained by external factors. That is, managerial strategies are seen to be constrained by a potentially large variety of external factors such as the imperatives of capitalism, the profit motive, etc. While it is accepted that the concept of 'managerial strategy' provides for choice and, hence, avoids extreme determinism, it is also accepted that constraints exist. Managers are not completely free agents. Determinism is to be avoided but so is extreme voluntarism.

On this point, the success of attempts in the literature to achieve a balance between determinism and voluntarism is questionable.
The acceptance in the literature of the constraining role of the environment probably reflects a need in most industrial relations writers to avoid reducing explanations of strategy to purely psychological or subjective factors. However, in seeking to avoid excessively voluntarist explanations of managerial strategy, writers have ignored the extent to which managers can affect the environment. In other words, in most of the literature the strong impression is given that the direction of influence between the environment and organisations is only one way. Yet, as has been argued by a significant number of organisational theory writers, managers and their strategies can and do influence the environment (Clegg and Dunkerley 1987). This can be understood in two ways. First, it has been argued that management can, to an extent, select the environment within which they must operate by, for example, making choices about entry into new product markets. Second, where they have the power, managers may be able to manipulate their environment by, for example, lobbying governments or threatening to withdraw capital (Child 1972).

It would be incorrect to argue that all the literature on managerial strategy and industrial relations ignores the impact of management strategy on environmental factors. For example, the discussion of circuits of capital (Morgan and Hooper 1987), and dialectical analysis and totality (Storey 1985, Bray 1986) in some labour process writing implies a two way interaction. Further, Batstone et al. (1984) fleetingly acknowledge it in their treatment of the telecommunications industry in Britain. However, most of the literature does not appear to consider the issue. This is
unfortunate for it is, at least, intuitively obvious that corporate management's ability to influence environmental factors can have implications for industrial relations.

**CORPORATE STRATEGY AND INDUSTRIAL RELATIONS**

Moving away from definitional problems, a frequently addressed area in the literature concerns the relationship between corporate level strategies and industrial relations. In both orthodox and labour process approaches the extent of interaction between corporate strategy and industrial relations activity has been identified as an important research topic (Thurley and Wood 1983, Littler 1990).

In this regard, there appears to be agreement amongst orthodox writers that corporate strategies can significantly influence industrial relations in organisations. For example, Purcell and Ahlstrand (1989) argue that corporate strategies can influence industrial relations through the determination of management style, personnel resources, collective bargaining levels, and financial control systems.

There appears to be less agreement about the extent to which industrial relations issues effect corporate strategies. Purcell and Ahlstand (1989) cite numerous studies of organisations in Western Europe, the United States, and England where it is was found that the influence of personnel and employee relations issues upon corporate strategy formulation was low. They argue
that their own research supports this conclusion, though there is strong evidence to suggest that industrial relations issues are taken into account at the implementation stage of corporate strategy considerations.

Other writers appear to argue that, while other issues may be equally or more important, industrial relations issues are considered in the formulation of management strategy. In this regard, Kochan, et al. (1984) and Seglow, (1983) and Thurley and Wood (1983) argue that industrial relations and corporate strategies are interdependent or interactive.

Another perspective is given by Batstone, et al. (1984, p284) who argue that even if corporate policies and strategies don't explicitly address industrial relations issues they:

are likely to carry built in assumptions about labour relations, and decisions on such strategic issues as pricing, marketing, investment, product range, technology and so on may imply, or amount to, labour strategies.

Labour process writers address the relationship between corporate policy and industrial relations from a somewhat different angle. Early treatments of the labour process tended to identify the control of labour at the point of production as the central method of generating surplus value or profits (Littler and Salaman 1982). By implication this meant that industrial relations must be a vital corporate management concern.
However, this emphasis upon the labour process has been heavily criticised in recent years (in addition to Littler and Salaman see, for example, Morgan and Hooper, 1987).

It is claimed that profits can be generated away from the arena of production in areas such as commodity and currency speculation as well as asset stripping and credit manipulation (Littler and Salaman 1982). Further, it has been argued that realization of surplus value is equally, if not more, important than its production. As Littler and Salaman (1982, p257) state:

*Surplus value has to be produced but also realized in the market. What this implies is that the realization of surplus value (ie., finding markets, selling in those markets, and making a profit) may be more crucial than the production of surplus value for certain firms, certain industries or during certain periods.*

Contemporary labour process writers appear to have accepted this criticism but have reacted to it in various ways. For example, Friedman (1990) acknowledges that strategies towards product markets, etc. are important and can have a significant impact upon the labour process. However, he argues that labour process theory emphasises strategies of control over labour because the main objective of the approach is to explain industrial relations and work organisation. Further, he makes the point that labour control strategies will undoubtedly constrain and influence the outcomes of managerial strategies directed at marketing, finance, etc.
Thompson (1990) also claims that managerial strategies may be formulated with little explicit consideration of labour in mind. Yet, in terms similar to Batstone et al. (1984) above, he argues that there are often taken for granted assumptions about labour and the role of managers built into these strategies.

Other labour process writers, such as Morgan and Hooper (1987), argue that managerial strategies directed at the labour process must be portrayed as part of a wider context. They claim, that capitalism can be broken into three "circuits" of capital: industrial, commercial, and banking. It is argued that management's strategies toward labour are directed at the industrial circuits, but other strategies may relate to either the banking or commercial circuits. All circuits are seen to interrelate, and none is portrayed as fundamentally more important than another. Finally, though not exhaustively, Littler (1990) argues that the centrality of the labour process is variable. He implies that under certain circumstances labour strategies will be primary, but under others they will not. Littler discuses a range of factors that will influence the primacy of the labour process such as technology, the state of the labour market, competition, industrial conflict, and comparative efficiency.

The argument put forward by writers such as Batstone et al. (1984) and Thompson (1990) is intuitively appealing. It does seem at least logical to expect, especially in Australia, that explicit or not all corporate strategies will include assumptions about the
nature of labour and industrial relations. In nations where labour problems have a high profile and where there is a well-organised labour movement, it is perhaps possible to expect that managerial strategies will include labour as a consideration. In countries where the labour movement is not strong, for example, South East Asian nations, it is perhaps possible to expect that labour will not be explicitly considered. However, the very absence of a well-organised labour movement undoubtedly affects the assumptions that underpin strategies in those nations. In fact, it could be argued that some South East Asian countries are targeted as production sites by organisations because the labour movement is undeveloped or weak.

Despite the above highly tentative assertions it is clear that the strength of the interrelationship between management strategy and industrial relations cannot be determined without empirical investigation. In this regard, it is dangerous to make any solid theoretical generalisations. Therefore it is, perhaps, safest to argue that Littler's (1990) 'it all depends' approach is the most valid.

PUBLIC OWNERSHIP MANAGERIAL STRATEGY AND INDUSTRIAL RELATIONS.

Telecom Australia is, at present, a publicly owned corporation. Given this, it would seem important to investigate the treatment given in the literature to the impact that public ownership has
upon the relationship between managerial strategy and industrial relations.

While this issue has not been widely researched, it has been investigated in detail by a small number of writers (Batstone et al. 1984, Femer 1985, Macdonald 1986, Cousins 1986). In this regard, perhaps the most detailed treatment was undertaken by Batstone et al. (1984) who investigated managerial strategy and industrial relations in the postal and telecommunications industry in the United Kingdom. An important strand of Batstone et al.'s study was concerned with the impact that public ownership has upon the relationship between managerial strategy and industrial relations.

Batstone et al. (1984) point out that both the orthodox and labour process approaches have tended to underplay the significance of public ownership. However, public ownership, Batstone et al. argue, does have an important impact upon managerial strategy and industrial relations. In brief, they claim that in publicly owned organisations political pressures imposed by the government, rather than the pursuit of profit, drives managerial strategy. These politically influenced strategies, they claim, will shape the character of industrial relations within public organisations. This means the pursuit of profit or the imperatives of capitalism will not necessarily be a dominant influence upon strategy and industrial relations in public owned organisations. Rather, broader political and social goals, as defined by the government of the day, may be dominant. Batstone et al. point
out that these 'political contingencies' may at various times impose on public sector management pressures very similar to, and just as strong as, those in the private arena. For example, they point out that under the pressure of government, management strategy in public sector organisations may be strongly directed towards the reduction of labour costs, improvements in efficiency and the containment of unions. However, at other times the 'political contingency' may direct strategy away from a concern with cost reduction and efficiency and more towards other goals such as employment creation or industrial democracy. Thus, in summary Batstone et al. argue that public ownership is an important factor because it provides a situation where political intervention into the link between managerial strategy and industrial relations is an ever present element.

Ferner (1985) investigated the impact of public ownership on managerial strategy and industrial relations in British Rail. His findings are in accord with Batstone et al. in that he claims:

..that nationalised industries face political contingencies that alter the calculus according to which management strategy is formulated....However, it is not enough to see political constraints as a 'static', constant element in the strategy formulation process. The fact of political intervention may be a constant for public sector management, but its form and content are subject to change and development. (p67)
While Batstone et al. and Ferner acknowledge labour process theory, their work can best be classified as contributions to the orthodox approach. Macdonald (1986) and Cousins (1986), on the other hand, address the issue of public ownership and its effect upon managerial strategy and industrial relations from a clearly labour process perspective.

Macdonald (1986) argues that while labour process theory is "explicitly concerned" with management in the private sector it is also applicable to the public sector because:

..the fundamental managerial problem of the conversion of labour power into labour in the face of endemic and resilient workforce resistance still remains for most employing organisations. Even in those public sector organisations for which the profit motive is totally irrelevant, the problem persists for management to ensure that sufficient labour effort is forthcoming to enable the organisation to satisfy its political superiors (p49).

As the above quote suggests, Macdonald does not claim that there is no difference between the public and private sector. As with Batstone, et al. and Ferner, he suggests that objectives in the public sector are set by the political system rather than the profit motive. However, Macdonald does not draw the distinction as sharply as Batstone et al. and Ferner. He argues that there are "more similarities between government and non-government employment than is often recognised." (Macdonald 1986, p49)
Cousins (1986) argues that while the labour process in the private and public sectors are similar, a different 'criterion of rationality' exists in each. Drawing on the work of writers such as O'Connor (1973), Habermas (1976), and Offe (1976), Cousins argues that management action in the private sector is governed by a capitalist rationality (ie. profit maximisation). However, in the public sector, despite the post war emphasis upon cost efficiency and productivity, non-market criteria such as political, interest group, and budgetary demands govern managerial activity.

A common theme in the above articles relates to the direction that the political imperative or demands have taken in recent decades. In all the public sector organisations studied it was found that management have been put under pressure from government to adopt a more "commercial" approach to operations. That is, the organisations were forced to adopt more market based strategies than had previously existed. Cost reduction and efficiency, rather than public service and equity, became the dominant objective.

This new approach the writers argue had significant consequences upon managerial strategies towards industrial relations. In general terms, it appears to be argued that commercialism has been associated with far more aggressive, uncompromising approaches to industrial relations. For example, according to Batstone et al. (1984) the British telecommunications industry had been dominated by a "sharing of control" through agreements, joint negotiation, and
consultation with the unions. However, with the push towards commercialism the old consensus was rejected. Notions of fairness, and mutual trust were replaced by competition, ability to pay, individual merit and direct communication between management and employees (Batstone, et al. 1984, p161).

There are a number of explanations put forward for the link between increasing commercialism and aggressive managerial strategies towards industrial relations. Some writers appear to infer an almost technical link between commercialism and aggressive strategies (Pendleton 1988). That is, it is inferred that in order to reduce costs and increase efficiency management has no option but to adopt a more aggressive stance towards industrial relations and unions. Other writers, such as Femer (1985), seem to argue that the aggressive stance is forced upon management by government as part of the overall commercial philosophy. That is, governments pushing for a more commercial approach tend also to be hostile towards unions.

The contention that managerial strategy and industrial relations has a different character in the public sector because of the political decisions of governments makes intuitive sense. Further, the empirical data collected by the above writers appears to add considerable support to the argument. All the writers portray the political decisions of governments as a contextual factor or contingency which can influence the direction and character of managerial strategy and industrial relations in the public sector. However, in making this claim there is an obvious risk that
writers may go too far and portray the political contingency in an excessively determinist light. It is important to remember that the notion of 'managerial strategy' implies that managers can choose the ways in which they react to government directions.

In this regard, Batstone et al. (1984) and Ferner (1985) appear to avoid overplaying the role of the political contingency. Choice is highlighted in the arguments of Batstone et al. and Ferner. In addition, Ferner explicitly raises as a danger the issue of giving the political contingency too much influence when he states in the conclusion to his article:

A further point is that it is necessary to avoid deterministic explanations of management strategy....The constraining effect of external factors does not rule out managerial choice of strategy. (p67)

Macdonald (1986) and Cousins (1986) are not so forthright about the role of choice. They seem to be more determinist in their articles. They appear to imply that the movement towards commercialism is almost an inevitable development within capitalism.
CONCLUSION

This review has considered a number of issues that have been identified in the literature as important to any consideration of the role of managerial strategy in industrial relations. The positions taken by the various writers in the field have been discussed, tentatively assessed and a stance on most of the issues has been put forward.

Theoretical argument can only go so far, conclusions about many of the issues can only be made by undertaking detailed empirical investigation. In the following chapters of this thesis many of the above issues will be empirically examined through an investigation of managerial strategy and industrial relations in Telecom Australia- Riverina Region. In particular, as stated in the previous chapter, the thesis will concentrate upon the impacts of a managerial decision to restructure operations within the Telecom- Riverina Region and more specifically the consequences of the strategy in the Narrandera Telecom office. In examining the restructuring strategy, the thesis will be primarily concerned with examining the efficacy of the concept of 'managerial strategy' as a way of explaining industrial relations activity. Nevertheless, in doing this it will also seek to shed light on the following issues: managerial factionalism; the contextual factors that affect the course of managerial strategy; the ways in which management strategies affect industrial relations; the extent to which industrial relations is considered in strategy formulation³; the

³ In this respect, this thesis will not explicitly address the extent to which corporate level strategy formulation takes into account industrial relations issues. Rather, it examines the importance of industrial relations issues in the formulation of a Telecom regional level management strategy that took place in response to pressures to increase efficiency and
impact of industrial relations on the progress of strategy implementation; the role of the political contingency; and the impact of pressures to commercialise public sector organisations.
CHAPTER 3 - HISTORY OF TELECOM AND DESCRIPTION OF RECENT REFORMS

INTRODUCTION
This chapter provides a selective summary of the history of Telecom Australia since the organisation was established in 1975. The aim of the chapter is to provide a background to the events that have occurred in the Riverina region of Telecom over the past 3 years. Significant events in the organisation's history during the period 1975 to the early 80s are described as is the general character of industrial relations in Telecom during that period. The second half of the chapter seeks to describe a series of reforms introduced into Telecom by the Labor Government since it came to power in March 1983. The reforms are part of a broader package of changes introduced into the public sector, which are in turn an important facet of the Labor Government's micro-economic reform agenda for the Australian economy. The reforms at Telecom have resulted in a series of structural and operational changes that are important to an understanding of events in the Riverina.


During the period following the federation of Australia and up until the establishment of Telecom in 1975, telecommunication services in Australia were provided by the Post Master General's Department (PMG). The PMG was a department of the Federal
Government and provided both telecommunication and postal services for the Commonwealth.

Telecom was established by the Whitlam Labor Government on 1 July 1975. The vesting of Telecom followed a commission of inquiry presided over by an ex-general manager of CSR, Sir James Vernon. The Vernon inquiry had recommended to the Whitlam Government that the PMG not be run as a department of the state but be broken up and established as two corporations outside the public service bureaucracy. It was recommended that the two corporations be required to meet financial objectives and have complete responsibility for the determination of wages and conditions of employment (Report of the Commission of Inquiry into the Australian Post Office, 1974).

According to Reinecke and Schultz (1983), the creation of Telecom was resisted by senior management from the postal side of the PMG and was bitterly opposed by professional engineers\(^4\) throughout the organisation who saw their power under threat. In fact, the professional engineers carried their opposition right-up through the Conciliation and Arbitration Commission to the High Court. However, they were defeated: a great many people supported the formation of the organisation and great expectations were held for its future.

\(^4\) Professional engineers being dominant in managerial positions throughout the organisation.
In December 1975 the Fraser Government was elected to power. As a consequence, the removal of the government controls recommended by Vernon did not occur. Instead, the Fraser Government adopted a highly interventionist role as evidenced by the following quote from Reinecke and Schultz (1983):

*The government certainly exercised a strangling hand in the years of the late 1970s and early 1980s, interfering in everything from the purchase of property, industrial relations, staff numbers, policy decisions about changes to the network, to restructuring loans without consultation and declining contracts. The cabinet, under the leadership of Malcolm Fraser, has tended to act as a superior board, passing judgement and reserving the right of veto on decisions made by senior management and the board of the commission itself.* (p45-46)

The extent to which the Fraser Government intervened in the management of Telecom was such that some managers felt they had more freedom when they were part of a government department. This was particularly the case, evidently, once the Fraser Government had establishment the Department of Communications (Reinecke & Schultz, 1983).

The Fraser Government's control over Telecom management's discretion was particularly acute in the area of industrial relations. Even though the responsibility for industrial relations had been taken from the Public Service Board and handed over to management, they apparently had little real discretion. For
example, in the late 70s an attempt by Telecom management to
provide a commercial incentive to its staff by offering them
cheaper phone call rates was overruled by the then Minister for
Communications, Tony Staley. In addition, on a number of
occasions the Liberal Government demanded that management
reduce the organisation's personnel. This form of intervention
reached its peak when Sir Philip Lynch's "razor gang" was formed
to cut numbers in the public sector. The Fraser Government's
interventionist stance is further exemplified by its adoption of an
aggressive stance towards worker militancy. The Government
established and used the Commonwealth Employee's
Employment Provisions Act against ATEA members (Reinecke and
Schultz, 1983).

However, the most telling example of the Fraser Government's
interventionist approach to industrial relations was the
establishment of a coordination committee chaired by the
Department of Industrial Relations. The coordination committee's
role was to control industrial relations within the various
departments, statutory authorities and government business
enterprises in order to avoid adverse flow-ons throughout the
public sector. The committee's powers were significant and gave
them a virtual right of veto over any agreements reached between
Telecom management and employees (Interview with DIR officer
Nov 1991; Reinecke and Schultz, 1983).
In addition to restricting management discretion, the Fraser Government placed severe restrictions on Telecom's accessibility to financial resources. Under the new charter senior management was required to generate at least half the organisation's capital needs internally. The Fraser Government progressively increased this requirement to a high of 79 per cent in 1978-79. At the same time, severe restrictions were placed on senior management's ability to borrow funds for capital expansions. In 1981, without consulting Telecom management, the Fraser Government increased the interest rates on the companies long term loans from the negotiated 7% to 10%. This increased the interest bill by $58 million in 1981/82 and by $133 million in 1982/83. The consequence of these increasing financial restriction was an increase in the price of telephone calls in 1981, despite a corporate objective to reduce the real cost of telecommunication services (Reineke and Schultz, 1983).

In accordance with the Fraser Government's orientation, senior management within Telecom adopted an aggressive and centralised approach towards decision making and industrial relations (Muller, 1980; Williams, 1986). Muller argues that before the creation of Telecom Australia, industrial relations in the telecommunications arm of the PMG was predominantly peaceful:

*Prior to 1975, and under the aegis of the Public Service Board, the organisation and the unions were insulated from industrial relations in the private sector. The role of the Board in the*
formulation of industrial relations policy promoted collaboration between management and union officials in satisfying their mutual interests. Both acknowledged that the enterprise, as a public service, had certain responsibilities towards the general community and to its employees. (Muller 1980, p110)

Muller argues that in the PMG days management adopted a paternalistic style that fitted within a 'Human Relations School' framework. That is, team work was portrayed by management as essential and industrial conflict was argued to be an aberration or deviation from the norm.

With the vesting of Telecom, senior management centralised decision making and adopted a more aggressive strategy that stressed consumer satisfaction and cost minimisation (Muller, B. 1980, Williams, C. 1986). Policy functions were centralised to the Melbourne head office and divided into seven departments: accounting, engineering, industrial relations, personnel, research, information systems, and customer services. The rest of the organisation was divided into districts within which all the day to day operational functions were controlled by a district manager. Management increased their control over the lower levels of the organisation by standardising and formalising management practices and introducing efficiency and cost targets. Non-managerial employees under the new approach were required to "accept increased workloads, less discretion, lower employment levels, and technological change" (Muller 1980, p112).
According to Reinecke and Schultz, Muller, and Williams, the consequences of all these developments were a significant drop in staff morale, a radicalisation of the trade unions and a significantly changed pattern of industrial relations.

As stated above, the restriction placed on Telecom management's ability to acquire financial resources led to an increase in phone charges to the consumer. This led to a media assault on the organisation that reduced the status of Telecom workers in the community generally and within small towns in particular. This evidently contributed to the reduction in staff morale. Morale was reduced even further when senior management opted to defend the company against attack by quietly lobbying the Government rather than publicly addressing criticisms (Reinecke and Schultz, 1983).

Prior to the changes unions in Telecom were conservative and had only a small role to play in the organisation. Management expected unions to have a limited welfare role and they were recognised by management only because it was a requirement under the arbitration system. Unions tended to comply with this expectation by adopting narrow "legitimate" goals, moderate political outlooks, and relying upon tribunals when pursuing demands. (Muller, 1980).

In the face of the Fraser Government's interventionist approach and with the adoption of the new aggressive management strategy the unions in Telecom started to develop a more militant stance.
The Australian Telecommunications Employee's Association (ATEA) in particular, rejected management's right to define staff interests and began to demand an equal say in the decision making process (Muller, B. 1980). In the 1960s the Postal and Telecommunications Technicians Association, as the ATEA was then called, was a very conservative body. By the late 70s and early 80s it had been transformed into one of the most influential unions in the country (Williams 1986). The ATEA came to have a significant effect upon industrial relations in Australia: it helped to bring down the wage indexation system in 1981; it aided the introduction of a shorter working week; and successfully pushed for a national inquiry into technological change. Other unions within the organisation were also transformed. For example, the Australian Telephonists and Professional Officers Association was traditionally a part time association dominated by supervisors. However, during the 70s it set out to organise rank and file telephonists and experienced a massive increase in membership (Reinecke and Schultz, 1983).

Muller (1980) and Williams (1986) argue that the major effect of the new managerial strategy and union orientation was a transformation in industrial relations. Prior to 1975 the PMG was a department of the state, and the determination of pay and conditions was controlled by the employing body for all government departments, the Public Service Board. The control and policies exercised by the Board insulated the organisation from private sector industrial relations and promoted a collaborative relationship between management and unions with
only a few exceptions, such as the Redfern Mail Exchange dispute in the late 1960s (Muller, 1980). In the period 1975 to 1978 industrial conflict increased considerably. It was manifested in an increase in stoppages and a dramatic increase in the number of people involved in disputes (Muller, B. 1980). Further, the frequency of bans increased dramatically. Quoting Muller:

*Between 1975 and 1978 there has been an average of twenty disputes a year involving some form of industrial action, typically black bans. On the basis of data covering the period the period May 1975 to the end of 1978, bans averaged slightly over ten weeks duration. Indeed, there was no time during that period when at least one ban was not in force.* (Muller 1980, p 109)

In addition to the increase in disputation, Muller (1980) and Williams (1986) claim that the changes had significant effects upon the attitudes of the workforce toward Telecom management. Muller, argues that workers came to distrust Telecom management and this was reflected in a reduced willingness on the part of workers to accept management's right to make decisions. Further, all workers in Telecom began to see a divergence of interests between themselves and management: management being seen to develop a narrow concern for efficiency at the expense of the needs of workers and broader society. Williams (1986) argues that the changes were associated with an increase in union solidarity. This, she implies, underpinned the increased willingness of Telecom workers, specifically ATEA members, to strike.
A useful example of the new pattern of industrial relations and the unions' new influence is the 1981 pay dispute involving the ATEA. In that year the ATEA, after twelve months of negotiating with Telecom management and twelve days of industrial action that severely disrupted the telephone network, won a significant pay increase. Telecom management agreed to the increase on the basis of work value but hoped for a productivity trade-off. However, the agreement was outside the indexation guidelines and the Conciliation and Arbitration Commission refused to ratify the agreement. In doing so, the then President of the Commission, Sir John Moore, indicated that the company should honour the agreement. Following Moore's suggestion, the Fraser cabinet was forced to approve the agreement in order to avert continued industrial action by the ATEA. The consequence of this was the collapse of wage indexation and the resignation of the managing director of Telecom, Jack Curtis (Williams, 1986).

The new militant approach adopted by Telecom unions and the more conflictual pattern of industrial relations should not be understood as being solely a consequence of the Fraser Government's policies and management's new aggressive industrial relations strategy. Other factors such as a decline in the Australian economy undoubtedly played an important part. In addition, a factor of particular importance in Telecom Australia was the introduction by management of new telecommunications technology.
Throughout the 1970s and 80s Telecom management introduced a significant amount of new technology that had a considerable effect upon the number and nature of jobs in the organisation. The impact of new technology was particularly felt by telephonists and must be seen as an important imperative behind their rising militancy. The introduction of computerised exchanges and docketless operations led, according to Reinecke and Schultz (1983), to a significant reduction in the number of telephonists employed and to the deskilling of those who remained. In country towns and centres the progressive replacement of manual exchanges with automatic ones took away from the telephonists involved a significant role they enjoyed in the life of small towns. The ATPOA reacted against this threat by conducting a series of advertising campaigns on country radio stations that pushed forward the message that telephonists were vital to country towns: they acted as the community receptionists and as an emergency service. The ATPOA's campaigns met with some success in that they managed to force Telecom to temporarily retain many manual exchanges.

A further example of the attitudes and reactions of telephonists to new technology is clearly described by Reinecke and Schultz (1983) who discuss the impact of a new computerised exchange called the 10C in Sydney:

*The telephonists hated it. Going from the dilapidated but homely GPO, with its plugs and cords, to 10C, with its artificial lights and computer terminals, was a shock, quite apart from the change in*
the nature of the work.

During a technicians' wage dispute in 1978, the 10C exchange broke down. As is accepted practice when such computer failures occur, the 300 telephonists trooped across Pitt Street to the GPO to put the calls through with the old plug and cord gear which is still used as a backstop.

When the operators got out of the building, they decided that they would not return until certain concessions were obtained, and facilities improved. It was a spontaneous response to intolerable working conditions. After several weeks out of the new exchange, Telecom relented: improvements were made in lighting, the chairs were recovered with fabric, and telephonists no longer had to ask a monitor before taking a toilet break.

For telephonists to apply blackbans and hold out for improvements was utterly unheard of. (p147)

The work of ATEA members was also affected by technology. The move towards electronic exchanges threatened to make the skills and jobs of many technicians redundant. The ATEA reacted to this threat in a number of ways. In 1978 the Union embarked on a dispute which brought the national network to a halt. While the dispute was predominantly concerned with staff structures, its actual settlement included an agreement from Telecom management to discuss with the union all plans for new technology prior to implementation. Following the 1978 dispute,
the Union began to push for the establishment of a national inquiry into the potential impact of technological change in the broader community. The Fraser Government eventually agreed to this proposal and set up the Committee to Investigate the Impact of Technological Change. The president of the ATEA, Bill Mansfield, was appointed to the committee as the union movement's representative. While the final report did not particularly satisfy anyone, the ATEA had at least put the issue of new technology on the Australian communities' policy agenda (Reinecke and Schultz, 1983).

The increased militancy of the unions in Telecom and the worsening of industrial relations can be argued to have had in their turn an effect on the policies of the Fraser Government. The Fraser Government set up a committee to inquire into private sector participation in telecommunications, called the Davidson Inquiry. The terms of reference were specific and to the point. They were required to investigate:

(a) the extent to which the private sector could be widely involved in the provision of existing or proposed telecommunications services in Australia either alone, in competition with or in conjunction with the Australian Telecommunications Commission;

(b) what consequential changes may be necessary in the statutory functions, duties, financial objectives and monopoly provisions of the Commission; and
(c) the effectiveness of the Commission's operational policies and organisational arrangements \(\text{\footnotesize\cite{Report of the Committee of Inquiry into Telecommunications Services in Australia, Vol 1, 1982, p1}}\).

The Committee was given one year to report. It took submissions from a significant number of parties including Telecom management and the ATEA. Given the terms of reference the ATEA saw the Davidson committee as a real threat. They predicted that many jobs would be lost if the private sector was allowed to enter the industry. They also argued that the standard of Australia's telephone services would be negatively affected \(\text{\footnotesize\cite{Report of the Committee of Inquiry into Telecommunications Services in Australia, Vol 2, 1982}}\).

In October 1982 the Davidson report was presented to the Minister for Communications. Amongst the many changes recommended by Davidson, Telecom was to retain its monopoly over the local telephone network, but most of its profitable operations were to be opened up to competition. In addition, the organisation was to be fragmented by the establishment of a private terminal equipment supplier. Of importance to the ATEA was the recommendation that installation be undertaken in future not by Telecom technicians (all members of the ATEA) but by anyone who simply had prior experience in the installation of telecommunications equipment\(^5\) \(\text{\footnotesize\cite{Report of the Committee of Inquiry into Telecommunications Services, Australia, 1982}}\).

\(^5\)The Davidson inquiry whilst ignoring most of the ATEA's submissions did adopt at least one of them: in line with its private sector orientation it recommended that the government control over Telecom via the coordination committee be abolished.
The Davidson report was soon over-taken by events. In March 1983 the Fraser Liberal Government was defeated and the Hawke Labor Government came to power. However, it could be argued that the committee set an agenda for change. As described below, the Hawke government implemented a wide range of reforms that have and are having a profound effect on Telecom.

**GBE Reform and Telecom Australia**

Since coming to power, the Labor Government has introduced a range of reform initiatives into Australian government business enterprises (GBEs), including Telecom Australia. The changes taking place are an integral part of broader public sector reform strategies (Evans, G. 1988), which are intended to create efficient output oriented activities rather than the input and control orientation of traditional processes (Keating, M. 1989; Radbone, I. 1988; Sinclair, A. 1989).

As stated in the introduction, the reforms form an important facet of the Labor Government's micro-economic reform agenda for the Australian economy. An understanding of their development is important to any description of industrial relations in government business enterprises.

During the early to mid 1980s, the Australian economy went into a serious decline. There was a deterioration in the terms of trade and the balance of payments. The value of the Australian dollar depreciated and the size of the external debt increased
significantly. In response to this crisis, the Government, unions and peak employer bodies agreed that the Australian economy needed to be restructured in a way that would lead to increases in exports and reductions in imports. The way to achieve this, it was decided, was to make Australian industry more productive and, therefore, more internationally competitive (NLCC, 1988).

It was agreed that a greater emphasis needed to be placed on micro-economic initiatives aimed at increasing the internal efficiency of Australian firms. Microeconomic reform, it was argued, had the potential to increase the mobility of resources, lower costs, encourage investment, increase efficiency and flexibility and, therefore, improve the international competitiveness of Australian industry. Public sector reform aimed at improving efficiency, flexibility and productivity was identified as vital to this process (Willis, R. 1988).

The public sector reform process introduced by the Hawke Government, and similar developments overseas (Nethercote, J.R. 1989; Carroll, J.L. 1986; ILO, 1991; Wiltshire, K. 1990), have been discussed by writers under three broad headings: "new-managerialism" in public or civil services; "commercialism" in GBEs; and "privatisation" in some public service areas and many GBEs.

"New-managerialism" is used by writers to refer to the adoption in the public or civil service of managerial practices and orientations that are claimed to induce economic efficiency and
effectiveness. As stated earlier, public service organisations are moving away from the traditional model, which stressed ministerial control, formal bureaucracy, and policy administration, towards a more performance or results oriented approach modelled on private sector practices (Sinclair, A. 1989; Emy, H. Hughes, O. 1988; Keating, M. 1989; Yeatman, A 1990a). The actual practices that are adopted include initiatives such as the devolution of managerial responsibilities, personnel reductions, specification of clear objectives, development of performance indicators, and program budgeting (Blackwell, R. Lloyd, P. 1989; Keating, M. 1989; Sinclair, A. 1989; Considine, M. 1988).

"Commercialism" is a term adopted in the British literature (e.g., Batstone, et al. 1984, Ferner, A. 1985, 1989). It is used to refer to reforms that are intended to make GBEs, and the industries within which they are located, operate more efficiently and more in accord with the way they would operate if they were exposed to the pressures of the market (Batstone, E. et al. 1984). As with new-managerialism, the actual mechanics of commercialism vary but include initiatives such as management devolution; an emphasis upon budgetary planning and cost cutting; personnel reductions; attempts to create a more competitive ethos or culture; and the opening up of the GBE's industry to greater market competition (Batstone, et al. 1984; Ferner, A. 1989, 1988).

"Privatisation" generally refers to the process of selling all or a substantial part of a government business enterprise or public
service area. Overseas, particularly in the United Kingdom, there has been a very significant move towards privatisation. In Australia a strong trend towards privatisation has also begun to develop (Wiltshire, K. 1990). As with new-managerialism and commercialism, privatisation is generally portrayed as a way of improving the efficiency and effectiveness of the organisations concerned.

A common thread in the British literature on public sector reform is that the push for increased efficiency was accompanied by aggressive and conflictual management strategies. These strategies it is argued were a result of pressure from the Thatcher Government. With respect to GBEs it is claimed that the Thatcher Government used them as a symbol of its resolve to curb the power of the unions and reduce the size of the public sector. Thus, GBE management was put under continual pressure to introduce commercialism aggressively and to do so even in the face of intense union and workforce resistance (Batstone et al. 1984, Ferner, A. 1985, Pendleton, A. 1988).

The push for efficiency in Australia has not been accompanied by pressure from the Labor Government for the adoption of aggressive industrial relations strategies. Rather, the Government, using the Accord as a foundation, has attempted to ensure that change in the public sector, and, indeed, micro-economic reform throughout the whole economy, is introduced through processes of consultation between unions and management rather than confrontation. According to the Labor
Government, with respect to reform:

A cooperative approach is the only sensible way to go. The alternative may appear a simpler and perhaps quicker approach, but, in fact, the reverse will be the case.

An adversarial approach will not bring about the fundamental changes in workforce and management attitudes required for long term improvement in productivity and competitiveness, or for continuing acceptance of new technology and other change. In fact, it will result in more entrenched and antagonistic attitudes and greater resistance to change. (Willis, R. 1988 p4)

It is in this light that the efficiency reforms, described below, must be understood. While the Thatcher Government may have used public sector reform as a symbol of its resolve to break unionism, the Hawke Labor Government, it can be claimed, was more inclined to use the public sector as a symbol of its resolve to engender consensus in industrial relations. This is clearly a very different approach to that adopted by the Fraser Government described earlier.

The reform process in the Australian Public sector was put on the agenda by a series of Royal Commissions, Committees of Inquiry and Reviews in the 1970s and early 1980s. In the Commonwealth arena the major reviews were undertaken by the Royal Commission on Australian Government Administration known as the Coombs Royal Commission in 1974-76 and the Review of
Commonwealth Administration: the Reid Review in 1982-83.

Actual changes were introduced into the Public sector by the Labor Government in 1984. Evidently, the Labor Government took into account the recommendations of the Coombs and Reid reports. But the actual changes it introduced were based on a document produced by members of the Parliamentary Labor Party, when it was in opposition, called Labor and the Quality of Government and a December 1983 paper called Reforming the Australian Public Service: A Statement of the Government's Intentions.

The reforms in the Australian public sector are intended to shift the emphasis away from the traditional bureaucratic control orientation and in this regard have three broad objectives.

First, according to many writers, the most important aim of the reforms is to create an administration which is more efficient and capable of effectively and creatively meeting its goals without wasting or misusing human and financial resources (Wilenski, 1986). These reforms are informed by theories and management practices developed in the private sector (Keating, M. 1989; Yeatman, A. 1987, 1990a, 1990b; Considine, M. 1988; Painter, M. 1987) and can be seen as an attempt to restructure the public sector along more "commercial" or market-driven lines.

Second, a more democratic administration in which the major policy decisions and the allocations of resources are made by
ministers as the elected representatives of the people; and (since ministers cannot take or supervise all decisions) a more representative and diverse bureaucracy whose decisions are more open to public influence, public scrutiny and to appeal (Keating, 1989).

Third, a more equitable administration that is just and fair in dealing with its own employees and applicants for employment, and with individual citizens and groups relying on the services it provides. With respect to government employees, the Labor Government argued that:

*public administration will be more efficient if it is based on more open and democratic systems of organisation and management than those which have traditionally prevailed in public services. A more participative approach to management will improve decision making by ensuring full opportunities for the staff who will be affected to make their views known and to have them properly considered. An administration more responsive to the needs of staff will enjoy improved morale and performance, while at the same time enriching the working lives of men and women who are part of the Government's workforce.* (Hawke, R.J.L. 1984, p34)

In the *Labor and Quality of Government* paper and in the Labor Government's December 1983 statement, reforms to GBEs were foreshadowed.
Towards the end of 1984 a report prepared by Professor Hugh Stretton for the Minister of Finance called *Directing the Australian Public Sector - A Consultant Paper on the Design and Direction of Commonwealth Business Enterprises* was released. Stretton proposed that GBE reform take place with the general intention of making public business management more enterprising and inventive, efficient and accountable.

Stretton's proposals were followed by a policy discussion paper in 1986 and by the release in 1987 of the *Policy Guidelines for Commonwealth Statutory Authorities and Government Business Enterprises*. The Policy Guidelines were followed by the 1988 Economic statement which included reforms directed at all statutory authorities and GBEs as well as measures specifically targeted at the telecommunications industry.

The stated aims of the guidelines were, to quote them, to:

*provide incentive, enhance efficiency and improve public accountability. It is intended that these objectives be achieved through a package which combines removal of unnecessary central controls which detract from enterprise performance with greater emphasis on bottom line performance. Government attention will be focussed on strategic issues which are properly a matter for Ministerial responsibility.* (Walsh, P. 1987, p1)

As the above statement indicates, the Government was seeking to improve GBE efficiency by devolving a significant amount of the
responsibility for decision making away from direct government control towards managers within the GBEs. In doing this, however, the Government still wished to keep the GBEs accountable to the public.

In summary, the method set out in the guidelines to achieve the reforms had four components.

First, the amount of direct government control over the day to day operations of GBEs was reduced by the Guidelines. The Guidelines stated that "priority will be given to the removal of those controls that most clearly detract from an enterprise's commercial performance" (Walsh, P. 1987, p21). Further, they allowed GBE management to identify the controls which if abolished would best aid cost reduction and profitability.

Second, contained within the guidelines was a requirement that GBEs prepare strategic corporate plans. The plans must be prepared every three years and cover such things as broad financial objectives and operational targets. A provision in the guidelines is that the responsible Minister may suggest to GBE management that they reconsider the corporate plans if he or she feels that they could better reflect government policies.

Third, GBEs are required to reach agreement with the responsible Minister on financial performance objectives or targets. In most cases, financial targets must be developed annually and will generally take the form of "a specified rate of return on the
enterprise's assets, funds employed or capital" (Walsh, P. 1987, p21).

Fourth, the Guidelines required GBEs to report annually on their financial performance as measured against the targets. As stated in the guidelines:

Annual reports of enterprises will give account of performance against previously established goals, including financial and operational targets, together with assessments of the cost of meeting 'community service obligations' and observing residual non-commercial central controls which adversely affect their profitability. (Walsh, P. 1987, p22)

The May 1988 Economic Statement built on the Guidelines. It included reforms that created new corporate structures, clarified and added to the Government's strategic oversight role and further relaxed day to day government controls including those relating to industrial relations.

As part of the May statement, Gareth Evans, the Minister for Transport and Communications, released a statement that was specifically related to the telecommunications industry.

The statement provided for a major restructuring of the regulatory environment of the telecommunications industry. It provided for a continuation of Telecom's monopoly over the basic telephone
network, but opened the industry up to competition in value added services and, to an extent, network terminal equipment. The statement, also provided for the establishment of an independent regulator (AUSTEL) that would provide technical regulation, protect Telecom's monopoly, protect the competitors from unfair practice, protect consumers and promote efficiency. Further, the statement, in line with the Policy Guidelines for Commonwealth Statutory Authorities and Government Business Enterprises, provided for a reduction in direct government involvement in the operation of Telecom. This was to be achieved in a number of ways.

The statement provided for the revision of Telecom's corporate and financial structures. This included the conversion of 25% of Commonwealth loans to equity and replacement of the rest with private sector borrowings, the revaluation of assets, and the exposure of Telecom to all taxes.

Major strategic controls were modified: Loan Council processes were changed to allow for more flexibility, longer term capital expenditure and market borrowings; a Telecom superannuation scheme was set up; the authority for setting executive remuneration was devolved to the Telecom Board (in consultation with the Remuneration Tribunal); and industrial relations controls were relaxed. The changes in industrial relations controls were set out as follows:

*Industrial relations co-ordination arrangements have applied since*
The enterprises are required to consult with the Department of Industrial Relations on a wide spectrum of industrial relations issues from major wages and conditions matters to initiatives on occupational health and safety and industrial democracy. The Department can oppose initiatives and proposals which it believes do not accord with government policy. The consideration of these matters inevitably involves greater delays than if the enterprises could settle them without the requirement to consult, and has also been criticised for diminishing the negotiating status of GBE managers. The Government has decided that:

1. The present industrial relations coordination arrangements will be substantially altered by devolving to the enterprises greatly increased responsibility and autonomy to develop wages and employment conditions proposals.

2. Standard guidelines on government wages and industrial relations policy will be established by the Minister for Industrial Relations in consultation with the enterprises and the Minister for Transport and Communications. Enterprises will be free to manage their industrial relations within the scope of these broad guidelines without being required to refer matters to the Department of Industrial Relations. (Evans, G. 1988, p 218-219)

The industrial relations guidelines were progressively developed following the May statement. They allowed for a significant reduction in the need for Telecom to gain clearance from the
Department of Industrial Relations before making decisions on industrial relations matters. Telecom management is now, theoretically, free to manage industrial relations as it wishes within the scope of the guidelines. Management is only required to consult with the Department of Industrial Relations in situations where they or the Department thinks there may be a breach of the guidelines (Interview DIR Officer, 1991).

The 1988 Statement also provided for the removal of many day to day controls, including the necessity for Telecom management to obtain ministerial approval to enter into contracts, obtain individual borrowings, and make investments, and establish subsidiaries and joint ventures.

Finally, the statement provided for new planning and accountability mechanisms. Telecom must now provide the Minister for Transport and Communications with a strategic corporate plan every three years and agree with the Minister on financial targets. Further, they must include in annual reports an account of performance against the financial targets and against comparable telecommunications companies (Evans, G. 1988, p 218-219).

CONCLUSION

This chapter has described developments in Telecom Australia since it was vested in 1975. It is clear that since its inception the organisation has been under increasing pressure to change and reform along more commercial lines. Under the Fraser Liberal Government this culminated in 1982 with the Davidson report, which recommended that Telecom be exposed to competition. With the election of the Labor Government in 1983 the pressure has been kept up with the introduction of a broad ranging set of reforms aimed at improving the efficiency and accountability of the organisation.

Since the introduction of the reforms outlined in this chapter, the change process has continued in Telecom. In December 1989 the Department of Transport and Communications commenced a review of ownership and structural relationships among the telecommunications carriers. This review culminated in November 1990 with an announcement by the Minister for Transport and Communications, Kim Beazley, and the Prime Minister of further significant reforms. The announcement foreshadowed, amongst other things, the establishment of a private sector competitor, which took place around the end of 1991; the merger of OTC and Telecom; the sale of AUSSAT; the end of Telecom's first phone monopoly on 30 June 1991; and the enhancement of AUSTEL's role as an independent regulator (Financial Review, 9 Nov 1990).
In the first half of this chapter industrial relations during the 1970s and early 1980s was described. It was argued that as a result of the interventionist action on the part of the Fraser Government and the aggressive strategies adopted by management, industrial relations became highly conflictual. The reform process under the Labor Government, however, has been associated with pressure for a more consensus based or consultative approach to industrial relations.

In the next chapter an impression of the climate of industrial relations within Telecom since the early 1980s and during the period of reform is provided. This, to a limited extent, provides an insight into the success of the Labor Government's desire for more consensus based industrial relations. More importantly for this thesis, the next chapter provides further context for the discussions in chapters 5, 6 and 7.
CHAPTER 4 - OVERVIEW OF INDUSTRIAL RELATIONS IN TELECOM
SINCE THE EARLY 1980s

INTRODUCTION

Muller (1980), Reinecke and Schultz (1983), and Williams (1986) paint a picture of increasing militancy amongst Telecom unions and, hence, a fairly conflictual industrial relations climate in Telecom during the late 1970s and early 1980s. Unfortunately, since the early 1980s there has not been any further detailed investigations of industrial relations in Telecom. Given the significant changes that have occurred in the organisation the findings of any such wide-ranging study would be exceedingly interesting. However, it is not the objective of this thesis to undertake a broad analysis of industrial relations across the organisation. Rather, an impression of the general climate of industrial relations within the organisation is provided below and serves as a necessary background to the discussion in later chapters, which concentrates on activity in the Riverina region. This chapter provides a broad view of industrial relations in the organisation against which the events at Narrandera can be compared. The discussion describes industrial relations in Telecom by examining Industrial Relations Commission decisions on issues brought before it by Telecom management and unions, and transcript of interviews of managers, supervisors and union representatives collected by the author in February, March and April 1990. In general terms, the decisions and interviews reveal that industrial relations within the organisation has been less conflict ridden in recent years. In addition, it appears that
management has moved away from aggressive industrial relations strategies towards strategies underpinned by communication and consultation.

**TELECOM DECISIONS**

An examination of 90 decisions handed down by the Australian Industrial Relations Commission during the period 1984 to 1990 does not reveal any disputes as divisive as those that occurred in the late 1970s and early 1980s. In addition, the decisions reveal that the major agenda in the company has been one of reform. Cases brought before the Commission were diverse with claims for allowances of various types and, since 1987, proceedings under *Restructuring and Efficiency* and *Structural Efficiency* principles being dominant.

New technology was, unsurprisingly, a frequent underpinning to many issues brought before the Commission. However, unlike the late 1970s and early 1980s, when the introduction of new technology led to a number of disputes between Telecom management and Telecom unions, there does not appear to have been any conflicts resulting in major time losses or network shut downs. In the 1980s it appears that most attempts by Telecom to introduce new technology were not rejected by Telecom unions; rather, they have been met with claims for increased wages and allowances.
For example, the 1980s saw the introduction of optical fibre technology which has been described as one of the most revolutionary developments since the transistor (Telephone Engineer and Management, 15 February 1985). An examination of IRC decisions (AIRC, 6/8/85) reveals that the introduction of optical fibre meant a significant change in the work of lines staff, covered by the APTU, and technicians, covered by the ATEA. However, despite a ban on optical fibre imposed by the APTU, the unions appeared to accept "that technological change is part and parcel of Telecom's operations" (AIRC, 6/8/85, p2). It appears that the main objective of the unions was not to stop the introduction of optical fibre, but to obtain increases in remuneration for those workers who were required to install and service it. Thus, the APTU sought and obtained an Optical Fibre Cable Allowance in 1985 and the ATEA sought (but later agreed to not pursue) a similar allowance.

Similar developments occurred with the introduction by Telecom in the mid 1980s of new computerised systems, such as LEOPARD testing equipment, the Subscriber Line Test Access Network (SULTAN), and the AXE Electronic Computer Exchanges. LEOPARD, SULTAN and AXE represent major technological changes but they were not rejected by the unions. Rather the ATEA sought and gained an allowance for using the LEOPARD/SULTAN testing equipment while the ATPOA sought the creation of a new classification for its members using LEOPARD and SULTAN (AIRC, 25/11/85).
Another significant technological change introduced by Telecom involved replacement of old telegram equipment with new computerised systems (AIRC, 9/5/85). This innovation meant significant changes for the workers concerned. Quoting the Telecom advocate who appeared in the case, Mr Douglas:

...there is no designation which will not require more and different skills in the new system. For example, if a current telegraphist is successful in obtaining a job in the new system, he or she will still be required to prepare and receive telegrams and public telex traffic as is currently the case; but that person will perform the functions on a visual display terminal, requiring knowledge of the varied formats involved...rather than is currently the case on teleprinters which require certain manipulative and tape reading skills only. Similarly, while a telegraphist currently performs a good deal of the functions of the proposed message bureau operator, she only performs the range in the after-hours period when the standard of service is not as high as that which is required during the day. This means in essence the telegraphist has more time to get the job right, removed from the pressures and variables and functions which normal business hours traffic can present. Another example of the net addition of skill is the phonogram operator VDU who receives telegrams from subscribers and inputs them directly into the TRESS system by means of a VDU. They use only a relatively small number of formats; that is, they handle a very limited range of traffic, whereas a message bureau operator will be a multi-functional designation in the very true sense of the word. (AIRC, 9/5/85, p2)
As with fibre optics, LEOPARD, SULTAN and AXE computerised systems, the unions involved; TTSOA, ATPOA, PSA, and UPCT, appeared to accept that the introduction of new message bureau technology was necessary.

In the decision the Commission made orders relating to the creation of a new award, classifications, remuneration, hours to be worked by employees, and coverage. The orders were accepted by most of the unions (AIRC, 14/2/86).^6

Thus, the cases reveal that technological change in Telecom during the 1980s was largely an agreed process between management and unions. The push by Telecom management and the Labor Government towards a more commercial approach is also reflected in the IRC Telecom decisions. The restructuring and structural efficiency cases dominate in this regard and are described below. However, not all cases heard by the Commission that were concerned with moves towards commercialism were associated with national wage case proceedings.

For example, in 1985 the Commission heard a case involving Telecom and the ACOA that related to a decision by Telecom to shift its sales force away from a traditionally "passive order taking role to one of active selling" (AIRC, 24/1/85, p1). By 'active selling' Telecom management meant that officers at various levels would initiate sales by calling prospective customers either over the phone or by outside calls. In seeking to develop a more active

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^6The hours and coverage issues were appealed by the UPCT, which had been excluded as a party to the award in the original proceedings. The UPCT's appeal was rejected by the Full Bench.
sales force, Telecom also sought to change the method of payment away from the tradition clerical salary scales to one related to performance. Telecom claimed that a move to performance related pay was essential to the success of the move from passive to active selling.

These changes the ACOA claimed and Telecom acknowledged, meant a significant change in the nature of the work for those employees concerned. Quoting Peter Robson, the ACOA advocate at that time:

So here you have a situation where previously selling and marketing work in Telecom was being done by clerks, who never had a car, never used to get out, they used to do it as a part time job in the main although some of them did it in a more full-time way, but certainly they had all the normal sort of trappings of the public service security of position and tenure. Now Telecom have proposed, and subject to there being proper systems ACOA have agreed, that we have targets being used for such sacrosanct things as increments and tenure. So it is in our view, a very new way of operation. (AIRC, 24/1/85, p2)

The case put forward to the Commission by the parties was for the establishment of new sales, accounts and consultant classifications, which would be associated with different base level salary scales comprising a bench-mark rate and accompanied by several incremental advances. Performance pay
was based on a 'product points system' and was described to the Commission in the following terms:

..that achievement by a sales representative of 80 of target, (i.e. points earned by selling products compared with "points value" or target allocated at the beginning of each twelve-month period) will ensure tenure in the business sales force; 90 achievement will create entitlement to annual incremental advancement within the scale proposed; and achievement at levels of 110 and above of target, calculated on a quarterly basis, will be rewarded with an incentive payment equivalent to accelerated incremental advancement, payable for duration (sic) of the next succeeding quarter. (AIRC, 24/1/85, p2)

The Commission was also advised that the new arrangements would lead to changes in conditions of employment such as overtime, ordinary hours of work, allowances, and the calculation of recreation leave, long service leave and superannuation. The parties indicated that the changes, and in particular the incentive system, would be implemented over a two year period. Further, it was submitted that employees who did not achieve the 80 target would not be retrenched, rather they would be redeployed elsewhere in the Telecom workforce7.

This case provides a useful insight into the shift towards a more "commercially" oriented perspective. However, the shift is best

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7The differences between the parties related to the actual salary to be paid to the classifications concerned, allowances and travelling time. These issues were settled by arbitration.
reflected in Telecom cases heard as part of national wage case increases and, in particular, those governed by the Restructuring and Efficiency Principle (REP) and the Structural Efficiency Principle (SEP).8

In Telecom the principles set by the IRC, both under the Restructuring and Efficiency Principle and the Structural Efficiency Principle, were strongly embraced and formed part of the general push towards commercialism and greater efficiency within the organisation.

8 The emphasis in wage fixation in Australia since the early 1980s has been upon attempts to make Australian work organisation and award structures more efficient and therefore to help industry to become more internationally competitive. This orientation has been pushed by the Labour government and its Accord partner the ACTU, as well as by major employer associations (NLCC, 1988). The Commission enshrined the new orientation in its national wage case decision of 10 March 1987. It established a two-tier approach to fixing wages and introduced a principle that parties had to meet in order to gain increases in the second tier. The Restructuring and Efficiency Principle allowed for a set 4% increase in rates of pay and improvements in employment conditions, if employers and unions could convince the Commission that they had implemented measures which would lead to increases in efficiency and productivity. The emphasis in the principle was upon achieving these goals by increasing flexibility at the enterprise or workplace level (NLCC, 1988).

Whilst the experience with the Restructuring and Efficiency Principle was seen as constractive, the Government and all major parties recognised that they needed to build on the changes already achieved. In August 1988 the Australian Conciliation and Arbitration Commission handed down its 1988 National Wage Case Decision. The decision reinforced the importance of structural change and labour market reform by building on the steps taken under the two tier system and hastening the speed of labour market reform. (Commonwealth Submission to the Review of the Structural Efficiency Principle, February-May 1989) The central feature of the August 1988 Decision was the establishment of the Structural Efficiency Principle which focused on award restructuring. The Commission determined that employees would be granted two wage increases (3% no later than 1 September 1988, and $10 per week no earlier than six months after the first increase) if their union gave a formal undertaking to positively cooperate in a fundamental review of the awards which covered the employees work. The new Principle highlighted a number of areas which could be considered by the parties to awards (Deery & Plowman, 1991).

In August 1989 the Commission amended the Structural Efficiency Principle by providing for structural efficiency adjustments if the parties could satisfy the Commission that they had co-operated positively in a fundamental review of awards and were implementing measures to improve the efficiency as well as providing workers with more satisfying jobs (Commonwealth Submission to the National Wage Case, Dec 1990-Feb 1991). Following reports by the Government and other parties, during the December 1990-February 1991 National Wage Case the Industrial Relations Commission established the April 1991 Structural Efficiency Principle. In order to gain a 2.5% increase, parties were required to satisfy the Commission that they had, amongst other things, begun to examine whether work classifications, patterns and arrangements were appropriate; that consultative mechanism were to be set up; and that the 1989 Structural Efficiency Principle had been substantially implemented. (Commonwealth Submission to the Review of Wage Fixing Principles, Sept 1991)
Claims for a 4% second tier increase under the 1987 Restructuring and Efficiency Principle led, for employees covered by the ATEA, to the introduction of new technology such as a new generation main distributing frame; improvements in staff functional and geographic mobility; increased training; the dropping of demarcation barriers between technical and lines groups for the installation and maintenance work on underground repeater/regenerators; and numerous changes to maintenance arrangements and procedures (AIRC, 4/9/87a).

For employees covered by the APTU the Restructuring and Efficiency Principle led, amongst other things, to changes in technology, work and managerial practices, and demarcation barriers. For example, field based training was agreed to, as was the introduction of keyboard and screen based equipment, and the dropping of the technical-lines demarcation in underground repeater/regenerators. Further, it was agreed that, in addition to improved functional and geographic mobility, staff would if required by management work at "any level below their nominal or acting designations" (AIRC, 4/9/87b).

Perhaps the most significant changes arising from the March 1987 national wage case concerned the clerical areas of Telecom and involved the integration of over fifty classifications into one single structure containing six levels (AIRC, 17/12/87).

Associated with this rationalisation were a large number of initiatives aimed at improving the efficiency and flexibility of the
The integration exercise also involved an agreement to undertake a redesign of jobs and work organisation. The redesign process was to be premised on a set of objectives involving the efficient and effective meeting of customer's needs through, where possible, the decentralisation and devolution of decision making, the broadening and enhancement of jobs, and the development of jobs which would enable control by employees over complete pieces of work using a variety of skills. It was agreed that changes in the design of jobs and the organisation of work would be worked out and implemented through a joint process involving management, staff and unions at branch or section level.

Multi-skilling was also identified as a vital part of the integration process and was to be achieved via "a combination of flexibility in task allocation across positions, job rotation and training programs and the design of multi-functional jobs" (AIRC, 17/12/87, Appendix Paper1, p5). As with job redesign and work organisation changes, the objective of multi-skilling was identified as:

..greater flexibility in the allocation of resources and better servicing of customers through a more broadly skilled work-force. From a staff perspective, benefits include better career
opportunities for staff currently restricted by job specialisation (AIRC, 17/12/87, Appendix Paper 1, p5).

Similarly, multi-functional job designs and job rotation were to be the responsibility of local management. The importance of multi-skilling was highlighted in the agreements by making the development of a flexible, multiskilled workforce a performance criterion for managers. Backing up all these proposed changes was an agreement to ensure the appropriate deployment of resources for training.

Beyond the integration package the clerical restructuring and efficiency case established agreements on issues such as staff geographical mobility, assessment processes, demarcation issues, the use of contract staff, managing personnel reductions, and organisational culture initiatives. With regard to personnel reduction, it was identified in the decision that staff reductions would have to take place in order to meet the effects of changes in demand for telecommunications services and the Government's May 1987 Economic Statement. However, senior management stated, in a document issued to state managers and heads of departments within Telecom and included as an exhibit in the decision, that:

It is not intended that redundancy will be used as a means of achieving the reductions. The policy is to limit, and where necessary cease, recruitment and to take advantage of wastage and wastage opportunities, redeployment of staff, reduction in
overtime and where necessary cessation of fixed-term staff. Redeployment may mean change of physical location and/or change of duties. It could also include the performance of work normally performed by another designation group. This may necessitate salary maintenance. Relocation will be arranged with existing conditions of service. Retraining may be necessary in some situations and this should be arranged as soon as redeployees are identified (AIRC, 17/12/87 Appendix Paper 2 p2).

Further, reductions were to take place with staff being fully informed of developments and volunteers for re-deployment being sought first:

The staff concerned and their staff associations will need to be well informed of the specific redeployments identified and the individual reasons for those redeployments as early as practicable. They will also need to be aware of the necessity for and benefits of redeployment, eg.

- ongoing viability of the organisation and the ability to continue to provide jobs to existing staff;
- improved career prospects and skill development.

Staff must be made aware of their conditions of service and basically that there will be no financial disadvantage. Volunteers for redeployment should be sought in the first instance. The work priority areas, where redeployees will be placed, must also be
clearly identified together with the numbers and skills required. (Staff must not be moved any more than necessary, and decisions relating to areas for reduction and priority areas must be definite and not changed). States must take a common sense approach in achieving staff redeployment and the staff reductions. Movement involving change of domicile should be avoided as far as possible. (AIRC, 17/12/87 Appendix Paper 2 p2)

The organisational culture initiatives involved staff in the Telecom Information Systems area and included a performance development and review scheme, productivity, motivation and reward initiatives, and bottom line management techniques. On bottom line management the following was agreed:

*Telecom's resources planning and monitoring processes have traditionally been detailed in nature with emphasis spread over a wide range of physical targets, commercial targets, productivity and manpower targets and expenditure items. This process is changing, however, to a more macro based bottom line approach whereby only a few key parameters and a short list of corporate imperatives which must be met during the year within prescribed macro resource levels, are provided. Managers, will, therefore, have greater autonomy and flexibility in the allocation of the macro resources along with an increased degree of accountability.*

*The introduction of a Bottom Line Management approach is seen as a key element in efforts to improve and consolidate performance, productivity and profitability in the current business environment. It*
is considered that the introduction of this fundamental business practice within Telecom will lead to improved efficiency and productivity by replacing comparatively rigid financial, functional and hierarchical structures and practices, with a simpler approach which provides for both accountability and much more flexibility than previously in meeting business opportunities. Because the nature of the concept makes it most difficult to quantify in advance the likely efficiency and productivity benefits which would result from its application, it is not possible to provide any meaningful estimate of likely gains or savings at this early stage. Nevertheless, it can be said with confidence, that Bottom Line Management is an important and fundamental business practice whose application within Telecom will lead to improved efficiency and productivity. (AIRC, 17/12/87 Appendix Paper 8 p2)

Clearly the Restructuring and Efficiency Principle aided the introduction of significant changes within Telecom. The structural efficiency principles led to further significant changes within the organisation.

For employees covered by the APTU a major restructuring of classifications was implemented through the SEP process. The nineteen classifications that originally existed were reduced to six broadbanded classifications which meant a significant move towards multi-skilling and the addition of supervisory responsibilities for some classifications. It was predicted that the broadbanding would lead to a reduction in demarcations between
classifications and encourage employees to become more involved in their own skill development (AIRC, 31/5/89).

In the clerical areas discussion under the SEP built on changes introduced through the clerical integration exercise. The job reclassification and redesign processes continued, and initiatives such as performance review mechanisms, profit sharing arrangements, and provision for the modernisation of awards were introduced (AIRC, 23/4/1990).

Under the SEP, changes were also introduced to the management classifications within the organisation. In August 1990 the Commission certified an agreement under section 115 of the IR Act between the APEA, the POA, and Telecom. The agreement provided for wage increases in return for a restructuring of the executive classifications within the organisation. The restructuring led to:

..significant changes in the executive structure, including a reduction in the number of executive designations and in due course in the number of executives..The restructuring also provides for the elimination of award coverage of some senior executive positions. (AIRC 30/8/90)

In summary, both the REP and SEP processes led to considerable changes within Telecom, all of which were designed to increase the efficiency of the organisation. Quoting Mr Commissioner Lewin in a decision of June 1990:
The Australian Telecommunications Corporation employs around 80000 employees. The restructuring of the work classifications across the depth and breadth of such a large and functionally diverse organisation is a significant task. On the material before me a great deal has been achieved. Following this decision and other decisions affecting other awards and work areas the classification of the work of the 80000 employees will have been drastically changed. The number of designations of work will have reduced from 470 to 150, and the number of salary points from 1900 to 600.

The classification of work within these new structures leads to a much flatter overall wage and salary structure. In particular the new structures establish skill related career paths which provide incentive for workers to participate in skill formation, eliminate impediments to multiskilling, broaden the range of tasks which a worker may be required to perform and ensure that working patterns and arrangements enhance flexibility and the efficiency of the industry.

In relation to the restructuring of work within Telecom progress has been made in a number of important areas which will also contribute to the efficient conduct of the enterprise. These include the development of skills audits and training programmes to fit the new career paths, flexible working arrangements including broadening the span of working hours for professional grades, the elimination of certain appeal rights and variations to higher duty working arrangements. Significant progress has been made toward
a work performance oriented human resources strategy. (AIRC, 7/6/90)

Clearly, a push for efficiency and increased productivity was a major theme in the cases discussed. In addition, the above cases reveal that industrial relations with Telecom Australia at the broad formalised level was not dominated by any major industrial disputes similar to those that took place in the late 70s and 80s. Rather, cases heard by Commission involving potentially divisive issues such as new technology and changed work organisation seem to have been accompanied not by high levels of industrial action but by a substantial amount of agreement between management and unions. The unions do not appear to have stood in the way of change so long as their members were adequately remunerated. The significant changes under the Structural Efficiency and Restructuring and Efficiency principles to the organisation of work, and the structure of awards and classifications is further evidence of this less conflictual pattern of industrial relations. Significant changes oriented toward efficiency goals have been agreed to without major problems.

In this respect, the cases suggest that the pursuit of efficiency measures at Telecom have been done through consultation between management and Telecom unions. That is, Telecom management has not attempted to introduce change by making unilateral decisions or by adopting aggressive and antagonistic strategies. Rather, in accord with the Government's consensus orientation, they have adopted a strategy that is based on the
pursuit of reforms through consultation. In other words, they have used the REP and SEP processes to introduce, with the agreement of the unions, measures to improve efficiency; rather than forcing them through, regardless of whether or not they are accepted by unions and employees. This orientation was evident in all the Telecom REP and SEP cases. For example, in the clerical integration case management representatives put the view:

*that Telecom had achieved by negotiation an agreement which would allow it to face the corporate and commercial challenges for at least the next decade.* (AIRC, 17/12/87 p2)

It thus appears that, at least at the formalised national level, Telecom management has moved away from the aggressive approaches adopted in the 1970s and early 1980s and are, instead, adopting industrial relations strategies that pursue reform through consultation.

**INDUSTRIAL RELATIONS AT THE LOCAL LEVEL**

The above cases do provide a useful impression of industrial relations within the organisation and an insight into changes in Telecom management's industrial relations strategies. However, an assessment of industrial relations based solely on cases brought before the Industrial Relation Commission clearly cannot present a complete picture of the industrial relations climate
within the organisation. The cases discussed above tended to involve issues that were dealt with at a national or centralised level between senior members of the union and management hierarchy. While all the cases, particularly those under the Principles, had major implications for lower levels of the organisation, the cases themselves do not and cannot be expected to provide an understanding of the complexion of industrial relations at lower levels. In particular, proceedings within the Industrial Relations Commission cannot be expected to provide direct insights into the nature of workplace industrial relations; nor the day to day industrial relations approaches or styles of management.

In order to establish a more complete picture, in January and February of 1990 the author undertook a series of in-depth interviews of managers and unionists primarily working in the Wollongong and Wagga Wagga districts of Telecom. In all, 22 people were interviewed: specifically: 2 managers at the regional level (located at Burwood); 9 at district management level (5 from Wollongong and 4 from Wagga Wagga); 3 supervisors (1 from Wollongong and 2 from Wagga Wagga); and 8 union representatives (4 from Wollongong and 4 from Wagga Wagga). The interviewees were drawn from the major occupational groupings in the organisation: administration, technical and lines. Interviews ran for periods of between 1 to 3hrs\(^9\) and covered a range of topics related to the interviewees experience of and attitude towards industrial relations. More particularly,

\(^9\) Many interviews were conducted over two sessions of around 1.5 hours each.
interviewees were asked open ended question that were aimed to establish the following:

- views on the present industrial relations climate within the organisation: for example, how conflictual industrial relations was when compared to earlier periods, and what issues were having the greatest impact upon industrial relations at their levels;

- opinions on the quality and role of management at various levels in the organisation and the quality and role of trade unions and trade union representatives: in particular, interviewees were asked about the strategies adopted by management to industrial relations and the character of the role adopted by unions;

- the impact that the push towards commercialisation and privitisation is having upon industrial relations and peoples attitudes within the organisation at their level; and

- differences between the character of industrial relations in rural centres, such as Wagga Wagga, and in more urban/industrial centres, such as Wollongong.

The findings of the interviews are discussed below starting with the views and beliefs of management.
A consistent theme among managers was that industrial relations at the regional or local level had improved over the last 10 years. In the past, it was argued, industrial relations had been a real problem at the local level. In recent years, however, the situation had improved considerably. All managers claimed that they had very few problems in the industrial relations area: industrial relations was generally consensual and collaborative.

Managers argued that the major reason for this improvement was a fundamental change in the industrial relations approach adopted by managers. In the past, they argued, Telecom management had been autocratic, unapproachable and unwilling to inform or communicate with the unions and employees. Quoting one of the managers in Wollongong:

We had a management team in those days that was very autocratic. My boss in particular, who is no longer with us, I got along alright with him; nobody else did. He was really pig headed and his immediate boss, who worked on the sixth floor, never stopped off at one of the other floors in the ten years that he was up there, and never left his office either. And he was an autocratic engineer. That was the working environment that we were working in. I could get through to my boss but it was very difficult. The way I found to do it was to visit the same bowling club as he did, and I could get through to him over a beer. But I couldn't at work, whatever they said went. They weren't willing to listen.
This particular manager claimed that under the previous managerial approach the only way that employees could get things done was to go to the union. The impact of this, he implied, was that people began to automatically go to the union first, regardless of the nature or importance of the problem they wished to raise.

It was claimed by managers that the old autocratic approach had given way to a far more open approach, which stressed effective communication and consultation and, as a result, was having beneficial effects upon industrial relations. The new management approach, it was argued, was underpinned by the notion that most industrial relations problems could be avoided by open and honest consultation between the parties and by ensuring that employees have a say in decision making. The following quotes from managers illustrate these ideas very effectively:

*I have always found it best to approach people in an open and honest manner, and make them aware of as many of the facts that you have available to you as is possible. So that when you are discussing either a conflict or a problem they have, you are both looking at the same set of facts...You can establish some rapport with people, and ask them what their real concerns are...you usually find that the real concern is unrelated to the issue that is on the table at the time, and it is a matter of really getting to that before you can start talking.*

*If there is no result yet, you go and tell them there is no results*
yet...that is good because then the association rep will come up and say "have you heard anything yet" or "what is going on" and they feel more free to talk to you..so it is just a matter of establishing an open relationship with people.

And

You have got to get to the staff and talk to them and you will find they will respond to just your being there and speaking to them. You mightn't have to speak to them on anything concerning work. I have found that my style of management is just to make myself available and to discuss anything they want to raise. I will start talking and give them an opportunity to make some leading questions or comments just to get them talking. I feel that's paid off enormously.

It was clear from interviews with most of the managers that the new open communicative approach was part of a general change in Telecom management's strategies toward industrial relations and the management of employees. The aggressive confrontation strategies associated with the Fraser period were being replaced by an emphasis upon consultation with unions and open communication with employees.

It was apparent that the strategy of consultation associated with the formalised REP and SEP process was also being adopted in order to facilitate the implementation of other reforms. For example, the regional human resources manager pointed out that
the introduction of changes to the structure of districts within his region (discussed in the next chapter) had only commenced once in-principle agreements were reached between unions and management. More broadly, the major restructure of Telecom's corporate structure (also discussed in the next chapter) was underpinned, he indicated, by a management strategy which included a considerable period of negotiation between senior management and all Telecom unions.

The regional human resource manager also indicated that the formulation of industrial relations strategies had become a vital aspect of all management initiated reforms within the organisation. He stated that in line with the general push for decentralisation, management at lower levels in the organisation were being made responsible for the formulation of industrial relations strategies. In the past he argued:

\textit{the decision was made and then the industrial relations strategy was built to deliver that decision. Therefore the final outcome was not always what was wanted because you had to compromise. If you come up with an idea now, you have got to come up with the IR strategy to go along with it. Which means they (managers) have to think: instead of thinking this is a brilliant idea, we will shut this place here and then somebody else can go through all the pain. Yes it won't get considered now until we see the IR strategy and what we will do is, we will comment on the IR strategy. Our experts will actually say, no you have got a hole here and a hole there. In the past we have built the strategy for them and that is where we}
failed because we never made the managers think in terms of industrial relations and they should have been.

It was inferred by the human resource manager that the emphasis upon the incorporation of industrial relations strategies into management decisions at all levels within the organisation was a major explanation for improved industrial relations. His argument was verified by other managers who indicated that this new approach in association with a more consultative orientation was having a very beneficial effect.

According to a number of managers, the emphasis upon more consensual based industrial relations strategies was, at least in part, related to new corporate level strategies that emphasised the pursuit of increased efficiency and competitiveness through a concentration on the needs of customers. These strategies it was argued portrayed the success of a customer focus as dependent on providing employees with meaningful work and the opportunity to be involved in decision making.

In this respect, some managers mentioned the organisation's Vision 2000 initiative which had been developed at the corporate level in 1986. Vision 2000 was designed to improve performance by focusing on what was called three core values: putting customers first; using employees to make it possible through cooperation and teamwork; and seeing business success as a key to the future. In line with this orientation, under the Vision 2000 program people throughout the organisation were encouraged to
participate in local projects aimed at improving Telecom's operations (ATC 1988; ATC 1989).

The most common initiative mentioned was the move toward Total Quality Management (TQM). TQM was described by managers as a strategy that involved the pursuit of continuous improvement through a combination of scientific management methods and participation by employees. Quoting one manager at length:

*TQM, what does that means? What we are saying is that every single thing that happens in the company should be of quality. Quality is not just high quality but quality as defined by the customers. Also, we never say we have achieved the required quality: it is a process of continuous improvement. It is a management philosophy which is based on a top down approach. This means that managers create the systems that people work in, and managers are responsible for changing the system.*

What we are saying is you get your work process and you get it down to the most simple non-complex way of doing it so that it is absolutely foolproof. And what that basically comes down to is using two sources of information: statistical process control, which involves scientific management techniques, and participative management - the people that work in the process are the experts. So the idea is for managers to get these two bodies of special knowledge together in order to work on changing things.
Asked what assumption TQM makes about peoples' attitudes the same manager said:

*That people are basically good and want to do a good job and what managers have done over the last whatever years has put impediments in their way. So what managers now need to do is take away those impediments and allow people to take pride in their work again.*

Not all managers agreed that the improvement in industrial relations was simply due to more consensual industrial relations strategies bolstered by participative approaches such as Vision 2000 and TQM. Some managers indicated that the reality was a bit more complex. For example, one manager argued that the depressed economic times and the consequent risk of unemployment meant workers were less willing to engage in strike action. This manager also argued that the threat of privitisation meant workers shied away from highly visible industrial disputation. Another manager claimed that, in addition to the shift in management strategies, the improvement in industrial relations was related to a more constructive attitude on the part of unions. He argued that unions appeared to be more willing to talk and accept change. This he claimed was because unionists were better trained and more skillful than in the past.

While all the managers interviewed argued that industrial relations had improved, none claimed that the situation was
perfect. Industrial relations problems still arose.

A source of local problems according to many managers was industrial relations developments and activities at the national level. Political activity between the senior union officials and senior Telecom management, it was commonly argued, created delays and problems at the local level that could very easily boil over and create real industrial problems:

I dislike the way things seem to be politically linked all the time in that we are always playing one game against another game at a higher level than the real topic that's on the table. That annoys the hell out of me, that these guys at the depot level sometimes are used as pawns in a game when the win or lose has to be determined somewhere outside of the district. While the Associations argue that they are doing the best for their members, in actual fact they, through many wheels and cogs, are linking it to something else in order to get a win against Telecom. I guess that is the nature of industrial relations but it doesn't go along with my open policy.

In this regard, one manager argued that it was important to try and keep industrial relations down at the local level. To let it go any higher, he claimed, was to lose control:

My view on industrial relations is try and keep it local, try and keep it down to the lowest number of people. Once it gets to state level well they are playing politics - I'm talking management side -
you lose control of it. So if a manager wants to maintain control of his own district or industrial relations, he has to keep it local; once it has gone outside the local area I think you have failed.

The issue of politics was raised by other managers, but most commonly in terms of union politics. In particular, the political aspirations of individual unionists were highlighted by a number of managers as a factor that could create difficulties:

Generally, I find the people in the union movement are fairly cooperative with the exception of a couple of hard ones whose role in life seems to be to score points to keep themselves in office rather than look at the business that we are in and trying to work with the district management to, in a cooperative sense, try and do the best for Telecom.

The existing structure of unions and attempts to rationalise them were, for many managers, a source of potential conflict. The existence of strong demarcations between the ATEA/APTOA and the APTU was, according to some managers, a severe limitation on the viability of the organisation. Without the creation of "one workforce", it was argued, Telecom would not be able to compete effectively in a deregulated market. Because of this, managers saw the amalgamation of the ATEA/APTOA and APTU as the most important industrial relations issue needing to be addressed:

The biggest issue that is going to hit this place, I think, is the one workforce. They are going to have to address that one - the
amalgamation of the two major unions - in the immediate future, in the next two years, if we are going to be a viable organisation.

While union structure and politics were a source of frustration, surprisingly, all managers argued that unions were vital and far from irrelevant in the organisation. In fact, a common theme was that unions were an important management tool, who helped to improve the flow of information between management and employees:

Well I use trade unionism, the union reps at the depot I get them together. I speak to them to sort out their area. I say 'what are your problems, be open with me'. I let them talk to me and I talk to them. That's the way I get the feeling of the bloke that is more in the background. By using the union reps I can get to the seat of the problem.

and

They can tell you things that are worrying somebody that you don't know about and that you wouldn't probably find out about and it probably would have festered. Also if you can convince the union rep that you are telling him the truth, then the person gets it from another source who they trust and are more likely to believe it. So that's handy. I don't know whether it always works that way. It certainly works here.
Over and above these issues, according to all managers, were problems related to the enormous amount of change faced by the organisation and the considerable uncertainties this created for employees. All managers indicated that the future was exceedingly uncertain and many indicated that this was having a detrimental influence upon the morale of their employees. This, they argued, would eventually have a detrimental impact upon industrial relations. The perception was backed up by a large culture survey undertaken by a consultancy firm in both districts, which had just been completed and the time of the interviews. According to the managers who had seen the results, the survey indicated, amongst many other things, that Telecom employees suffered from very poor morale. This, many managers argued, was particularly related to strong rumours about the future of the organisation and the very real threats of job losses associated with the moves towards a commercial orientation. Many of the managers empathised with their employees concerns but could do nothing about it. Their employees wanted more information but they, the managers, were just as much in the dark and under threat.

**SUPERVISORS**

Turning to the views of the supervisors on industrial relations within Telecom, they appeared to agree fairly strongly with managers that industrial relations within the organisation at the local level had improved considerably. A major reason for this improvement according to one of the supervisors was the change
in the economy and the introduction of new technology. In the past trade unions, he argued, had had a strangle hold on the community, but the downturn in the economy and the introduction of new forms of technology had left unions with little clout. This supervisor also insisted that change was related to improvements in the skills and strategies of management. He claimed that, while they could still improve, management's style was changing from the autocratic to the open and this, he suggested, had led to real improvements:

_The guys actually know who the district manager is, they know him on a first name basis, he speaks to them, he knows their problems...it has meant such a change for this area you wouldn't know it. There is not some silly bastard up there who knows nothing about us, he is a part of us._

It was also argued that industrial relations within the organisation had improved because union officials and representatives had become more skillful. As one supervisor put it:

_..the unions have had to smarten up their game and I think that all trade union people at the top levels are much more skillful than they were years ago. Before, the union official, he was a good crowd pleaser and he could tell a joke, and he could drink.. he was one of the boys. But now, you only have to look at the top people in union management, the Simon Creans, the Bill Keltyys, they are very intelligent, and it wouldn't matter what side of the fence they_
were on, they would still succeed.

In line with this, all the supervisors agreed that unions had a vital role to play, but not in the way argued by managers: as a useful tool. Rather, unions, they argued, were an important form of protection for individuals:

You have got to have someone to represent you. Managers, they are only individuals, anyway, a lot of the time they are carrying out duties which they have been instructed to do. Unions, you know, they have different sources...they have got more access to higher bodies or parliamentarians. You definitely have got to have them. If you worked for a small company, you can speak to your boss directly and you can work out a deal with him as an individual. In a big company like Telecom you can't do that so you have got to have someone to represent you.

Also in accord with managers, the supervisors did not think that industrial relations in Telecom was perfect. They expressed fears about what might happen in the future. All argued that the uncertainties faced by all Telecom employees could cause industrial problems. Quoting one of the supervisors:

Once again they (the staff) are getting the same vibes as an elephant or ant gets, instinctive things that have to do with preservation. Now if you don't know or you are not too sure, and the future doesn't look good and there is a possibility that Mr Hawke has let you down, and even senior managers are not
prepared to tell you things because they don't really know whether they have it right, it is not very morale boosting.

**Union Representatives**

Most union representatives argued that industrial relations had improved considerably and that this was primarily related to management's more open strategies. They agreed with the views expressed by management and supervisors regarding the autocratic style of management in the past. Quoting one of them:

*When I came here ten years ago, the administration managers here in those days were very senior men and very old men, they were all old school tie blokes. The unions to them were a disease to be dealt with. If you wanted something, for instance, if you couldn't totally justify it you wouldn't get it. It was ridiculous the things that were going on.*

This closed approach led, the union representatives argued, to considerable industrial relations problems:

*It got to the stage here that we would get no answer whatsoever. So we said righto it is no good going to you, we have given you a chance so we will just ring Sydney. It is pretty bloody crook if you go and bypass your local people..by gees there were some disputes.*
However, a new management approach, they argued, had emerged, which was based on improved communications. Industrial relations they claimed had improved as a result:

...before when they used to introduce things, they didn't talk to the unions, or the people, they just said: "bang this is it, as from Monday you will do things this way". Now when they introduce things the first thing they do is call in the executive of the sub-branch and explain what they want to do and ask what do you think about it.

and

We know that if we have got a problem we go straight through the manager now. I would say it has improved 400 percent and that's a bloody lot, even in my opinion.

Two representatives argued that, while the industrial relations climate was better than in the past and management's approach definitely improving, some managers still adopted behaviour which created unnecessary industrial problems. It was claimed these managers were creating an "air of suspicion". The representatives felt unable to trust management generally because they never really knew what some managers wanted or were trying to do:

It would be nice to be able to just go to a meeting, and put your cards straight on the table and know that management is doing
exactly the same. You know it would just save so much time and so many problems.

One union representative argued that industrial relations had deteriorated. A large part of the reason for this, he argued, was the existence of exceedingly bad lines of formal communications throughout the organisation. Quoting him:

Like one of the things that I have noticed within Telecom is that communication is hopeless and yet on the grape vine you find out within a day and then you might get a piece of paper coming through the system that is two or three months old.

More specifically, he claimed that local industrial relations was, when compared to that at the national level, very poor. This delegate consistently argued that his relationship with more senior levels of management outside the district was far more consensual than his relationship with local managers. The major cause of this he argued was that the local managers lacked industrial relations skills.

As with managers and supervisors, union representatives strongly identified uncertainty and the continuous process of change going on in the organisation as a major source of potential problems. All claimed that morale was low because of insecurities about the future. As the following quote reveals, many people saw no future in the organisation and were looking for ways to get out:
Fred said to me. "I'm thinking of getting out very shortly. I can't see any future for us". He says "ten years Telecom will be lucky to be here". Everyone is worried, and the common thing is that Telecom won't be here in ten years time.

The other threat to industrial relations according to a number of union representatives was changes at the top of the organisation. At the time of the interviews, a senior level manager in the organisation had been recently replaced by a new manager recruited overseas. The union representatives were very suspicious about this development claiming that the "Canadian" (he was rarely referred to by name) was brought in to take the unions on and break them:

Yes he is taking us on, that's why they got him over here. Canadians, they are no different from the bloody Yanks. They have all got the same bloody view. You've come when its nice and quite. I reckon if you come back in twelve months, if this bloke isn't shifted out of the way, you will find things starting to turn bad again.

On the issue of union coverage, representatives claimed that the amalgamation of the APTU and ATEA/ATPOA was inevitable. In addition, they argued that it was an important and very valuable development. However, most indicated that the amalgamation process would not be easy. Some argued that the extreme rivalry between the two unions and the chauvinistic attitudes of some

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10 The "Canadian" was one among many overseas managers brought in at the senior level of the organisation. Employees tended to view these people suspiciously, believing they were henchman intent on destroying the organisation.
sections of the membership would cause difficulties. Others claimed that the two unions had different ways of operating which made them incompatible. Quoting an ATEA representative:

There is a lot of differences within the two unions. Ours is a totally democratic union. If it comes down to a decision, which is going to be a change of policy or a new wage system or a new superannuation scheme, the decision has to go to a mass meeting. With the APTU the executive makes the decision and then they might put it to the members or they might not: it doesn't really matter. You are talking to a centralised body making decisions for 30,000 members or something.

INDUSTRIAL RELATIONS IN RURAL COMMUNITIES

As the above discussion indicates, the overall orientation of the interviews was towards establishing a broad understanding and impression of the issues affecting the character of industrial relations within the organisation at regional or local levels. However, part of each interview was also focused on distinguishing the differences between industrial relations in rural and urban environments. The reason for this relates to location of this study. The events being studied took place within a rural context. It is important, therefore, to establish not only the character of industrial relations in the organisation generally, but also whether industrial relations within Telecom in rural areas has its own unique character.
In terms of the issues discussed above, managers, supervisors and union representatives in Wagga Wagga responded in pretty much the same way as their counterparts in Wollongong. The dominant argument that industrial relations was good and improving; that unions had a vital role to play despite political machinations; that amalgamation of the ATEA/ATPOA and the AFTU was vital but difficult; and that the largest potential problem related to uncertainty and consequent low morale was shared by interviewees across the two regions. Despite this, a number of the managers, supervisors, and union representatives interviewed had had recent experience in both districts or in rural and urban areas and they indicated strongly that there were real differences. These people were asked to discuss the differences and put forward possible explanations.

The dominant argument was that industrial relations in rural areas was far less conflictual, that unionism was weaker, and that employees were generally less militant. All people interviewed made this claim with one partial exception: one manager argued that, although rural people were less militant and industrial relations less problematic in rural areas, rural workers when involved in a dispute could fight just as hard and long as their urban colleagues.

The reasons put forward for the difference were varied, but in broad terms could be divided into two general themes. One set of arguments related to the comparatively weaker economic and political power of people working in rural communities, while
Other arguments had to do with the perceived character and nature of daily life in country towns.

Perhaps unsurprisingly, arguments of the first type were predominantly put by union representatives. It was argued that people in rural communities tended to be trapped in a fairly weak labour market. Rural communities offered few good employment opportunities and, therefore, once in a job workers tended to be reluctant to jeopardise their positions by engaging in industrial conflict. On the other hand people in urban areas, it was argued, tended to have more options for employment and, thus, were more willing to be industrially active. Further to this, it was argued that the relatively small numbers of workers in rural workplaces meant that they were more easily controlled and influenced by management than their urban counterparts who, particularly in places such as Wollongong, were surrounded by a strong union movement and industrial culture. Finally, it was argued, that workers in rural communities lacked the industrial muscle of urban workers because of their poor strategic position. This argument was put most clearly by a manager who said:

*In the metro they have got more power, you know, you have got a huge telephone exchange like Pitt Street- largest telephone exchange in Australia. You have got huge industrial power. Why does it really matter in the big world if a place like Tumut exchange goes off the air because of industrial problems- not that it would-but it doesn’t really matter in the big picture. It matters to the Tumut people. But does it matter nationally? I don’t think it does.*
Arguments that related to the character and nature of daily life in rural communities seemed to be more popular amongst supervisors and managers. It was argued that the quality of life in rural communities was far better than that which existed in the city and this meant workers were more satisfied and less concerned about industrial conditions and less willing to engage in industrial action. As the following quote indicates, to most interviewees a 'better quality of life' meant a slower or less intense pace of work and business activity:

*Sydney, I wouldn’t like to live there, I could think of nothing worse. The few times I go up there on courses you turn around and have to get up at bloody five o’clock in the morning. Like I am up at five anyway, but I’ll turn around, I’ll meander through the house and you know, have a cup of tea and feed the cat, and read a bit or something like that. But if I was in the city, I would have to race for the train. Then, you know, you are in there all bloody day in the same environment and you come out and you are just glad to get away, but you leave in the dark and you get home in the dark.*

The quality of life argument was a common one, but perhaps the most common argument was based on the notion that rural communities are smaller and far more close knit than urban communities. Virtually every person interviewed argued that in rural communities, because of their size, you were far more visible as an employee, and, indeed, representative, of Telecom Australia than were people who work for the organisation in

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11 It must be said that some of these arguments portrayed rural life in highly romanticised and idealistic terms.
urban areas. That is, you are more likely to meet and socialise with customers outside of work and, thus, more likely to have to take you job home with you and face comments and criticisms about the organisation. This meant, it was argued, that rural Telecom workers had a greater incentive, or were put under more pressure to perform. As one supervisor put it:

_We live with our customers. Now I have got to go home from here. I go and have a beer at the pub, they (the other drinkers) are all my customers and they all know where I work. I might sell them a phone, they might ask me to do something about their phone or something else. So, you are dealing with your customers all the time. It makes you realise that you have got to do your job well or make sure its done well for you._

These strong community linkages and pressures, it was argued, had an influence on industrial relations: people were far less willing to engage in industrial action both because they didn't want to inconvenience their friends and acquaintances and because they wished to avoid derision and anger from other members of their community.

Summarising the above, the overall impression from the interviews was that industrial relations in rural communities is less problematic for a range of social and economic reasons.

However, given that the impressions held by unionists, managers, and supervisors of industrial relations in their region did not vary
to any substantial degree between interviewees in Wollongong and Wagga Wagga it is tempting to play down the claim. That is, to a certain extent the claim that industrial relations in the country was more consensual than in urban areas was in contradiction with the fact that interviewees regardless of where they came from tended to make similar statements about the general nature of industrial relations in their own district. But, the similarities may be coincidental. Perhaps, at other times or in other contexts the differences may manifest in different levels of industrial conflict. In addition, the perceptions were so strong that to deny the claims would be to ignore a possibly powerful influence in its own right: people may come to act in accord with their own visions and beliefs. The issue needs further investigation and, as a result, will be addressed again briefly in the concluding chapter of this thesis.

**CONCLUSION**

The previous sections illustrate that in general industrial relations within Telecom has been more consensual in the last eight years than it was in the early 70s and 80s. This is despite the fact that the organisation has undergone extensive changes and faces a very uncertain future. It can, perhaps, be tentatively concluded that the main reason for this was the change in managerial style and the orientation towards a decentralisation of decision making in the organisation. In the last chapter Muller (1980) was identified as claiming that with the vesting of the
Telecom, management became aggressive and decision making more centralised. This, it was argued, led to a more conflictual industrial relations pattern. As the IRC cases indicate and the interviews demonstrate, the trend in more recent times has been towards a more decentralised approach to decision making with management playing a far less autocratic role and adopting far more communicative and conciliatory strategies towards industrial relations and the management of their employees.

The general industrial relations climate discussed above and the reforms described earlier form the context within which the industrial relations activities in the Riverina region took place. More specifically, the overall reform process, with its efficiency orientation, is the driving force behind the changes that have occurred in the Telecom-Riverina district. That is, they are what lies behind the attempts to improve the efficiency of the district. In the following chapters the details of the specific reforms, their implementation and consequences in the Riverina district are described.
CHAPTER 5 - THE AMALGAMATION STRATEGY AND INDUSTRIAL RELATIONS IN NARRANDERA

INTRODUCTION

In the last two chapters a historical overview of Telecom Australia and a description of industrial relations within the organisation since 1975 was provided. Specifically, in Chapter 3 a selective summary of major events and important structural and operational changes was presented. In Chapter 4 the broad character or climate of industrial relations within the organisation was described. As stated at the beginning of Chapter 3, the aim of the chapters was to provide a background to the events that have occurred in the Riverina region of Telecom over the past 4 years. The major conclusion that can be drawn from these two chapters is that industrial relations in the last few years has been consensual when compared with the experience of the early 1980's. This is despite the existence of extensive change, uncertainties in the future and very low staff morale in the organisation. The reason for this change, it was hypothesised, is related to a change in managerial style. There has been a move away from an antagonistic approach toward a more open and communicative style and more decentralised decision making processes.

In this chapter the focus is narrowed considerably to developments since 1987 in the Riverina - Murray District of Telecom. Specifically, the emphasis will be upon a description of the progress of a particular managerial strategy: the
amalgamation of the Narrandera and Wagga Wagga districts, and the effect of this strategy upon the character of industrial relations within the Narrandera office. This chapter has two aims. First, it will enable a further examination, at a local level, of the claim that industrial relations has become more consensual and management less antagonistic. Second, and more importantly for this thesis, the chapter will aid and lead into an analysis of the concept of 'managerial strategy' discussed in Chapter 2.

Data for this and the next chapter was collected during late 1990 and early 1991 in interviews with Telecom managers, supervisors, clerical staff and union delegates located in the Narrandera and Wagga Wagga offices and the regional head office at Burwood. Twenty-five people were interviewed: 12 managers, 4 junior managers/supervisors, 4 union delegates and 5 clerical employees. Interviews ran for between 1.5 and 3 hours in duration and were aimed at establishing a clear picture of activity in the Riverina - District. A particular emphasis in the interviews was put on establishing the influences on and the impacts of the amalgamation strategy as well as how it was developed and progressed.

In addition to the interviews, data was collected from the local Narrandera newspaper, The Narrandera Argus, and from Telecom annual reports.

12 Many interviews were conducted over two sessions of around 1.5 hours each.
NARRANDERA.

Narrandera township is located on the Murrumbidgee River about 100 kilometres west of Wagga Wagga; equidistant from Sydney, Melbourne and Adelaide. The town is on the outskirts of the Murrumbidgee Irrigation Area and serves the farmers in the region who are mainly involved in the production of wheat and wool (Narrandera Chamber of Commerce, 1965).

The township was officially gazetted on the 28th of April 1863. The dominant activity in the new town was to serve the needs of stock owners who used a punt to move their stock across the Murrumbidgee River. In 1881 the railway reached the town and, as a result, the population increased and commercial activity began to grow and diversify. At the turn of the century the population of the town was 2255 people. In September 1902 a telephone exchange opened and by 1910 seventy-four subscribers were connected. In 1908 the town was given an additional boost with the building of channels for the Murrumbidgee Irrigation Area. By 1924 Narrandera had a population of more than 10,000 inhabitants. (Gammage, B. 1986)

However, from the mid 1920s onwards the town went into decline. By 1933 the population had fallen by 4329 people and economic decline has continued ever since; particularly over the last thirty years:

The 1961 - 81 town population was static - officially it rose 6.3%, or
by 295 people, but 244 of these were Aborigines not counted in 1961 - and the 1961 - 85 Shire population outside Narrandera fell by about 27%, from 3720 to an estimated 2400. By 1981 94% of townspeople were Australian born, compared with 78% nationally, and 18.8% were over 60 compared with 13.9% nationally. Narrandera was becoming a retirement town. After 1935 residential areas grew, but by 1984 the number of businesses had fallen by about 25%, and there were fewer larger businesses than in 1935. The town's largest employers, the railways, the council, the Ex-Servicemen's Club, were all service related, there were empty shops in East street, and the town's average income was well below the national average in 1981. Although unemployment was about the national average in 1981, 35.9% of employed townspeople worked for government, compared with a national average of 24.3%. Narrandera was being propped up by service industries, many funded from the outside. (Gammage, B. 1986, p184)

According to the Australian Bureau of Statistics, in 1981 the population of the town was 7548. This had decreased to 7386 by 1986 (The Narrandera Argus, 7/10/87). Population figures since 1986 are not available but it can, perhaps, be assumed that the decline has continued. In fact, it could be reasonably assumed that the pace of decline has quickened. This is because, starting from around the beginning of 1988, the 'propping up' mentioned in the above quote has been progressively withdrawn.
In the last four years nearly all the federal and state government departments and services in the town have been rationalised. During the period 1987 to 1991, 165 government positions were lost from the town. The positions had been in organisations with a long history in Narrandera such as the State Rail Authority, the Grain Handling Authority, the Department of Business and Consumer Affairs, the Education Department, and Medicare.

Some rationalisations involved reductions in staff numbers, but a continued service in the town. However, a significant number of staff cuts were as a result of a complete closure of operations. For example, the State Rail Authority closed the Narrandera station and branch lines, and Medicare shut down its local office. The Grain Handling Authority and the Department of Business and Consumer Affairs also closed their offices in Narrandera and added salt to the wounds by moving operations to Wagga Wagga (Narrandera Argus, 6/10/88).

It is against this backdrop that the activity at the Narrandera office of Telecom, described below, must be understood. Narrandera's long term decline means that any new threat to the reducing pool of jobs creates great hostility within the community. The effects of this hostility on Telecom management's strategy to amalgamate the Narrandera and Wagga Wagga districts will be discussed in the next chapter. In the rest of this chapter the progress and industrial relations impact of the amalgamation strategy will be discussed.

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13 There is intense rivalry between Narrandera and Wagga Wagga. People living and working in Narrandera are intensely suspicious about, and appear to resent, the growth of Wagga Wagga which is now the largest non coastal town (city) in NSW.
DIVISIONALISATION

Before July 1988, Telecom Australia was structured on a state by state basis with the corporate head office of the organisation located in Victoria. Each state office was responsible for all operations within its own geographical boundaries. The NSW state office in Sydney oversaw 15 districts; one of which was Narrandera. The Narrandera district extended west from the township out to Ivanhoe and Balranald in western NSW (ATC, 1988).

In July 1988, following nearly six months of negotiations between senior management and the major unions, the structure of Telecom was radically changed. The state based structure of the organisation was replaced by five separate 'customer divisions': Corporate Customer Division; Metropolitan Division; Country Division; Special Business Products Division; and Broadcasting Division. In addition, a Corporate Centre, and four 'shared resource units': Network Engineering; Information Systems; Research; and Services group were created (ATC, 1989).

The rationale behind the change, it was argued, was to make the organisation a more market oriented, customer based enterprise. This would enable it to meet the challenge of deregulation by focusing on the "dual imperatives of financial success and service quality" (ATC, 1988 p12).
The new structure crossed state boundaries and was claimed to be designed to meet the needs of the organisation's different types of customers. Thus for example, the Corporate Customer Division was designed to meet the specific need of Australian business, while the Metropolitan Division was oriented towards the needs of residential customers in suburban Australia. The role of the Corporate Centre was to provide advice to the managing director and to monitor business performance; the "shared resource units" would provide support to the five operating divisions and the Corporate Centre. The Country Division, as the name suggests, was "established to meet the needs of country customers whose business or place of residence is beyond the metropolitan areas" (ATC, 1988 p55).

The head office of the Country Division was set up in Brisbane: in order, it was claimed, to be closer to the customers it was designed to serve. Below the head office level the Division was divided into seven regions: NSW North; NSW South; Victoria; Tasmania; Queensland; South Australia and Northern Territory; and Western Australia. The Narrandera and Wagga Wagga districts were incorporated into the NSW South Region along with Bathurst, Goulbourn, Wollongong, Campbelltown, and Canberra.

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14 The location of the head office, perhaps, had more to do with the fact the new general manager of the Division had been the Queensland State Manager.
AMALGAMATION

In the 1988 Annual Report pressures for change that would have a significant impact upon the Narrandera and Wagga Wagga districts were flagged:

While revenue per service is comparable (in the country) with that of the metropolitan services, expenses are considerably greater. High on the list of priorities then will be measures to contain the costs of both providing and maintaining services, particularly in the rural and remote areas. Maximum use will be made of available technology to help achieve this aim and attention will be given to management structures and staff deployment. (ATC, 1988 p55)

In line with this statement, senior management in Country Division put pressure on management in regional head offices to develop strategies that would improve productivity and efficiency. This pressure basically took the form of directives to regional management to find ways of rationalising functions. Divisional management did not stipulate how this should be done. Rather, in line with the moves to decentralise decision making, discussed in the last two chapters, they devolved responsibility for the formulation and implementation of an appropriate strategy to regional management. Managers in the new head office of the South West Region, decided to meet these pressures by amalgamating districts. This strategy, it was thought, would increase efficiency and productivity because it would allow a rationalisation of district management positions and
administration functions such as human resource management and finance. As one regional manager put it:

..with divisionalisation we looked at what we had inherited as a region: we had eight districts plus another branch of construction workers, that's nine branches. We had to ask ourselves if we could sustain that level of management or whether we could reduce some of that overhead component and some of the layers of administration. (With amalgamation) I suppose our aim was to minimise that amount of overhead component and, with that, all the hidden positions that seem to float around.

Once regional management had decided to amalgamate districts a strategy was developed to enable the determination and implementation of a new South West Region structure. The strategy involved two separate but interrelated processes. First, the regional board, which was composed of all district managers, was asked to review the district boundaries. They were asked to determine whether existing boundaries were suitable under the new divisional structure and whether it was possible to alter boundaries. In order to help this process, district managers in geographically close districts were asked to investigate their boundaries as part of a team exercise. In this regard, the district managers from Wagga and Narrandera were put together in one team.

Second, regional management established working parties who were sent to each district to analyse operations. Their brief was to
determine where community of interests existed and to work out how many of the eight districts could be effectively amalgamated.

On completion of their studies the working parties put forward their recommendations to regional management. With regard to the Narrandera and Wagga districts, they recommended amalgamation and the creation of one centre of administration. They also recommended that one manager should be put in charge of the district.

The recommendations of the working parties on amalgamation were backed up by the district manager teams. Their discussion had led to many district managers deciding that the amalgamation of some districts was important. For example, the Wagga district manager became aware of proposals, originating from the Victoria Country Region, for a transfer of control of a switching area located in the south of the Narrandera district to the North Eastern District of the Victoria Region. This transfer would result in the Narrandera district loosing around 7,500 or about one quarter of its subscribers and would, thus, mean a thirty per cent reduction in the workload at the Narrandera District office.

This led the Wagga Wagga district manager to put a proposal to regional management, and the board of district managers, suggesting a merger between the Wagga Wagga and Narrandera districts. His proposal, developed in consultation with the Wagga Wagga management group, went in to the management structure
of an amalgamated district and to the timing of the amalgamation. The Narrandera manager, he argued, was due for retirement in the near future and that would be an ideal time for an amalgamation of the two districts with the headquarters located in Wagga Wagga.

In January 1989 regional management decided to amalgamate the Canberra and Goulburn districts, the Bathurst and Dubbo districts, the Wollongong and Nowra districts, and the Narrandera and Wagga Wagga districts. In making these decisions, regional management decided not to determine where the new district head quarters would be. Quoting a regional manager who was involved in the decision to set up a new combined Wagga - Narrandera (Riverina Murray) district:

*We recommended that there be a centre for administration, that there be one manager in charge and there be a rationalisation in the number of managers. We didn't say where that manager should be located. He could be located at Narrandera or he could be located at Wagga or even down in Albury because he was controlling a group of supervisors or managers within the overall geographic area. So we deliberately didn't say where the manager's office was going to be.*

This manager stated that the decision about where the new head office would be was to be left to the discretion of the the District Manager for the new combined district. In this respect, regional management decided to advertise all the district manager jobs
and leave the decision about location for the successful applicant.

As part of their amalgamation strategy, during the process of deciding which districts would be merged, regional management had discussions with Telecom staff associations and with representatives of local councils. The discussions covered a broad range of issues including new regional organisation structures, the likely impact on technical workers and clerical functions, how affected staff were to be treated, and what would happen to the managers whose positions were abolished. These discussions led to in-principle agreement from the staff associations on the amalgamation of districts. In addition, the staff associations agreed to the setting up of working parties which would address the rationalisation of administration and customer services functions in the new amalgamated districts. Regional management agreed that no affected employees were to be forced to transfer or be retrenched.

In discussions with local councils, regional management gave undertakings that Telecom would ensure a continued presence in the affected communities. What the concept of "presence" actually meant, however, was left somewhat ambiguous. As one regional manager suggested:

And, of course, a lot of discussion took place on what those words (presence in the community) meant. They wanted an undertaking that we would never close Bathurst, Goulburn or Narrandera: that they will stay there as a distinct entity. So we had to deal with
their concerns. We couldn't move away from where we were heading but you had to accommodate the people by coming up with the right form of words. So the appropriate words got used, which gave them a life raft, but whether it was tied up to a moving ship or a dock, they didn't know.

The agreements were presented to the new district managers as frameworks for progressing the amalgamation of their districts. In-principle agreement had been reached for the amalgamations and the consequent rationalisation of managers and clerical staff. The district managers were given the discretion to determine where they would locate their headquarters, and which management positions they would keep. They were also given the responsibility for deciding who would fill the remaining management positions, and what rationalisations they would pursue in the clerical administration and customer services areas. In addition, as part of their brief the new regional managers were required to start smoothing over or healing the wounds and bringing the staff in the two old districts together. The time frame, set by Regional management, within which this process was to be completed was three months.

In the Riverina - Murray district this deadline was not met. As the following describes, the amalgamation of the districts became a very drawn out process that was never really completed satisfactorily. In April 1991 a new structure was introduced that superseded the district structure and left the amalgamation strategy incomplete.
The old Wagga Wagga district manager was appointed as the new Riverina - Murray district manager at the beginning of May 1989. He had been a reluctant applicant for the position. In fact, he had to be persuaded by regional management to apply and was selected from a large field of applicants including the old Narrandera manager. The old Narrandera district manager subsequently retired at the beginning of July 1989.

Following his appointment, the District Manager advised that his first priority was to look at the structure of functional managers (the management level immediately below the district manager level) in the new district and to make appointments to positions that would cover the whole district. In stating this, he was quoted in the local Narrandera newspaper, The Narrandera Argus, as indicating that he did not envisage any radical changes:

No sweeping changes were anticipated as a result of the restructuring of district management and basically the manager's roles would be the same as previously with a few added responsibilities such as dealing with budgets and making some decisions without the need to take them to the District Management. (The Narrandera Argus, 30/589)

At this stage the new district manager evidently did not envisage a wholesale rationalisation of management positions. The major change he foresaw, was the removal of the old Narrandera district manager position:
it was just a matter of removing [the old Narrandera manager], who was prepared to retire, and then putting the district under one management, giving it a new name, and leave the management structure underneath, everyone was to retain their jobs.

Prior to the amalgamation, the Narrandera district had fifty five staff working in the district head office. Five of these were managers: the district manager; one internal plant and one external plant manager; a customer services manager and an administration manager. In the Wagga Wagga district these positions were duplicated. Below the functional manager position there were several first line management positions in each district. The initial stages of the amalgamation saw the new district manager identify eight managerial positions as being surplus to requirement: the district manager Narrandera, three functional manager positions, two district financial coordinators, one senior personnel officer and one operations analysis position. The impact of these changes on Narrandera management, the new district manager claimed, would be the loss of two functional manager positions and their replacement with a more senior management position:

In effect Narrandera will be losing two managerial positions due to the combination of the Customer Services and Administration Managers' positions, and in their place would gain the Commercial Manager, who would control both these areas as well as financial procedures and stores. (The Narrandera Argus, June 22, 1989)
In addition, he stated that two new district positions: Finance Manager and Staff Relations Manager, would be established. One or both of these new positions, he stated, could be located in Narrandera.

At the beginning of July 1989, the Riverina-Murray District Manager announced that appointments had been made to the Staff Relations and Finance Manager positions. He also announced that the successful applicants had come from Wagga and that the new positions would be located in Wagga. In addition, during July 1989 the old Narrandera district Administration Manager was appointed as the Commercial Manager of the Narrandera office. The old district Customer Services Manager subsequently retired in September 1989.

Thus, as a result of the amalgamation by July 1989 the new district had one District Manager and six functional management positions; a Commercial Manager at Wagga Wagga and Narrandera; and four external and internal plant management positions renamed as Operations Manager (Service) Narrandera, Operations Manager (Service) Wagga Wagga, and Operations Manager (Network) Narrandera and Operations Manager (Network) Wagga Wagga. The Finance Manager and Staff Relations Manager positions were located at one level below functional management.
However, this structure did not exist for very long. According to the District Manager, it became clear over the following months that more functional management positions could be rationalised. He argued that the district didn't need the same number of managers under a combined structure as existed when the two separate districts existed. The drive to extend the rationalisation, he argued, was logical and necessary. Thus, a second phase of rationalisation commenced which involved the cutting out of two more functional management positions.

In February 1990 the Riverina-Murray District Manager was forced to resign from the organisation for unspecified reasons. His position was temporarily filled by a manager from the Canberra district.

In early April 1990 the temporary district manager announced that the Operations Manager (Services) Narrandera and Operations Manager (Services) Wagga Wagga positions were to be combined into one district wide position entitled District Operations Manager (Services). The position, which was subsequently filled by an applicant from another rural district, was to be located in Wagga Wagga. The old Wagga Wagga Operations Manager (Services) had previously transferred to another district while the old Narrandera manager was moved sideways to a daily operational position.

During May 1990, the two Commercial Manager positions were amalgamated. The Wagga Wagga Commercial Manager was
appointed to the new district wide position; the Narrandera Commercial Manager was appointed as Office Manager (Administration) Narrandera and a new position; Office Manager (Customer Services) Narrandera, was created. The office manager positions were non-functional management positions reporting to the new District Commercial Manager. Thus, the Narrandera Commercial Manager was effectively demoted. Possibly because of this, following his appointment to the office manager position he took a redundancy package and left the organisation.

In June 1990 a regional level manager was appointed as the new permanent Riverina District Manager. He inherited a district where all but one of the functional level managers were located in Wagga Wagga. The Management structure at the Narrandera office had been reduced to one functional manager: Operations Manager (Network) Narrandera, the Office Manager (Customer Services) plus a number of supervisory positions. The Office Manager (Administration) position was left vacant after the departure of the Narrandera commercial manager.

In the next phase of the amalgamation process the new District Manager shifted his attention from the management structure to the clerical levels of the district.

Around the end of August 1989, five vacant permanent customer services positions at the Narrandera office were filled by temporary staff employed on month-to-month contracts. In July 1990 the new District Manager and Commercial Manager decided
to push the rationalisation process further by not renewing the contracts for the five temporary staff beyond the middle of August 1990. According to the Commercial Manager, the five had originally been appointed to allow an easy transition to new local clerical structures associated with the implementation of the clerical integration package (agreed to under the 1988 Award Restructuring process discussed in Chapter 4). He argued that the positions could not be justified over the long term. Narrandera had a smaller staff to customer ratio than Wagga and Albury and retention of the positions was, therefore, not economically rational. Quoting him:

*I mean the sort of numbers for Albury were something like 28 staff and 40,000 customers and similar sorts of figures at Wagga. At Narrandera they had 25 people running only 30,000 customers and a whole lot less turnover as well. It is a dead sort of area over there and it would be obvious to Blind Freddy that they needed to get rid of people.*

Further, the Commercial Manager stated that the timing of the terminations was driven by award provisions which provided for the automatic conversion of temporary employment to permanency after 12 months continuous service.

The reaction of Narrandera clerical staff to the decision was hostile and involved industrial action (discussed further in the second half of this chapter). As a result, the implementation of
the proposal involved a series of negotiations between district management and local union delegates. Further discussions took place between management at the regional level in Burwood and full time officials of the Public Service Union. The outcome of these discussions was that two of the five temporary employees were provided with 18 hours part time work each per week. It was also agreed that the possibility of the two people being given full time permanent work would be investigated after six weeks when it was understood that a number of full time employees were scheduled to retire.

Following the six week period and a review of the staffing situation, both part-timers were reinstated: one in a position vacated by a retiring employee. The overall result, therefore, was a reduction in four positions.

The next stage in the amalgamation process involved the rationalisation of clerical administration functions within the new district. Before the amalgamation, both districts had clerical areas which looked after the administration of personnel and pay records and works and costing functions. Following the start of the amalgamation process, the administration areas continued to exist and function as separate areas. Despite being flagged as areas needing rationalisation in the original agreement between regional level management and the unions (struck during the first half of 1989), as of May 1990, fifteen people were still located in the Narrandera office administration area and seventeen in the
Wagga office. In addition, each section was still run by a junior management position below which were several supervisory positions.

However, on his appointment the temporary district manager decided to push for an amalgamation and rationalisation of the two administration areas. Separate administration areas, it was argued, could not be allowed to continue because they created inefficiencies and potential discrepancies in the way employees were remunerated and handled. As one functional manager argued:

We have in Narrandera and in Wagga personnel sections that look after the welfare of the staff, whether it be leave or whatever. Now all of our employees whether they work out of Narrandera or Wagga their details are on PERKINS the data base. There is no reason, therefore, why administration has to be done at Narrandera, because it can be done just as easily at Wagga. They could do the whole lot from one centre. Thus, you would have just one area controlling the clerical activities associated with the day to day work of the field staff. Also with only one area there would only be one interpretation of particular guidelines. We have had trouble at Narrandera with administration people adhering to what they believe to be the letter of the award; whereas the people in Wagga interpreted it in a completely different way. So you had two different interpretations within the one district.

Administration functions for the Albury office had been handled by Wagga Wagga prior to the decision to amalgamate districts.
In slightly more direct terms, the Commercial Manager argued:

_The administration group is a support group to management; most of management is at Wagga and is going to remain that way, therefore, the support group should be at Wagga and that is what we should be working towards._

In line with the District Manager’s decision, in May 1990 the Commercial Manager devised a strategy aimed at the long term transfer of all administrative functions from Narrandera to Wagga Wagga. District management’s ideal option would have been to transfer all the functions over in one quick move; however, this was not seen to be a realistic first step:

_(We decided) that we would tolerate a certain amount of outposting at Narrandera in order not to upset individuals too much there. We obviously tried not to do it in one hit because that would create a lot of turmoil for the people over there. So, those that are interested and committed over there we will probably give them the opportunity to continue; with some disadvantage to us really because option one would have been to shift the whole bloody thing over here to Wagga and get the structure up and running under one person and probably not have anything else._

In line with the original 1989 agreement between Regional management and the unions on the amalgamation process, at the end of May 1990 the District and Commercial manager established a working party. The working party was to be
composed of employees drawn from the Narrandera and Wagga Wagga offices. Its terms of reference were to come up with recommendations on how to most efficiently structure administrative functions within the amalgamated district and to investigate the potential for rationalisation of the customer services area.

After several months of deliberation, the working party recommended that staffing levels in the customer services area in both the Wagga Wagga and Narrandera offices should remain as they were. Further, they suggested that the structure of the areas should be left to each office to review. They recommended that no rationalisation of the administration functions should take place, but it was suggested that administration duties could be shared more equitably between the offices. This could be achieved, the working party claimed, by transferring work to the Narrandera office.

The working parties recommendations were clearly not in line with those hoped for by the new District Manager, nor the Commercial Manager. As a result, following receipt of the working parties recommendations, the Commercial Manager developed his own proposals for a re-structured administration area. His proposals provided for a rationalisation of the administration function.
In September 1990 this proposal was put to a new representative group of staff from both the Narrandera and Wagga offices who undertook to discuss the proposal with other employees back at the workplace. The representatives returned with a range of suggested modifications only a few of which district management agreed to. As a result, it was decided that the proposal would be put to a vote of employees via the state branch of the Public Service Union.

At the beginning of November 1990 the Commercial Manager sent a revised version of the proposed structure to the PSU accompanied by a letter indicating that the proposal took into account, as far as practicable, the concerns raised by staff. In the letter the Commercial Manager also highlighted the importance of having the new structure implemented as soon as possible.

The structure proposed by the Commercial Manager envisaged a full integration of the administration function under the control of one junior management position (Administration Officer). The Administration Officer was to be located in Wagga Wagga and would be responsible to the Commercial Manager. Administration functions would continue at Narrandera over the short term and would be overseen by a supervisory position reporting to the Administration Officer. The work of the Narrandera section, it was proposed, would not be discrete but an integral part of the administration workload for the whole district.
In the short term, the impact of the proposal on staffing levels for the whole district was identified as a reduction by five positions, all of which were located in the Narrandera office. In addition, it was proposed that three other positions would be transferred to Wagga Wagga. This would leave a total of seven administration staff located at the Narrandera office.

Within the proposal it was clearly stated that over the long term all administration functions at Narrandera were to be phased out:

*It is part of the longer term strategy that all admin functions would be performed by one group based in Wagga. Positions which become vacant at Narrandera would, therefore, be transferred to Wagga and physically filled at that centre provided that they continue to be justified based on workload.* (Commercial Manager, 9/11/90)

On receiving the proposal, the state office of the PSU did not organise a ballot but, instead, passed it on to the Wagga and Narrandera staff seeking an expression of their concerns. The concerns of both Narrandera and Wagga Wagga staff were received by the union at the beginning of December and immediately passed back to Wagga Wagga management. The concerns raised by Narrandera staff went, amongst other things, to training and leave coverage issues, timing of the movement of all administration functions to Wagga Wagga and a demand for reinforcement of commitments by management to no forced relocations or transfers. In addition, they said that:
(PSU) members will not consider accepting the proposal until proper duty statements for all positions and spare officers are clearly defined in writing. (Narrandera employees, 7/12/90)

Wagga Wagga staff also indicated considerable dissatisfaction with the proposal: mainly with regard to the junior management administration officer position. They argued that two junior management positions should be created, one responsible for human resource management functions and the other for finance.

District management responded to the staff concerns in a letter to the NSW Branch of the PSU half way through January 1991. In the letter the Commercial Manager explained that only one junior manager was required because of the long term strategy to relocate all administration functions to Wagga, as well as the need to achieve improved coordination of administration activities. The retention of several supervisory positions below the administration officer position, it was claimed, would help even out workloads. In the letter the Commercial Manager stated that:

No formal time span can be nominated during which outposting will continue. This will depend on a number of factors. In effect, all Narrandera administration positions are being declared surplus, though it is possible to continue the placement of a certain number of administration staff at that centre in the shorter term. The right is reserved if opportunities arise to transfer functions to Wagga and reduce staff at Narrandera through voluntary redundancy (15/1/91).
The Commercial Manager reiterated district management's commitment not to make any forced transfers or relocations. He also indicated that in district management's view the staff numbers proposed at each office were enough to allow for the usual levels of short term leave. Finally, he attached duty statements for all continuing positions. The Commercial Manager signed off the letter by stating that district management intended to implement the proposals with effect from 23 January 1991.

Following discussions between the Commercial Manager and representatives from the NSW Branch of the PSU, the Commercial Manager sent a slightly revised version of the same letter to the Branch office of the union in early February 1991. In the letter he stated that:

*it is in the interests of both management and staff that this amalgamation proceeds quickly, advice by 13 February 1991, is requested if you desire to discuss any issue further (5/2/91).*

However, this was not to be. The Commercial Manager's proposal became caught up with a far broader set of issues. At the beginning of February 1991 the District manager wrote to the state office of the Public Service Union and the Australian Postal and Telecommunications Union advising that in response to an examination of all staffing requirements within the NSW South and West Region some positions within the Riverina - Murray district were to be cut. The staff cuts, he advised, were to be primarily at the supervisor level. Six supervisory positions were to
be made redundant in the customer services areas: two positions from the Wagga Wagga office, two from the Narrandera office and two from the Albury office. Seven supervisory positions were also to be cut out of the cable assigning and estimating section at Narrandera. In addition, the District Manager advised that all administration functions at Narrandera were to be centralised to Wagga Wagga and this meant that initially five positions would be surplus to requirements. As the following quote suggests, the District Manager had decided to use the broader staff reductions to hasten the rationalisation of the administration area:

*The admin review, we put it in the current round of negotiations but all we put in was what we negotiated with the association in the first place (talked to the staff about in the first place) which was to amalgamate Wagga and Narrandera administration sections into one. We just included those proposals in this round to speed it up a bit because it is going very slowly.*

After several months, negotiations at the regional level resulted in an agreement in early May 1991 between the Public Service Union, Telecom regional management and the District Manager. It was decided that three clerical services positions would be cut: two in Narrandera and one in Wagga. Four of the five remaining Narrandera administration positions would also be made surplus to requirements. The proposal to centralise the Narrandera administration functions was also agreed along the lines initially proposed by the Wagga Wagga Commercial Manager: a complete transfer over time but a commitment to no forced transfers or
relocations. Thus, in theory, another stage of the amalgamation process had been achieved.

Despite this step, as of April 1991 the amalgamation process became redundant. The District Manager's announcement in February of regional staff cuts was actually part of a broader rationalisation of staff numbers throughout the Country Division. The divisional cuts were being driven by corporate level management and were a response to the revenue shortfalls experienced by Telecom as a result of the downturn in the national economy. As one regional level manager put it:

*Corporate dollars were required because of our revenue shortfall, people weren't making STD phone calls and all the rest of it and our revenue shortfall was billions of dollars. We had to provide a contribution towards that so it meant we had to cut expenses. One of the major expenses is labour.*

In addition, the cuts were being driven by divisional management as a further way of meeting the demands faced by deregulation. In this context, senior management indicated an intention to scrap the Country Division's district based structure. Quoting from the Narrandera Argus:

*A meeting between the PSU and Telecom's Executive General Manager (Country Division), Mr Michael Makieve, last Thursday, made it clear that Telecom plans to embark on a staff cutting exercise that will seriously affect the working lives of every PSU*
member in Country Division. Mr Makieve made it clear that he believed the current district structure in the division had no place in the new deregulated environment and in particular he referred to the districts on the east coast of Australia. A reduction in the number of district offices and a staff reduction in the order of 8000 jobs over the next one to two years is envisaged. (Narrandera Argus, February 19, 1991)

In line with this, at the end of April 1991 a new divisional structure was put in place which replaced the, incomplete, amalgamated district structure with an "area management" structure. Under the new structure the Riverina Murray district was split in two with an Area Manager being placed at Albury and one at Wagga: Narrandera missed out and was placed under the control of Wagga Wagga. The Wagga Wagga district manager was given the position of Area Manager, but all the remaining functional management positions were declared redundant. That is, the Commercial Manager position, the two Operations Manager (Network) positions and the Operations Manager (Services) position were declared surplus to requirements. The effect of the change was to remove a middle layer of management from the structure of the Country Division. This, as the following quote from a regional manager reveals, was in line with divisional management's long term goals:

At present we have got a (regional) general manager, district managers, and functional managers. Now, the structure will go general manager, area manager so it has taken one layer of
management out. So the aim is to reduce the layers of management...Area manager makes sense, it is reducing the number of layers of management between the MD down to the first line supervisor. At present there is about eight levels - if the MD wants to make a statement that he wants to be interpreted all the way down the line and still make sense when it gets to the first line supervisor - there is a lot in between them. Area management saves overhead and also flattens the communication chain too.

**INDUSTRIAL RELATIONS CONSEQUENCES**

Prior to the amalgamation process industrial relations within the Narrandera office could be characterised as generally consensual. According to managers, union delegates and employees, industrial disputation had been rare; a tight knit relationship existed between management and employees; and employee morale was high. It was claimed that before the amalgamation of the Narrandera and Wagga Wagga districts, delegates in the Narrandera office provided little more than an information service to members. As one delegate put it:

*There was not too much for me to do before. You know, the delegates job was felt to be a fairly easy one - sending out the news that would come through from branch office.*

According to this delegate and others, the only industrial disputes that occurred in the district were about national wage issues and
were at the behest of branch and national union offices. In other words, Narrandera employees rarely instituted industrial action themselves but simply followed national directives.

This passivity was evidently not confined to the Narrandera office but was also a feature of many of the offices throughout the district. One manager went further by claiming that many clerical workers in the district were often reticent to follow national leads and often decided not to go on strike. He had evidently come across this attitude in a rather embarrassing way when he first arrived at the Wagga Wagga office:

I was, I am still, a union member but I was a fairly staunch union member when I left Wollongong to go to Wagga to become a manager. I forget what the industrial problem was but it was decided nationally that we would have a one day strike. So I promptly went on strike. I went to work the next day and everyone said: "where were you yesterday?" So I was the only one who had a day off. The section that I managed had about 20 people in it but I was the only one who had the day off.

In addition to low levels of industrial disputation, prior to the amalgamation the relationship between management and employees in the offices was also good. Delegates pointed out that occasionally the odd manager or employee would create problems, but in the main there was a high level of trust between the two groups. In the Narrandera office this good rapport, it was argued, was associated with a high level of morale and was based on the
good leadership skills of the old Narrandera management. A supervisor in the Narrandera office summed up the relationship in the following way:

*Morale was good, but remember we are talking about the morale in a place that was organised by people who were willing to take a leadership role and make a decision. The old Narrandera management team, they took a leadership role. Certainly there were disagreements but we could all work them out. Occasionally there would be a direction or something but that is life.*

The Operations Manager (Network) Narrandera concurred with this view:

*We as managers had a pretty good rapport with the people. Because we lived pretty close to them, we weren't sort of separated from them. We got on pretty well and there was really no real hassles.*

The amalgamation process changed all this. Interviews conducted with managers and staff clearly revealed that the whole amalgamation process created a considerable amount of fear amongst Narrandera staff. In the past, they argued, Telecom jobs had been amongst the most secure in the town. Further, Telecom offered a career structure: in Narrandera, clerical employees had opportunities for promotion without having to leave the town or the district. However, the amalgamation of the Wagga Wagga and Narrandera districts was seen as a direct threat to their security
and opportunities.

In this regard, the clerical staff saw the amalgamation as having three potential negative outcomes. First, the removal of local Narrandera management was seen as a threat to opportunities for advancement within the Narrandera office. As one manager put it:

*When all the managers went from the area the feeling amongst the clerical staff was: "Well here goes the career structure. I haven’t got a chance to stay in Narrandera and become the boss anymore.*

Second, Narrandera staff firmly believed that in the short term the amalgamation would lead to the Wagga Wagga office taking a lot of the good work over; thus leaving them at a disadvantage. The third, and most frequently predicted, negative outcome was that the Narrandera office would be eventually closed. Despite continual assurances from Wagga Wagga management, Narrandera staff strongly believed that the real rationale behind the amalgamation was an attempt by Telecom management to close the Narrandera office completely and transfer all clerical positions to Wagga Wagga. In fact, as the following quote reveals, some of the staff at Narrandera believed that the amalgamation of the district was just the beginning of a long term centralisation of clerical functions to metropolitan cities:

*Well, I would take it further than that and I can see quite logically that they could do away with this office completely and Wagga Wagga office completely. And they can have a set up in each town*
where they have an administrative type person working in an exchange or shop-front or something for customer contact. They can move the electronic facilities we have today and all the administration and paperwork, or whatever you would like to call it, into a huge central office somewhere.

These beliefs and fears had a negative effect on Narrandera employees attitudes to work as the following quote suggests:

I don't think there would be one person who feels as happy as they were two years ago. It doesn't matter how many years you have been in the place - twenty five or just five, it is absolute apathy towards the organisation. I don't know how to put it into words, you are sort of living day by day. People have just lost interest. Just the impact of working in a situation where you feel you have an axe hanging over your head and you feel it could drop anytime. The axe just seems to hang there and hang there. And things just seem to drag on so it just eats away at you day by day. They are running the organisation down- the one thing you have been working for all your life. What it does is everyone is so down that little things become big things and spread further and further. It is not a happy little work place.

The consequence of all this was a break down in the established consensus. The amalgamation created a far more adversarial industrial relations climate in the district. Industrial passivity, high morale and trust were replaced by disputation, and a
growing level of distrust.

Where in the past clerical workers were occasional followers of national calls for action, the amalgamation process resulted in them becoming initiators of a number of disputes.

The first of these was in response to the non-renewal of the employment contracts for the five temporary staff. As discussed earlier, management’s decision not to renew the contracts drew a very hostile reaction from clerical staff in the Narrandera office. The decision was seen by the Narrandera staff as a part of an attempt by Wagga Wagga management to downgrade the role and viability of the Narrandera office and they, therefore, saw it as a threat to their jobs. This strong feeling is exemplified in a statement by one Telecom employee to the Narrandera Argus:

Narrandera has already lost its Telecom general manager and I feel these job cuts are the second step in the downgrading of clerical personnel at Narrandera. Ultimately this could result in the loss of Telecom from the town (19/7/91, p6).

In the initial stages of the dispute Wagga Wagga management, represented by the newly appointed Human Resource Manager, and Narrandera representatives of the Public Service Union tried to negotiate a local solution. However, these talks quickly broke down: the union representatives wanted a review of the whole decision, but the Human Resources Manager was tied to the reduction in the five employees.
In response to this, the Narrandera employees commenced a two day stoppage. This lifted the treatment of the dispute up to the regional level where negotiations continued between regional human resource managers and branch level union officials. Discussions at this level evidently continued for a couple of weeks without any compromise being reached. As a result, the staff at Narrandera embarked on another two day stoppage and the Public Service Union officials advised Telecom Managers that unless progress was made they would take the issue to the Industrial Commission.

Discussion then continued at the regional level and resulted in an agreed solution between management and the union. But the proposal was rejected by the Narrandera staff who insisted more strongly that the whole issue be brought before the Industrial Commission. Further negotiations continued and eventually resulted in an agreement, described earlier, which was suitable to a majority of the Narrandera staff. However, according to the senior delegate at the Narrandera office, the Narrandera staff were still not happy. Despite the advice of union officials, many still wanted the issue taken to the Industrial Relations Commission. As one union delegate put it:

*There was still a lot of people against it. They still wanted to go to the Commission. A vote was taken and it was pretty close. There wasn't a real lot in it.*
The next industrial dispute took place in response to the District Manager's announcement in early February 1991 to cut six customer services staff, five administration staff and transfer the administration function from Narrandera to Wagga Wagga. One week after the announcement Narrandera clerical staff voted unanimously to take industrial action. They decided to impose revenue bans, which meant a significant slow down in the processing of in-coming payments for Telecom services. In addition, they decided not to answer phones anytime before 9.30am and after 3.30pm and they imposed a ban on the processing of service orders for work to be done within Telecom. Finally, the Narrandera staff voted to halt the preparation of information and statistics normally provided to management and decided to discontinue any work that had previously been the responsibility of positions left vacant.

The Narrandera office bans remained in place until early March when state wide bans that had been imposed by the Public Sector Union NSW branch were lifted in order to allow negotiations to take place. The Narrandera staff held a ballot and voted in favour of lifting their bans as well. They warned management that they would be reimposed unless "meaningful negotiations with NSW Country South and West management take place" (Narrandera Argus, 5 March 1991 p1).

Following the lifting of the bans, negotiations did take place at the regional offices between the union delegates at Narrandera and Wagga Wagga, the District Manager and regional level human
resources managers. The negotiations drew out over a one month period with a major sticking point being the rationalisation and transfer of administration functions to Wagga.

Regional and district management firmly wanted the administration issue to be a part of any settlement. The Narrandera and Wagga delegates, on the other hand, insisted that the customer services rationalisations had to be negotiated and settled upon first. According to the Wagga delegate, this insistence was driven by a fear amongst clerical staff of the long term impact of the amalgamation and transfer to Wagga of administration functions. He argued that the Narrandera staff were concerned about whether they would be either forced to move to Wagga or forced to leave the company and face unemployment. The Wagga staff he argued were also concerned but their concerns were not so much about employment security as they were about how the new amalgamated structure would operate and what level of manager would lead the function:

*Well, the Wagga concern was more who was going to be the boss, because they didn't have the worry of having to move family so theirs was more a work oriented thing of who was going to run it, their major question was: can you run it with only one manager, do you need two managers?*
As stated earlier, the negotiations at the regional level eventually ended in an agreement that saw a reduction in the number of positions to be made redundant. Nevertheless, the staff at Narrandera were left far from happy. The cuts had hit their office harder than any other and as a consequence their fears about the future of the Narrandera office continued to grow. As one delegate from Narrandera put it:

*Telecom has already ripped the heart out of its management structure and has targeted supervisory positions this time. The next round will be workers at the lower levels.* (Narrandera Argus, 16/4/91, p1)

As is evident from the above discussion, staff at Narrandera became more industrially sensitive. And in this regard, they began to criticise the PSU for being too slow and ineffectual:

*A lot of people don't think the union is helping them either. Once you used to be able to go to the union with a personal problem and presto it would be fixed up. But if it is a personal problem today, you can be sure they wont fix it up. If it is something a little bigger, maybe they will look at it. If it is a really big problem they might rally round but always too late.*

Further, Narrandera staff developed a strong negative attitude towards management. Regardless of whether the managers were from Wagga Wagga or Narrandera, the staff felt that management had either let them down or were intent on eliminating jobs in the
Narrandera office. As pointed out earlier, prior to amalgamation a good relationship had existed between Narrandera management and staff; however, the relationship soured in the early months of the amalgamation. Narrandera management, it was argued, had let the clerical staff down by not arguing strongly enough for the Narrandera office. As the following two quotes reveal, staff in the Narrandera office felt betrayed by their managers and were very angry as a result:

Our commercial manager was the most ineffective man I've met in any management group whatsoever. He seemed to have no leadership, no goals, no aspiration, no nothing -except to achieve and win for himself. And he didn't have the least bit of loyalty. He was seen as their (Wagga Wagga management) lackey. I hate to use that term, but he was seen as their man in Narrandera. He really didn't stand up and represent us. He wasn't the type that could have done that. He was a "yes" man.

and

The (old Narrandera) district manager wasn't interested in anything. He also lived at Wagga. I think his support was with Wagga, right from the start. A couple of times he came out and said he was on our side, but he didn't do anything. I think management just weren't prepared to accept their responsibilities.

While the Narrandera staff felt betrayed by their own management, they strongly believed that Wagga Wagga
management was intent on taking over Narrandera completely. As one Wagga Wagga manager put it:

*It was certainly seen as us and Narrandera. We were seen as the takeover merchants. During the war in Kuwait the Narrandera people called the Wagga Wagga management the Iraqis.*

In addition, the clerical staff at Narrandera came to strongly distrust management's intentions. Regardless of the claims made by managers, the Narrandera staff questioned its authenticity:

*We have learnt a bitter lesson: we never believe what they are telling us - you go in and pick the eyes out of it to find out what makes their statement tick, and if it doesn't line up you just say I can't believe that.*

Unfortunately for the Narrandera staff, their suspicions and beliefs about the future appear to have been validly held; though not because of the amalgamation strategy. Since the decision in May 1991 to create a new area manager structure in the region, the rationalisation process throughout Telecom has continued. At the end of July 1991 it was announced that a number of offices would be closed. In particular, it was announced that all customer services areas within the South West Region were to be investigated and a decision made as to which ones could be effectively rationalised. In November 1991 they were advised that the Narrandera customer services section was one of those to be
closed. This meant the loss of 19 jobs (The Narrandera Argus, 25/7/91, 7/11/91).

As in the past, the Narrandera staff reacted by imposing bans. Through this action they managed, in line with a national union agreement, to gain a moratorium on retrenchments until the beginning of 1993. However, Telecom management indicated that the eventual closure of the customer services area was inevitable. This was underscored in June 1992 with an announcement that the stores area at Narrandera was to be closed. This, in addition to the removal of administration functions, effectively meant that as from January 1993 the presence of Telecom as a major employer in Narrandera would cease (The Narrandera Argus, 2/4/92, 18/6/92).

**CONCLUSION.**

In the previous chapter it was concluded that industrial relations in Telecom over the last eight years at both centralised and local levels was, despite a significant amount of change, more consensual than it had been in the late 1970s and early 1980s. It appeared that the dominant reason for this was a more open and communicative management style and a decentralisation of decision making. It was also stated that the overall impression held by managers, supervisors and unionists was that industrial relations in rural communities is less problematic than it is in urban communities.
It is in this context that the strategy to amalgamate the Narrandera and Wagga districts took place. Given the general level of consensus on industrial relations throughout Telecom and since Narrandera is a small rural community it would not be unreasonable to expect that the implementation of the amalgamation strategy would have been a smooth process. The events described in this chapter do not fit this expectation. Industrial relations at Narrandera have not been consensual and it appears that management rather than creating a more cooperative and consensual climate has helped to exacerbate conflict. The events at Narrandera are obviously an exception to the broader impression of consensual industrial relations that emerged from the interviews discussed in the last chapter.

In the next chapter the concept of 'managerial strategy' discussed in Chapter 2 will be used to attempt to explain the events at Narrandera. It was clearly the decision to amalgamate districts that led to the problems at Narrandera; the concept of 'managerial strategy' as defined and discussed in Chapter 2 may help to explain why this was the case. In this respect, the next chapter provides an opportunity to judge the usefulness of the concept of 'managerial strategy' as a way of explaining industrial relations activity. It will also provide an opportunity to access some of the theoretical claims made by the writers reviewed in Chapter 2.
CHAPTER 6 - THE NARRANDERA EXPERIENCE FROM THE PERSPECTIVE OF THE CONCEPT OF MANAGERIAL STRATEGY

INTRODUCTION

In Chapter 2 the concept of 'managerial strategy' as defined and treated in orthodox industrial relations and labour process literature was discussed.

It was pointed out that the concept has been developed, amongst other reasons, as an attempt to address inadequacies in established theories. Specifically, it has been adopted by both orthodox and labour process writers as a way of introducing a dynamic element into the traditional models.

Orthodox and labour process theories have increasingly been criticised for an inability to explain change and diversity in industrial relations arrangements within modern capitalist societies. Orthodox approaches concentrate on the institutions rather than the actual dynamics of industrial relations activity. This means they are ill-equipped to explain new developments in industrial relations: for example, the increased proactivity of management and a decline in the role of trade unions. The classical labour process theory statements of Braverman (1974), Edwards (1979) and Friedman (1977) are claimed to portray the development of the capitalist labour process in too simplistic or restrictive terms. More importantly, classical writers argue that in capitalist economies the labour process would develop in certain
inevitable ways. The diverse and complex reality of capitalist development is not in accord with this and the classic statements, as a result, are seen as inadequate.

Strategies developed by managers, it is argued, can account for diversity and 'managerial strategy', therefore, may help to increase the explanatory power of traditional approaches. As identified in Chapter 2, the reason the concept can account for diversity is that it allows recognition of the ability all managers have to make choices and that these choices influence activity. Managers are not trapped within an environmentally determined path. They can choose a course of action that means they become more industrially proactive or they can choose to upgrade skills associated with a particular type of production process. Thus, it is the choices made by management which are being claimed as the explanations for diversity and change in the labour process and industrial relations.

In Chapter 2, 'Managerial strategy' was tentatively defined as a term that referred to any intentional course of action undertaken by any managerial group that is aimed at achieving certain preconceived goal/s. This definition seeks to reduce the ambiguities that have been associated with the concept. It also seeks to incorporate 'intentionality', and 'a course of action aimed at achieving a preconceived goal' as defining characteristics of 'managerial strategy'.

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16 As stated in Chapter 2, Braverman argued that the trend was toward an increasing degradation of skilled work. Edwards claimed that the capitalist labour process inevitably progressed through discrete stages. Friedman classified labour process control strategies into just two types: Direct Control and Responsible Autonomy.

17 That is, a series of decisions or choices aimed at achieving a certain preconceived goal. Managerial strategy is, therefore, not meant to embrace one-off day to day decisions but longer term courses of action.
In adopting this definition, a stance on several conceptual debates was taken. The notion of intentionality was claimed to be vital because without it the idea of 'choice' becomes irrelevant. However, managerial strategies need not be planned in detail or perfectly coherent. In addition, for a course of action to be deemed a 'managerial strategy' it need not be fully implemented or deliver results exactly as they were intended. Further, it was claimed that management is not a homogeneous group. Consequently, 'managerial strategy' may refer to a course of action devised by one group of managers within an organisation and may, as a result, conflict with the interests of other groups.

It was also claimed the adoption of 'managerial strategy' does not imply a descent into extreme voluntarism. Managerial strategies are constrained by a potentially large variety of external factors. These constraints limit, but do not determine, the choices that managers can make. Therefore strategies can create diversity but only within certain bounds. With regard to public sector organisations, the political context within which public sector managers operate was identified as an important influence on the character of their strategies. Overseas literature suggests that the present orientation of this 'political contingency' is toward an emphasis upon 'commercialism'. Commercialism, it is argued, is often accompanied by a more aggressive, uncompromising strategy toward industrial relations.

One other issue discussed in Chapter 2 was the relationship between managerial strategies and industrial relations. Questions
were raised about the impact of managerial strategies upon industrial relations and the extent to which strategy formulation takes industrial relations issues into account. Writers appear to argue that management strategies can influence industrial relations. However, there is a considerable amount of debate over the extent to which industrial relations issues are considered in strategy formulation. The conclusion drawn was that the relationship varies with the situation and is not open to theoretical generalisations. The extent to which industrial relations affects strategy formulation is, therefore, a matter for empirical investigation.

In this chapter the events described in the last chapter will be examined from the perspective offered by the concept of 'managerial strategy' as defined above. The discussion will serve three purposes. First, it will provide an explanation of the developments at Narrandera associated with the amalgamation strategy. Second, it will enable further insights into the concept of 'managerial strategy' and, thus, address some of the debates discussed in Chapter 2. Third, following on from one and two, it will enable a judgement to be made in this chapter about the power of the concept as a way of explaining industrial relations; and a judgement in the next chapter of its power to address the inadequacies of orthodox industrial relations and classical labour process theories.
'Managerial strategy' as defined in this thesis clearly directs attention to the actual strategy formulation process. This is the stage at which management makes choices about what to do and how to do it. It is, therefore, a potential source of explanations for industrial relations activity that occurs as a result of the strategy. In this section the strategy formulation process will be discussed; the role of different management groups described; the influences on the formulation process outlined; and the effect of the formulation stage considered.

An investigation of the actual formulation of the amalgamation strategy provides several significant insights. These insights help to explain the events at Narrandera and the incomplete implementation of the strategy. In addition, they also raise issues that may have general applicability to a fuller understanding of the 'managerial strategy' concept.

As is clear from the description in the last chapter, the amalgamation of the Wagga and Narrandera districts was part of an intentional strategy on the part of regional management. Amalgamation was not an ad-hoc decision or a direct result of external factors. Rather, the strategy was worked out in some detail by management before its implementation.

As is also clear from the previous chapter, the formulation process was spread across different levels of management. That
is, authorship of the strategy was not solely in the hands of managers at Burwood. Managers at the district level were also involved in the actual formulation of the course of action. This distribution of authorship was intentional. Its rationale was explained by regional management as related to a need to ensure that district level management was made accountable and responsible for the amalgamation processes. That is, it was seen as important to ensure that the strategy was not imposed on lower level managers. The amalgamation process, it was inferred, would be far more likely to succeed if district level management was involved in the development of the strategy. The approach was also in accord with the overall trend to decentralise decision making processes throughout the organisation.

Because of this policy, as stated in the last chapter, corporate and divisional management did not play a part in the formulation of the amalgamation strategy. They simply put pressure on regional management to devise ways of streamlining functions and activity. Regional management was given the discretion and responsibility for formulating a strategy that would achieve this. They chose amalgamation and followed corporate and divisional management's lead by devolving to district management the discretion and responsibility for formulating some parts of the amalgamation strategy.

Looking at the roles of regional and district managers in more detail, the explicitly stated role of Burwood management was identified in interviews as the development of a broad strategy
framework. First, Burwood management decided that the goal of increasing efficiency could best be achieved by a strategy that was based on an amalgamation of districts. Second, they took primary responsibility for deciding which districts should be amalgamated. Third, they negotiated and attained an in-principle agreement from the unions for implementation of the amalgamation strategy.

In interviews management at the regional level stated that the finer detail of the amalgamation strategy was formally left to the discretion of district level management. Thus, as was discussed in the last chapter, the role of district level management in the formulation of the strategy involved the detailed development of a way to implement the strategy.

In this respect, in the Wagga Wagga-Narrandera amalgamation the role of the district manager was identified as the determination of where the head offices of the new district would be; what management positions were to be retained; and who was to be appointed to these positions. In addition, district management was responsible for formulating those aspects of the strategy aimed at achieving a rationalisation of clerical staff. In the case of the Wagga Wagga district this involved the transfer of the administration section of the Narrandera office to Wagga.

The actual involvement of different management groups was not as clear cut as the above suggests. While regional level management had primary responsibility to determine which
districts were to be amalgamated, they incorporated the district level managers in the decision making process. District managers became involved in this aspect of the process through their membership of the teams set up at the regional board meetings. The teams recommendations on district boundaries were used by regional management to aid their considerations.

In addition, while district managers were formally responsible for the detailed aspects of the strategy development, interviews revealed that they were not given complete freedom. The decisions they took were based on consultation with Burwood management. This was particularly the case with the decisions about which positions to retain. Interviews revealed that this was worked out by the new district managers in consultation with Burwood managers. District management was given final responsibility for these decisions but was expected to discuss their decisions with regional management.

It was also strongly suggested in several interviews that district management's discretion was constrained by informal pressure from Burwood managers who favoured certain results. For example, one regional manager stated that the decision about the location of the head office of the Riverina district was formally the responsibility of whoever was the successful applicant for the district manager job. Narrandera, he argued, could, therefore, have been the district head office if the new manager chose. Quoting him:
We didn't say where the manager should be located. He could be located at Narrandera, he could be located at Wagga Wagga or even down in Albury. Because what he was doing was controlling a group of supervisors or managers within that geographic area. So we deliberately didn't say where the manager’s office was going to be.

The final location, he argued, was dependent upon who filled the district manager job and this position had been advertised outside the organisation and throughout Telecom. It just so happened that the old Wagga Wagga district manager was successful and he had chosen Wagga Wagga as the head-office.

However, interviews with the Wagga Wagga district manager revealed, as stated in the last chapter, that he had been a very reluctant applicant for the position. He had decided not to apply but was put under considerable pressure from regional level management to change his mind. This suggests that regional managers had a strong, if indirect, role in establishing Wagga Wagga as the head office. This conclusion is backed up by regional management's explicitly stated preference for Wagga Wagga as the most appropriate location. When asked what would have happened if the new manager didn't have a preference the same regional manager stated:

*I think we would have gone through the recommendations of the (working party) report and worked out where the staff expertise was, the employment pool, and the geographical location. What
people do they need to work with, and which people can they best
do with working remote. And if you assessed all that, you had to
come up with the fact that Wagga was a logical base because it's in
the middle of the area..also, probably, you had more senior people
with expertise located in that one area.

Overall therefore, the strategy formulation process was not vested
in just one group of managers at a particular level within the
organisation. It spanned levels and groups: different managers
had different roles in the process and these were intertwined and
interconnected.

In formulating the strategy a range of considerations were taken
into account. As previously stated, the primary aim of the
strategy was to increase the efficiency of NSW Country South
West. As a result, the most important consideration was the
impact the strategy would have upon the efficiency of the Region.
To be a success the strategy had to reduce costs and increase
productivity.

Other issues were not totally disregarded. In this respect, the
impact the strategy would have upon the rural communities
concerned was not ignored. Regional management acknowledged
that this was an issue that they had to consider because of
previous commitments Telecom management had made to rural
councils such as the Narrandera Shire. The guarantee of
continuing community presence had evidently been a long
standing one throughout rural regions and was, therefore, a
difficult issue to address. As stated in the previous chapter, in order to take community perspectives into account, local councils were included in talks at the regional level and guarantees once again given about 'a continuing presence'.

Regional level management indicated that the effect the strategy would have upon staff was also a very important consideration. It was a factor that they had to weigh up in their deliberations about whether to seek amalgamations. The strategy would involve staff relocations and in some cases retrenchments, which they had to incorporate into the decision making process.

In the final analysis, however, the efficiency considerations were seen by regional and district management as the primary issue and, therefore, had to over-ride concerns about the impact of amalgamations on staff and communities. In this regard, the following quote from a regional level manager sums up well the way in which the above considerations were taken into account:

..they've been concerned down in Narrandera that they would lose their district status for a long, long time. We go back ten years. No one would tackle it because of the community pressures. We had to ask ourselves whether we could just continue that operation, whether we scale it down or whether we close it altogether. So I suppose our aim was to minimise the amount of overhead component and with that, all the hidden positions that seem to float around there when you have an administration. Of course, the

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18 Though, as stated in the previous chapter, what constituted 'a continuing presence' was left un-defined.
negative side to that was it's a town that is not growing and, therefore, we would be a significant component of that. So there would be an impact on the community. Where do the people go? There is a staff impact as well as a community impact. So all those you weigh up. But, at the end of the day you still have to move ahead with your organisation.

Concerns about the impact of the strategy upon staff led to a significant amount of consideration being given to industrial relations during the strategy formulation stage. Interviews of managers at regional and district levels revealed that an analysis of the industrial relations implications of amalgamations was an important aspect of the initial planning processes at both levels.

At the regional level strategy formulation incorporated industrial relations issues in two ways. First, industrial relations practitioners were closely involved in the formulation process and they were involved in the actual development of tactics aimed at facilitating the implementation of amalgamations. Thus, they established the necessity for there to be consultation with the unions\(^\text{19}\) and negotiated the in-principle agreement which district level management could follow.

Second, the in-principle agreement was an outcome of negotiations between management and unions on the broad details of the amalgamation strategy. Thus, to an extent, unions were involved at the regional level in strategy formulation. Clearly,

\(^{19}\) In line with long standing agreements within Telecom.
the unions were not involved in the actual decision to amalgamate districts. Nevertheless, they were involved in the development of the implementation aspects of the strategy formulation as well formulation of those aspects of the strategy concerned with the treatment of staff. In this respect, the regional human resources manager stated that the negotiations covered:

the actual organisational charts and the organisational structures. How it was going to be done on the technical side, how the estimating and office functions were going to be carried out and how the lines of reporting for the staff were going to change. We dealt with staff concerns-individual placement- what was going to happen to those people who were going to be affected by this change.

and

..we spent time talking to the associations informally, each of the three unions. We sounded out their reactions before we wrote any letters. There was a lot of meetings and a lot of work done behind the scenes before we got the first paperwork done.

At the district level unions were not involved in the actual formulation of strategies, but district management did develop strategies that were aimed to address the likely industrial relations impact of the amalgamation. In the Wagga Wagga -Narrandera amalgamation, district management formulated an approach towards the rationalisation of administration staff that
addressed industrial relations issues by providing for working parties and consultative arrangements. In addition, because of the industrial relations ramifications, they decided not to rationalise the administration function at Narrandera in one quick move. Rather, they decided to:

..tolerate a certain amount of outposting at Narrandera in order not to upset individuals too much there. We tried not to do it all in one hit where you would create a lot of turmoil for the people over there. (Administration Manager, Wagga Wagga)

Thus in summary, the dominant consideration in the strategy formulation process was efficiency. This was above community and employee concerns. However, managers at both the regional and district level did consider and plan for the industrial relations implications of the amalgamation strategy.

It can be argued that the strategy formulation stage of the Wagga Wagga - Narrandera amalgamation had a detrimental effect upon the outcomes of the strategy. The fact that the whole strategy was not formulated by just one group of managers but divided between two different groups at different levels can be seen as a major factor in this regard. In addition, the primacy of efficiency issues can also be seen as creating problems.

As indicated earlier, regional management devolved some of the responsibility for formulation of the strategy because it was seen as a way to facilitate the process. However, in the Narrandera -
Wagga Wagga amalgamation the involvement of the two levels resulted in an inconsistency between the decisions and actions undertaken at the regional level and those at the district level. The most important inconsistency in this regard related to the timing of the amalgamation process.

As stated in the previous chapter, regional management handed over the responsibility for the detailed aspects of the strategy to district management on the basis that the total amalgamation would be completed within three months. According to the regional human resources manager, this was a realistic period because all the hard work had been done at the regional level in establishing the in-principle agreement. In other words, all the districts had to do was develop the implementation strategy and smooth over the wounds. Fast action by the district levels was, from the regional perspective, vital in order to ensure the agreement remained current and implementation, therefore, achievable. According to the regional human resources manager, all staff throughout the region were informed of the agreement and, thus, expected the process to progress quickly.

This was not the perspective adopted by district management. As mentioned above, in order not to upset anyone, management at the district level formulated an approach that was based on a gradual implementation of the amalgamation process. Partly as a result of this, the three month limit was passed and, in fact, even after 12 months no real progress had been made.
According to the regional human resources manager, this delay meant that the in-principle agreement became basically irrelevant. The initiative that it had created was lost. Quoting him:

*(The Riverina Murray district) had staff that were conscious of the fact that decisions had been made and were, thus, in that frame of mind. We didn't capitalise on it. We let them slip back into that mode of feeling like: "Oh well, maybe nothing will change". And then we hit them 15 months later and we ended up with the same problem that we had when we first determined it. We had to go through the process again. Them and us. So I think, by not moving, I think it was poorly handled.*

Further, according to the regional human resources manager, the delays also created problems because:

*It's a painful way to get the process done and doesn't do anyone any good, particularly the staff. You're better off walking in, like we've done this time with Area Manager, make a decision "bang": It's there. Do it. I have a feeling that it would have been far better for the people because a lot of people lock themselves into positions. Thinking that they would win. Or that they'll give it their best shot. And I think they lost focus on a lot of the work that we needed to do for the business, to serve the customers.*

Analysis of interviews of Narrandera staff reveals that the regional human resources manager was correct in claiming that the delay
built into the strategy did cause an adverse reaction from the staff. As pointed out in the last chapter the morale and attitude of Narrandera office staff were undermined by the drawn out nature of the process. The Narrandera people interviewed stated quite firmly that they would have preferred a quick decision and fast implementation. As one person put it:

*If I was the management, I would’ve been more decisive than what they have been. We have been living and working in a situation for two years where we know this is going on and will happen. That to me is ridiculous. Under the situation that we are working under, you can't make plans for the future because you don't know when you are going or if you are going: if you are married with a couple of kids, trying to work out their future, where they are going to be sent to school.*

Thus, it can be argued that the conflicts between the strategy formulation stage at the regional level and that at the district level was one of the causes of the industrial relations problems. Wagga Wagga management may have thought that a gradual implementation would ease industrial relations problems but their approach actually created problems.

The dominance of efficiency as a consideration in the development of the strategy also created major problems for the progress of the amalgamation strategy and was another cause of industrial relations problems. Telecom management at all levels perceived that to meet the challenges of deregulation they had to
make the organisation more efficient. In this respect, therefore, the amalgamation strategy inevitably had to have efficiency as the prime objective. However, this consideration was so overwhelming that other issues were under-emphasised. The result was action on the part of staff and the Narrandera community which contributed to the failure of the amalgamation strategy.

The reaction of the staff and community had its greatest effect on the implementation of the overall strategy and will, therefore, be discussed in more detail in the next section. Nevertheless, it is useful to mention at this stage that had management given as much attention to staff and community considerations as they did to efficiency they may have had more success in implementing the changes. Regional level management did attempt to address the community issues by holding discussions with councils. However, while these discussions resulted in the "continuing presence" commitment, regional management did not move away from a line that stressed the primacy of efficiency. This hard line could do nothing but create a negative reaction from country communities and is summarised well by one regional manager as follows:

Well our executive general manager put it on the line pretty clearly: in reply to one community’s claim that "We need Telecom in this town because we are a dying town and we need you to keep the community going" he said "But that is why I am pulling out, because you are a dying town. If you want me to stay, then you have to grow your town, because, otherwise, we don't have a
reason to be here. If the town grows, we would no doubt bring more people back”.

This argument clearly makes economic sense for Telecom as a corporation but it places townships in a "Catch 22" situation that they must react against. From the perspective of townships the employment generated by organisations such as Telecom keeps them viable; without it growth becomes exceedingly difficult.

At Narrandera this problem was exacerbated by district management's decision to shift all the Narrandera administration functions to Wagga Wagga. They saw this as the most efficient course of action and their decision was backed up by regional level management\textsuperscript{20}. This approach was not necessarily followed in some other regions within the Country Division. Management in other regions also decided to amalgamate districts, but in some of these districts, administration functions were evidently shared between pre-existing district offices. However, Wagga Wagga management rejected such an approach because they saw it as less than ideal in efficiency terms. Considerations such as the likely reaction of staff and the community were not seen as important enough reasons to warrant a strategy that left some administration functions in Narrandera. This was an unfortunate decision. Most office staff at Narrandera recognised that efficiencies were necessary but they strongly stated that they were not convinced that all functions had to be transferred to Wagga Wagga. As one person put it:

\textsuperscript{20}In fact, this appears to be an example of another area where regional management put pressure on district management to take a particular approach. Most of the districts within the South-West Region went this way, but it was never an explicit regional level policy.
I am not against them trying to rationalise, that is understandable and you can accept that. But what they have done in other districts in Victoria and up in North NSW, they have tackled the problem by putting all Personnel in one office and all Finance in another office. So you have still got one Finance and one Personnel and you are not running two of each in two separate offices. There is no reason why they can't do that in the Riverina Murray. If they are genuine about trying to keep this office open, it seems like an ideal situation.

As the above quote intimates, the insistence on district management's part to move the whole administration function to Wagga Wagga was interpreted by staff, and the community, as meaning that the whole Narrandera office would be closed. Given senior management's guarantee of a "continuing presence" Wagga management's stance undermined the trust staff and the community had in Telecom management. This impeded the progress of the strategy and exacerbated the industrial relations problems.

The above describes the ways that a concentration on the formulation of managerial strategy can shed light on events. It also allows some insights to be made about the concept of 'managerial strategy' itself. The experience at Telecom clearly supports the claim that strategies are intentional and developed with some degree of coherence and rationality. However, it
indicates that a given managerial strategy should not be seen as necessarily having its origins in the decisions of one group of managers.

As argued in Chapter 2, management is not necessarily homogeneous. It may be composed of different groups who may develop different strategies. As a result, studies of managerial strategies must allow for the fact that a strategy developed by one group of managers may be affected by the activities of other management groups. In addition, the experience at Telecom reveals that different groups with different interests may be involved in the formulation of a single strategy. As a result, it is important to recognise that the coherence of a particular strategy can be influenced by the interaction between different managerial groups. One group's input into the formulation of a strategy may have their intentions undermined by the input of other managerial groups. As such, it is likely that strategy formulation processes are highly political activities involving negotiations between different and perhaps competing groups of managers. The fact that regional management informally sought to apply pressure on Wagga management on a number of issue exemplifies this idea.

The political character of strategy formulation at Telecom was also heightened by the involvement of trade unions in the actual formulation of the strategy. This serves to highlight the importance of considering the role of parties other than management in the formulation of management strategies.
Perhaps more importantly though, it backs up further the insight that strategy formulation is not a simple process involving managers as one group deciding what to do and how to do it. Rather, it is a dynamic process that in itself can provide major explanations for industrial relations and other activity. Discussions of the concept of 'managerial strategy' need, therefore, to highlight the formulation process and how it can be a source of dynamism in industrial relations.

**IMPLEMENTATION**

'Managerial strategy' as defined in this thesis also directs attention to the implementation of strategies. As stated in Chapter 2, a variety of factors can have an effect on whether a strategy is implemented as planned. This section focuses attention on the implementation of the amalgamation strategy and in doing so provides an insight into several of the issues mentioned in Chapter 2. As such, it sheds further light on the concept of 'managerial strategy'. In addition, it helps to tease out further explanations for the failure of the strategy as well as for the industrial relations problems that were created.

As stated earlier, regional management devolved responsibility for implementation of the amalgamation strategy to district management. Interviews revealed that five factors had an impact on district management's efforts to implement the strategy and upon industrial relations activity associated with it: employee reaction, management style, community reaction, other
management strategies and activities; and broader industrial relations developments.

The reaction of Narrandera staff was described in the last chapter and has been discussed further in this chapter. Employees were not supportive of the amalgamation moves and resisted them with industrial action, bans and non-cooperation. In this regard, the staff working party recommendations which suggested that no rationalisation of administration functions take place is an example of this resistance.

As discussed above, the resistance and industrial action of the Narrandera staff were partly due to the details of the strategy itself. In addition, it can be argued that the situation was exacerbated by the style adopted by Wagga Wagga management when they were trying to implement the strategy.

In Chapter 4 it was argued that the management strategies throughout Telecom had become more consensual and open. Unionists and managers all argued that a far more consultative approach had been adopted by management and this was having a beneficial effect on industrial relations. It was also claimed by Wagga Wagga management and Wagga Wagga based employees and unionists that managers in the Wagga Wagga district had adopted a far more consensual style. Industrial relations was claimed to be improving as a result.
Despite this, it is apparent from interviews of managers and staff that this consensual style was not adopted in relation to the Narrandera - Wagga Wagga amalgamation. Wagga Wagga management adopted a very aggressive and uncompromising style that, because of the adverse effect it had on industrial relations, made implementation of the strategy problematic. According to one Narrandera manager, this aggression was reflected in statements Wagga Wagga management made about the future of the Narrandera office:

They were very outspoken in saying we are going to take you over and you mob will lose your jobs. They came over very heavy. It wasn't very diplomatic. I tend to think if it had been more diplomatically handled it would have been a different ball game.

For Narrandera staff the aggressive approach appears to have been exemplified by the actions of management over the non-renewal of the part-time employee's contracts. Evidently little consultation took place over the decision. Instead, it was presented as a foregone conclusion. As one staff member put it:

..we were asked for a series of statistics, which I don't think Wagga really took into consideration, and then they just lobbed in one day; pulled everybody in, including the five people that were going to be dismissed, and said that is it. So there was very little consultation with us as to how and why five positions were going to be lost.
The regional human resources manager agreed with this perception. The Wagga Wagga style, he said, was unhelpfully aggressive. He argued that one of the main reasons industrial problems emerged and the implementation delayed was that district level management did not deal with the people very sympathetically. The dominant reason for this, he claimed, was that Wagga Wagga management saw the whole exercise as a victory for their team over Narrandera management. He argued, that while the district manager made conciliatory comments aimed at drawing the district together into one team, his and his management team's actions belied this. Rather than being conciliatory, they were blatantly euphoric about their victory.

Even Wagga Wagga managers themselves indicated that they had adopted an aggressive strategy and saw the amalgamation in win/lose terms. According to one Wagga Wagga manager, this attitude was a result of a lack of support from the regional office on a range of issues and intransigence on the part of Narrandera staff. He stated that he and other Wagga managers were seen as being 'hot heads', arrogant and disaster merchants. He admitted that they had, indeed, been very aggressive but:

*We weren't getting support from the region, we were on our own. We developed a mutual bond, bugger the region we will do it our way. There was a lot of frustration that nothing was getting done. And that made you want to win, to prove something to yourself. That seemed to affect our attitudes to industrial relations.*

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21 In particular, Wagga management thought that they had been abandoned by the regional office in a dispute over a depot closure in Albury-Wodonga.
The reaction of the Narrandera community has already been mentioned as an important factor in the formulation and progress of the strategy. As was discussed in the previous chapter, Narrandera is a declining town. Given this, the amalgamation strategy was inevitably seen as a substantial threat to the continuing viability of the community. The Narrandera Shire Council, the local newspaper and many people from the town became closely involved in the whole issue and took action which helped to slow implementation down.

Narrandera council's major initiative took place in May 1987, following rumours that Telecom was considering a relocation of functions to Wagga Wagga. The Council in an attempt to ensure a continuing presence offered to build a new set of offices for the organisation valued at around 1.5 million dollars. In making the offer the council stated that it was concerned that the poor office accommodation occupied by the company may lead to a relocation:

*Loss of the Telecom office and its employees would be a big blow to Narrandera and the council was adamant that it would take every possible step to stop this occurring.* (Narrandera Argus, 12/5/87,p1)

In June 1987 Telecom advised the council that it would not accept the offer because it was about to start a major restructuring of the organisation as a result of the May 1987
In response to this, in July 1987 the council organised a meeting with the managing director of Telecom to discuss the future of Telecom's Narrandera operations. The council was advised that though no assurances could be given over the long term, there were no plans to restructure or downgrade the Narrandera office. In fact, the managing director advised the council that the company would be boosting the quality of the office accommodation and introducing new technology. The managing director stated that the company would continue to monitor performance throughout its operations but:

*In doing so, Telecom is always conscious of its duty and responsibility to the community and customers it accrues and to its staff.* (M.Ward, Managing Director Telecom Australia, quoted in The Narrandera Argus, July 30, 1987, p1)

Given this assurance the announcement in 1988 of the amalgamation of districts and associated rumours that the Narrandera office would be closed drew a strong response from the Council. The Shire President claimed that the proposals contradicted the managing director's assurances and stated that:

*The council and community are outraged at yet another instance of centralising administration at the cost of inferior service to country regions. It is another instance of the 'big is best' mentality. The council intends to pursue this matter to the highest levels of*
The council's response involved a meeting at Narrandera with the Regional General Manager of Telecom and a deputation to Canberra to meet the Executive General Manager of the Country Division. The Regional General Manager evidently advised the council that depending on the location of the new district head office some transfers may occur, but Telecom would not close down the Narrandera office. At the meeting with the Executive General Manager the council argued against the amalgamation and was told that their argument would be given serious consideration (The Narrandera Argus, 22/12/88).

Following the amalgamation decision and the appointment of the district manager, the council kept up its pressure. Just prior to the announcement that Wagga Wagga would be the district head office, the council offered to provide the new district manager with a house if he would locate the offices at Narrandera. After the announcement, the council continued to seek meetings with the successive district managers, each time seeking assurances that the company would retain a presence in the town.

The council clearly became deeply embroiled in the whole amalgamation process. However, perhaps the most consistently vocal voice in the community was the editor of the local
newspaper, The Narrandera Argus. He took a very close interest in developments at Telecom reporting anything, including rumours, about the company's future. In editorials a consistently suspicious and hostile line toward Telecom management was adopted. For example, on February 8, 1990 the editor argued that:

*Telecom should come clean about its intentions for its future presence in Narrandera.*

*It seems to me that despite the public proclamations from managerial levels that there is every intention of maintaining a "substantial presence" in the town, actions so far, taken with a minimum of exposure and, indeed, more than a degree of smokescreening, suggest otherwise* (The Narrandera Argus, 8/2/90,p2).

Six months later, following the non-renewal of the part time contracts, the normally conservative editor became almost a political radical when arguing that:

*The human face of Telecom, as with so many government organisations which are supposed to provide a public service, is being sacrificed on the alter of cost-benefit analysis as a sop to the deity of profitability.*

*No longer is any heed paid by organisational decision makers to the social costs of their decisions. The fact that the lives of people*
are dislocated..are of no consequence to managements whose only goal is to show more and more profit year after year (The Narrandera Argus, 6/8/90, p2).

Pressure from the council and the newspaper was supported by community groups. One such group was the Concerned Citizens of Narrandera Action Committee which was made up of townspeople, representatives of senior citizen's groups and employees of Telecom, the Department of Main Roads, the State Rail Authority, teachers and hospital staff. The Action Committee organised resistance to any proposal that threatened employment in the town and in the case of Telecom organised a "mass protest rally" when the Regional General Manager visited the township in November 1988. At that rally the Regional General Manager stated to the townspeople that Telecom would have a continuing presence at Narrandera (The Narrandera Argus 8/11/88).

Another group calling itself the Telecommunications Action Group added support to the Action Committee's efforts by attempting to keep the council and the local community informed about developments in the telecommunications industry. For example, when Senator Evans released the May 88 statement on telecommunications, the Group sought to impress on the Narrandera community that the proposals outlined by the statement would lead to a reduction in jobs in the Narrandera community and a reduction in the quality of service to rural towns.
While the activities of the Shire Council, the editor of the Argus and the community groups, did not achieve what was hoped for them, according to regional and district management the groups did have an affect on implementation of the amalgamation strategy and upon industrial relations.

It was claimed that the community pressure had three effects. First, the local council initiatives and deputations were argued by local managers to have raised the political visibility of the amalgamation; thus forcing the company to tread carefully so as to avoid problems with state and federal politicians. Second, according to one of the district managers, the attitudes and support given by the community hardened the views of office staff and, thus, worsened the industrial relations consequences. It was argued that many staff had greater allegiance to the town than they did to Telecom. In this respect, the district human resource manager suggested that community pressure was used to ensure that employees who may have been considering a move to Wagga remained resistant:

_A lot of people out there are related, as a result peer pressure was applied. You know: "I got you this job, now what is Aunt Jessie going to think?"_

Third, according to the first district manager, it became difficult to visit the town without having to spend a considerable amount of time talking to the council and the Narrandera Argus. This, he argued frustrated the whole process. Quoting him:
It drove me crazy, it got to the stage where I was depressed to go to Narrandera. The moment I would walk into the (Narrandera) office the telephone would ring and it would be the local newspaper or the council. You would make a tour of depots and you would have a reporter following you asking "Are you out here to close it". Every step was done in lights... and it made it hard, bloody hard. It frustrated me, I just couldn't handle it.

Another factor identified as affecting activity at Narrandera was other managerial strategies and actions. It was frequently claimed that the implementation of an amalgamated district was impeded by other strategies and actions originating from higher levels of the organisation. From the perspective of district management, they were being hit by a continuous stream of strategies and actions that, while consistently aimed at increasing efficiency, ran over each other and, thus, stalled the whole process. As the district human resources manager put it:

"...while you have a strategy worked out, you believe it is a good strategy, something may come in over the top which makes you either have to change it or prevents you from doing the first step until you have done the second step or something like that...I think its a problem in that the organisation hasn't really allowed time for settlement of some of the current strategies and negotiations that have already been commenced. They're continually adjusting the level of the playing field, they're changing the rules."
District management also argued that the plethora of strategies and changes adversely affected industrial relations. Because the strategies were all primarily aimed at rationalising staff numbers, they were not seen as discrete initiatives by Narrandera staff but part of an overall attempt to close Narrandera down.

A union delegate interviewed took this issue further arguing that the continual changes created by the strategies meant that district managers were made out to be liars. He argued that management at district and regional levels originally gave guarantees about the Narrandera office not being closed or redundancies occurring as a result of the amalgamation. However, as discussed in the last chapter, other strategies originating from higher management levels did result in redundancies. These strategies, therefore, contradicted the guarantees given by local management and the promises made by senior management. Therefore they contributed to the lack of trust employees had in management.

In this regard, the rationalisation of the clerical services areas described in the last chapter is a clear example of how strategies formulated at higher levels in the organisation affected the amalgamation process. As discussed in Chapter 5, the district manager attempted to use this new strategy as a way of speeding up the rationalisation of the administration section at Narrandera. Whether this was a wise move can be debated. According to the district human resources manager, the union and Narrandera delegates, while agreeing to discuss the
administration issue, refused to commence negotiations on the issue until negotiations at the national level on clerical services were resolved. Thus, a district initiative became tied up with broader national strategies and was delayed as a result. As also described in the last chapter, the whole amalgamation strategy was finally overtaken or superseded in April 1991 by another strategy: the divisional level area manager strategy.

One final factor that had an impact upon the amalgamation strategy and consequent industrial relations activity at the district level was the impact of industrial relations initiatives at the national level. As discussed in Chapter 4, a significant number of efficiency initiatives were introduced into Telecom through the REP and award restructuring process. Many of these had an effect upon industrial relations in the Riverina district and upon the progress of the district amalgamation. According to the regional human resources manager, Narrandera staff tended to be very wary of such initiatives seeing them as real threats to the ongoing future of their jobs and the Narrandera office. The regional human resources manager also argued that the amalgamation strategy had an adverse effect on the success of award restructuring initiatives. Every time management wanted to bring something in, he argued, it became a battle: the Narrandera staff always had the amalgamation in the back of their minds. Quoting him:

_The technical grades restructure, the lines restructure and clerical integration were all outcomes of award restructuring principles._
They had nothing to do with the district amalgamation but each time you put in something that attacks or reduces the staff component it is seen as all tied in. They have a siege mentality and I think the staff in Narrandera have difficulty in drawing a differential between the actions.

The best example of this negative interaction between award restructuring initiatives and the amalgamation strategy was the interaction between amalgamation and the clerical integration agreement. As described in Chapter 4, the clerical integration agreement resulted in the restructuring of over fifty classifications into one single structure containing six levels. It also involved undertakings to redesign jobs and work organisation.

The changes were to be worked out and implemented by joint working parties at the local branch or section levels. The process involved groups of clerical employees working out the way the new structure would be implemented and the ways in which jobs could be redesigned. The deliberations and decisions of the employees were to be overseen by a management steering committee who would discuss the proposals and endorse them when they were satisfied appropriate efficiencies had been achieved. From there the agreed proposals were to be sent to a national level integration committee. This was made up of union and management representatives who would endorse the agreements or send them back down to the local level for further discussions. Any disputes during the process were to be dealt
with through state integration dispute committees.

The Narrandera clerical integration exercise was drawn out and unsuccessful. It was one of the last to take place in the country and it compared very poorly with the Wagga Wagga exercise which was one of the first successfully completed. The Narrandera and Wagga Wagga integration exercises were started at the same time but the Wagga Wagga agreement was completed and set in place a full twelve months before Narrandera's. In this regard, the Wagga Wagga integration agreement had a very smooth path being quickly processed at the district level and approved without controversy by the national integration committee. The Narrandera integration exercise, on the other hand, while evidently processed quickly at the Narrandera district level, was knocked back by the national committee. Drawn out negotiations then took place between Wagga Wagga management and clerical staff at the Narrandera office. These discussions did not initially lead to an agreement and the issue was referred to the state integration disputes committee. Negotiations at this level led to a stalemate and it was handed back to district level where an agreement was finally endorsed by the district manager (the new permanent manager).

Interviews with managers and employees at Narrandera and Wagga Wagga revealed that there were several reasons for the drawn out exercise at Narrandera, all predominantly as a result of the amalgamation. First, it was argued that the process was hindered by management changes associated with the
amalgamation. That is, soon after the integration exercise began, the rationalisation of management positions at Narrandera took place. This meant that managers on the Narrandera steering committee were replaced by Wagga Wagga management. This slowed the whole process down as new priorities and considerations were introduced by new committee members. Further, the problems were exacerbated by the changes in the District Manager position. The two replacement managers had to familiarise themselves with the developments and each introduced their ideas into the process.

Second, because the amalgamation issue had been around for a considerable period of time, it had a negative effect on the attitudes and conviction of Narrandera management to the integration process. According to Wagga Wagga management and clerical staff at Narrandera, Narrandera management did not really help the process by critically examining the efficiencies worked out by the staff: their attentions were focussed elsewhere. This, it was implied, was a major reason why the initial agreement was rejected by the national integration committee.

Third, according to the Narrandera clerical staff, the process was slowed down by Wagga Wagga management who in their view kept coming back with new changes. Quoting the union delegate at Narrandera:

*We got mucked around by Wagga Wagga so much. They would come over and say "well if you reword this job and transfer some of*
these duties over to this position then it will be alright’. We would do as they say and then send it over there again and that was alright but then they would want something else to be changed. This sort of caper went on for over a year.

Wagga Wagga management argued, on the other hand, that they had to keep requesting changes because the Narrandera staff were not coming up with realistic options. According to the managers, Narrandera staff were more concerned with strengthening their position against the amalgamation than with achieving efficiencies.

The amalgamation strategy clearly affected the integration exercise. In addition, interviews revealed that the problems with integration in turn had a negative affect on the amalgamation strategy. Management at Wagga Wagga argued that the integration process added a real complication to their attempts to implement an amalgamated district structure. The district human resources manager argued, for example, that under the integration package a certain number of positions within the Narrandera office were agreed to. However, the amalgamation of districts called for a reduction in the number of positions. Wagga Wagga management’s attempts to achieve these reductions were seen by the Narrandera staff as a breach of the integration agreement and, thus, were resisted.

In addition, the drawn out nature of the integration process was interpreted by the Narrandera staff as evidence that management
wanted to close the Narrandera office down and this hardened their attitudes to amalgamation. On the other hand, when the integration package was finally approved by the district manager, Narrandera staff interpreted it as further evidence of management's intention to close the Narrandera office:

One of the impressions that I had coming back from the state committee was that there was a hidden agenda. We heard rumours. The only reason we got it approved was because they wanted to close the Narrandera Office. We got the impression that it got to the stage where management was saying, "look it doesn't matter what they present, just pass it through because everything is going to change anyway. It wont matter a damn".

As described earlier, the Narrandera staff came to distrust any management action and, thus, treated any initiative suspiciously. Industrial relations suffered as a consequence and any changes proposed for the office were resisted.

Investigating the implementation of the amalgamation strategy, as the above demonstrates, obviously helps to shed light on the events at Narrandera. Implementation was impeded significantly by a range of factors. In fact, to an extent, the whole strategy was left incomplete because of the influence of such factors. Further, it is clear that the strategy plus the other factors described above helped to generate the industrial relations problems at the Narrandera office.
In addition, the events help to shed further light on the concept of 'managerial strategy'.

In Chapter 2 it was stated that some treatments of managerial strategy within the literature tend to collapse strategy intentions and outcomes. That is, it is automatically assumed that a strategy once formulated will be successful or, alternatively, that all outcomes are intended and planned by management. It was also pointed out in Chapter 2 that this assumption has been heavily criticised in more recent literature. The events at Narrandera support firmly the argument that an unproblematic link between final implementation and management intentions cannot be assumed. Regional management intended that the amalgamation strategy be implemented quickly; yet this did not occur. The strategy created real industrial relations problems and the amalgamation was eventually superseded by events; these outcomes were not planned for. Management strategies are not somehow invincible or irrepressible forces. They are plans of action that like so many human endeavours can become unstuck.

The Narrandera experience suggests that the implementation of managerial strategies can be impeded by a potentially large variety of factors. These factors may be derived from influences outside the organisation, such as local social and economic conditions or, as with case of Narrandera, decisions of outside bodies such as industrial relations tribunals. They may also be generated from within the organisation. The Narrandera experience suggests that a given strategy may be adversely
affected by other strategies within an organisation, some of which may have originated from the same management group or, alternatively, from levels higher or lower in the organisation. In this respect, it cannot be assumed that organisations are some sort of consensual whole. There are clear fractures between different groups of people within a given organisation. At Telecom there were clearly differences between the goals and attitudes of different levels of management and between management and clerical employees. These differences, quite obviously, can impede and perhaps halt the progress of a given managerial strategy. It cannot be assumed that the strategies developed by one group of managers will be automatically accepted by the people it affects. Regardless of whether they are managers or award covered employees, they may resist and this resistance may be very effective.

It is also clear from the Narrandera experience that factors influencing the implementation of a given strategy are not isolated from each other. They interact and in doing so may compound problems. Thus, in the Narrandera case the pressure exerted by the local council had a direct influence on the implementation of the strategy. In addition, the community response had an indirect effect through the local pressure put upon Narrandera employees, which increased their willingness to resist. Further, the various influences on a given strategy are not unaffected by the strategy itself. Clearly they are not exogenous determinants. The

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22 The unitarist perspective of industrial relations is clearly not supported by the Narrandera experience. Poor communications may have been a contributing factor but clearly there were fundamental conflicts of interest between different levels of management and the Narrandera clerical employees.

23 It is likely that the employees reactions also had an affect on the community. If all the Narrandera employees embraced the amalgamation the communities response would have been different.
amalgamation strategy was affected by award restructuring initiatives but the strategy itself had real impacts on the success of award restructuring as well.

Finally, it was pointed out in Chapter 2 that some writers portray the problematic link between strategy intention and implementation as cause to jettison the concept of 'managerial strategy'. However, while the Narrandera experience indicates that the implementation process is exceedingly complex, it has clearly shown that a strategy did exist and attempts were made to implement it. As Batstone, et al. (1984) claim, the solution to the difficulty of pinning a strategy down is not to reject the concept but to engage in detailed empirical research.

**POLITICAL CONTINGENCY**

As discussed in the beginning of this chapter, the concept of 'managerial strategy' also highlights the importance of broad contextual factors that constrain the formulation and implementation processes. These broad constraints it was argued mean that managers don't have complete free choice when deciding what sort of strategy to adopt.

In Chapter 2 it was argued that in private sector organisations the major constraints are associated with the imperatives of capitalism. For example, the necessity to compete and make an adequate return on capital investment. In public sector
organisations it was argued the direction of strategy is predominantly shaped by the policies and agenda of governments. Batstone et al. (1984) argue that while the character of this 'political contingency' may vary, it is becoming increasingly concerned with the pursuit of commercialism.

Investigating the character of the political contingency operating at Telecom helps to explain further the Narrandera experience and the Narrandera experience helps to shed light on the notion of political contingency in considerations of managerial strategy.

As described in Chapter 3, the character of the political contingency affecting Telecom is clearly concerned with commercialism and the opening up of the telecommunications market to competition. All the Labor Government's initiatives: the GBE guidelines; the 1988 May Economic Statement; the establishment of a private sector competitor; and the loss of the first phone monopoly, have been concerned with putting Telecom on a more commercial footing.

It is equally clear that the Government's drive for efficiency has had a considerable effect on the broad strategic approach adopted by Telecom management. As discussed in Chapter 4, the broad character of industrial relations and the specifics of many agreements were influenced by Telecom management's desire to become more efficient. In addition, as mentioned in Chapter 5 the decision to divisionalise was driven by senior management's desire to meet the challenges of deregulation by becoming more
efficient. In this respect, the importance of the Government's imperative was summed up succinctly by one manager who said in response to a question about the role of the Government:

*It is huge, like Telecom would not go out and bring in a competitor.*

In this light, it is obvious that the amalgamation strategy was formulated by regional and district management as another means of meeting the political contingency imposed by the Labor Government. This was verified in interviews with all levels of management. They all stated that in order to compete Telecom had to become far more efficient in all aspects of its operations. Because of this, the Country Division and all country branches had to begin paying for themselves. The rationalisation of management positions and overheads, it was consistently argued, was fundamental to this goal.

As discussed in Chapter 2, much of the overseas literature suggests that the drive for efficiency by governments has been associated with an increase in industrial disputation and the adoption of a far more aggressive approach to industrial relations on the part of management. According to Batstone et al. (1984) however, there is no necessary link between commercialism and aggressive industrial relations strategies. Rather, the aggression was another contingency imposed on public sector organisations by governments. This argument is supported by the push for commercialism at Telecom. As discussed in Chapter 4, the
management strategies adopted by Telecom in recent years have been underpinned by a more conciliatory approach than previously existed. Commercialism has not been aggressively pursued rather a consensus based approach has generally been adopted.

In this respect, as discussed in Chapter 3 the Labor Government's consensual attitude towards the union movement and industrial relations has undoubtedly been another important contingency. This idea was verified in a number of interviews with managers and union delegates who argued that the changes occurring in Telecom were to an extent only possible because a Labor Government was in power. Quoting one manager:

_The Government has had a huge impact, because I can tell you that industrially the Liberals would never have been able to do it. If the Liberals had tried to do a quarter of the things that the Labor Government has done, Telecom would have been on strike. There would have been no way that a competitor would have got in. We just wouldn't have connected him, it just wouldn't have happened._

However, the industrial relations consequences of the Narrandera amalgamation strategy suggest that the consensus approach adopted by the Labor Government was not a contingency that eliminated totally other attitudes and styles. The Narrandera experience was, despite broader trends, one of conflictual industrial relations and an aggressive style on the part of Wagga Wagga management.
In fact, it can be argued that at Narrandera the Government's deregulation agenda was a major factor in the disputes. It clearly meant that management was unable to consider seriously issues other than efficiency, such as town viability or employee hardship. Further, interviews of clerical staff suggest that at least at Narrandera, while the general push for efficiency was seen as justified, people were openly hostile to deregulation. As one Narrandera clerk put it:

*With this deregulation anyway, who is the person up there saying that the way that private companies are run is the best way. I mean a lot of private companies get in a mess and go broke. What is to say that their way of doing it is better than Telecom when it was semi-government.*

From the above it can be concluded that a given government's policy stance and initiatives must be an important consideration in any study of managerial strategy in the public sector. However, it can also be concluded that it should not be assumed that political contingencies are an irrepressible determinant upon the character and dynamics of a given managerial strategy. They are an important influence upon the formulation and implementation of managerial strategies but they do not totally prescribe managers decisions and actions.
SUMMATION: MANAGERIAL STRATEGY, INDUSTRIAL RELATION AND STRATEGIC CHOICE.

It is clear that an examination of the events at Narrandera through the prism of 'managerial strategy' does allow the development of useful explanations. Additionally, by using the concept of 'managerial strategy' to explain the Narrandera experience it has also been possible to develop insights into the concept itself.

The theoretical and conceptual questions discussed in Chapter 2 raised a number of questions that can only be answered through empirical research. Clearly a case study of one organisation cannot be used to make massive generalisation about managerial strategy and industrial relations. However, the Narrandera case does provide insights into theory which can be tested for applicability in other studies.

As stated earlier, the Narrandera experience suggests that the concept of managerial strategies can imply intentionality, coherence and rationality. The Narrandera experience has highlighted the importance of the strategy formulation stage as a vital source of explanations for industrial relations activity and for the progress of a strategy itself. In addition, the events at Narrandera provide evidence that, at least at the regional level, industrial relations can be an important consideration in strategy formulation. In this regard, the regional human resources manager stated that the formulation of most managerial
strategies in Telecom involved a consideration of industrial relations.

The Narrandera experience also backs up the claim that the implementation of a given strategy is far from simple. Intention does not equal outcome: a host of factors can and will interfere. In this respect, it is also clear that managerial strategies and the factors which influence them cannot be summed up by a simplistic input-output model. The factors that act upon a strategy are not exogenous variables: they affect the strategy and are in turn affected themselves. The relationship between a given managerial strategy and the factors that influence it are interactive as is the relationship between the factors themselves.

The Narrandera experience strongly supports the contention that management should not be treated as a homogeneous group. Much emphasis in industrial relations literature and commentary focuses on the schisms that may exist between workers along union and trade lines. But it is equally important to focus on divisions in management. Different managers and different groups of managers may have conflicting attitudes, objectives and ways of doing things. Organisations, therefore, are not pluralist just because the goals of management and workers may conflict, but also because they are made up of a variety of competing groups. In this sense, it clear that organisations are political arenas not unitarist teams.
The schisms which exist between different groups of managers have an obvious effect on the concept of 'managerial strategy'. Formulation processes may be complicated and undermined by the involvement of different management groups whose approaches and objectives differ. Implementation of a particular strategy may be frustrated or stopped by the actions of a particular group. Further, the strategy may be superseded or adversely affected by other managerial strategies formulated by other management groups within the organisation. Because of this, it is likely the managerial strategies themselves may serve the political purposes of one group of managers with relation to the activities of other management groups. In industrial relations terms managerial strategies cannot be seen as simply aimed at influencing the activities of non-managerial employees or trade unions. Studies of managerial strategy must be careful to tease out the managerial allegiances that exist and which group's interests a particular managerial strategy serves and which managers does it adversely affect.

Finally, all the complications revealed by the Narrandera amalgamation do not mean that 'managerial strategy' is a concept that cannot be operationalised or studied. Case study research allows the complications to be investigated and the progress of a strategy to be followed. Strategies may be adjusted impeded or made redundant in the course of being implemented, but this does not mean they do not exist.
The efficacy of any particular theoretical approach must to a large extent be judged in terms of how well it enables activity to be explained. In this respect, the analysis in this chapter has shown that the concept does allow events to be explained.

From the perspective of a 'managerial strategy' approach it is clear that no single cause led to the industrial relation problems and the delays and ultimate failure of the amalgamation strategy. Rather, a combination of factors at the strategy formulation and implementation stages impeded progress. In this respect, however, it would appear that the dominant reasons were related to the decisions and actions of Telecom management and the reactions of Narrandera staff.

One of the fundamental purposes of the 'managerial strategy' concept was to provide for the notion of choice in labour process and orthodox industrial relations theories. That is, allowing managers to make choices it was argued may help to explain diversity in industrial relations. Using the concept of 'managerial strategy' to explain events at Narrandera did highlight this aspect.

It is clear that regional management within Telecom chose amalgamation as one way of meeting the pressure for increased efficiency. Amalgamation was not forced upon them by some sort of external determinant. Corporate and divisional level pressure and a political contingency did exist which constrained them to formulate strategies aimed at increasing efficiency and productivity. Obviously, it would have been very difficult for them
to develop strategies aimed at equity or employment generation rather than cost cutting. Nevertheless, it was regional management's choice to pursue change through amalgamation and to devolve responsibility for some details of formulation and implementation to Wagga Wagga management. It is obvious that this choice had profound effects on industrial relations and the success of amalgamation itself. Further, it was Wagga Wagga management who chose, when implementing the strategy, to adopt an aggressive style that was clearly not aimed at healing the wounds; they, in fact, exacerbated the problems. Their job was obviously hampered by decisions and strategies developed by management at other levels in the organisation. In particular, their promises to staff were continually undermined by new initiatives and agendas developed at higher levels in the organisation. But it does appear that they felt they had won a big victory in securing the district head office at Wagga Wagga and were a little less than humble. In addition, Wagga Wagga management chose to introduce the amalgamation slowly. Their reason for doing this was related to a belief that such an approach would facilitate implementation. This choice clearly backfired because it conflicted with decisions and choices made at the regional level. Regional level management chose an amalgamation strategy on the assumption that it would be implemented quickly; district management undermined this by formulating a different time scale.

If regional and district management had formulated a different approach, different outcomes might have resulted. A strategy
could have been chosen that did not involve amalgamation or that did not lead to the rationalisation of all Narrandera management positions and the transfer of administration functions. In other words, if management had chosen not to wind down the Narrandera office, events would have developed in a very different way.

Thus, it is clear that management strategy does allow for choice and that the notion of choice does allow dynamic explanations of activity. Attempts at explaining the events at Narrandera which do not allow a conscious role for management would be inadequate. They would miss the fact that it was the decisions and choices of individual managers, not the influence of irresistible forces, which explains the failure of the amalgamation strategy and the industrial relations activity.

It is also clear, however, from the events described in this and earlier chapters that the actions of Narrandera staff provide another very important explanation of events.

The Narrandera clerical staff saw all aspects of the amalgamation, from the rationalisation of management positions to the transfer of administration functions, as part of an overall threat to their jobs and to their lifestyle in Narrandera. As a result, they were unwilling to accept it and strongly resisted as a result.

Many other factors had their dominant effect upon the amalgamation strategy through the reactions of the Narrandera
staff. Thus, the strategy of delay chosen by Wagga Wagga management was agonising for the staff in Narrandera, leaving them uncertain and frustrated. The perceived arrogance of Wagga Wagga management angered them and made them feel bitter. Other managerial strategies led them to distrust local management and reinforced their belief that Telecom management was intent on closing the Narrandera office down. And all these feelings were reinforced by a community that could not afford to lose any more jobs.

The Narrandera staff reacted with industrial disputation and hostility, which clearly had a negative impact on the amalgamation process. Therefore it can be argued that to a large extent the amalgamation strategy founded because of the impact it had upon industrial relations in the Narrandera office. As stated earlier, industrial relations in Telecom generally had been far more consensual in the last ten years. In addition, in rural areas such as Narrandera, staff had traditionally been industrially conservative and non-militant. The way the Narrandera staff reacted to the amalgamation strategy created an exception to this general development.

Given the above it is clear that an explanation of events from a 'managerial strategy' perspective allows an understanding to be developed which includes the ways a variety of groups may influence a given strategy's progression. However, the role that other groups play raises an important weakness of a purely 'managerial strategy' approach to explaining events. A
concentration solely on managerial strategy inevitably underplays the strategies that other groups may have formulated and acted upon. For example, in many respects staff at Narrandera have been portrayed as simply reacting in a spontaneous way to management's actions rather than as proactively developing a strategic response. An examination of activities from the perspective of strategies developed by employees may have provided further insights into the choices and decisions they made.

Further, the strategic decisions and choices of the Public Service Union, which the Narrandera employees belong to, are not specifically the subject of a 'managerial strategy' perspective. Union officials restricted their role to discussions at the regional level. Perhaps as a consequence, the employees at Narrandera felt let down by their union who they saw as siding with management. An investigation of events at Narrandera from a union strategy perspective may have revealed why the union did not become involved at the local level (as may a more in depth study of the Narrandera employee's strategies).

In this regard, the union's non-involvement may have been related to higher level union strategies. As suggested by AIRC decisions, the PSU's policy was to accept the inevitability of deregulation and the push for commercialisation. Further, while accepting the inevitability of staff rationalisations, the PSU did develop strategies to ameliorate as far as possible the detrimental effect of the deregulation process (for example securing agreement
from management for the establishment of working parties and voluntary rather than compulsory redundancies). In developing these strategies, however, perhaps the union decided to concentrate all its resources on the establishment of in-principle agreements with management at the regional, divisional and corporate levels rather than dealing with specific developments in particular offices such as Narrandera.

In addition to underplaying staff and union strategies, a focus on managerial strategies can also be argued to have meant that the strategies of the Narrandera community were underplayed. As with the employees, the community was portrayed as being simply reactive. This may not have been the case, other perspectives on the events may have emerged if the actions of these groups were investigated from something other than a purely 'managerial strategy' perspective.

Clearly an examination of events from these other perspectives is beyond the objectives of this thesis. But the above serves to highlight that, while the concept of 'managerial strategy' does allow the formulation of dynamic explanations of activity, it is not a total answer.

A concentration on management strategy does give management groups an active role. As such, it highlights the fact that the character and nature of industrial relations activity is not solely determined by factors outside the control of managers; that managers actually play an important part in influencing
industrial relations activity. The approach also avoids extreme voluntarism by portraying manager's choices and strategies as constrained by contextual factors. However, in highlighting the role of management, the approach plays down the fact that the strategies of other groups may also shape activity. In this respect, a 'managerial strategy' perspective tends to portray the actions of groups other than management as simply reactive and, therefore, dependent on management's choices and decisions.

This is an unappealing assumption. It is at least intuitively obvious that management does not have a monopoly on decision making and strategy formation. If it is excessively determinist to assume that management do not influence activity and are slaves to external forces, then an assumption that other groups of people cannot make strategic choices is also excessively determinist. In other words, the introduction of the notion of choice into industrial relations explanations should not be confined to one group. The concept of 'managerial strategy' helps to redress the problems of labour process and orthodox theory, but so would the concept of strategy applied to other groups as well.

In this respect, perhaps an ideal, if exhaustive, approach to explaining activity is to investigate and describe the strategic choices made by all groups involved in a given set of events. Such an approach would establish the extent to which different groups were able to influence activity through their strategic decisions. It would also allow the identification of constraints that act upon
the choices of one or more of the groups. As a result, the approach may reveal that certain groups at particular periods of time have a greater or lesser ability to influence events depending on their power and situation. It may also reveal that certain groups have a long term advantage based on their location in the production process or their control over the means of production. Further, other groups may be shown to have little or no ability to influence events through strategic choices because of their location or lack of control. Overall, therefore, the approach would allow an extremely comprehensive picture to be built up that would be even more effective as an explanation of industrial relations diversity than a concentration on managerial strategy alone.
CHAPTER 7 - CONCLUSION AND ISSUES FOR FURTHER RESEARCH

The main concern in this thesis has been with the concept of 'managerial strategy' and its usefulness as an explanation of industrial relations activity in the Riverina Region of Telecom Australia. As demonstrated in the last chapter, the concept can be successfully used to shed light on industrial relations. It allows explanations to be developed that draw on the choices and actions of managers and managerial groups. As a result, it introduces a dynamic element into explanations of industrial relations activity.

Based on the experience at Narrandera, it can be argued that the concept of 'managerial strategy' provides a corrective to the static orientation of orthodox industrial relations theory and the one directional nature of some labour process approaches.

With regard to the orthodox approaches, 'managerial strategy' focuses attention on the actions and decisions of managers, not just the institutions of industrial relations. The managers at Telecom were constrained by the institutions that they had to work with and within as well as by external forces such as the Australian and world economy. However, their actions were not completely determined: they made choices that had a profound impact on events. The adoption of a purely orthodox approach concentrating on the relationships between institutions and the
environmental factors would have overlooked the role played by managerial action. It is unlikely that a concentration on institutions would have adequately addressed the role played by individual Telecom managers at Wagga Wagga. An investigation of events using an orthodox approach would have obscured the impact that competition between different managerial groups played in the failure of the amalgamation strategy. That is, the competing goals and conflicting actions and decisions of regional and district management groups.

It was the strategies of managers in Telecom that to a significant extent explains the developments, changes and industrial relations activity which took place in Narrandera. Therefore any approach that enables a focus on these strategies to be incorporated in orthodox explanations is an improvement. The concept of 'managerial strategy' clearly results in a very strong concentration upon management activity and choice. Its adoption or integration into orthodox explanations, therefore, has the capacity to supply a needed dynamism to the overly static institutional focus.

This thesis has not been specifically concerned with the structure or dynamics of the labour process at Telecom Narrandera. Nevertheless, it shows that activity does not take place rigidly in accordance with a set of immutable laws. Managerial strategies and the character of industrial relations activity cannot be simply assumed to fit some kind of inevitable pattern. Telecom management were and are severely constrained by the capitalist
context within which they operate. The deregulation of the telecommunications industry and the opening up of Telecom to competition meant that management had to seek ways of rationalising operations in order to survive. In labour process terms, they had to devise means of creating surplus value in an increasingly difficult context. Yet they obviously had a significant amount of freedom when it came to devising and implementing strategies to meet this challenge. They did not follow a clear and predictable path that was somehow determined by the logic of the economic system. As stated before, Telecom regional management chose to pursue a broad amalgamation strategy and Wagga Wagga district management chose to operationalise the strategy in a particular way. They could have chosen to cut costs or rationalise operations in other ways. An amalgamation strategy was not an inevitable development dictated by immutable economic forces; Narrandera office's decline was not an automatic result of impersonal forces.

Approaches such as Braverman's version of labour process theory do not adequately allow for this unpredictability in the strategies and actions of management. It is, therefore, not surprising that they have failed to predict or adequately explain the diversity that has developed in the organisation of work in modern capitalist societies. It is even less surprising when it is realised that management is not homogeneous but a collection of groups who, while perhaps forming a loose alliance, may, nevertheless, hold conflicting goals and engage in contradictory activities.
This does not mean that labour process approaches are irreversibly flawed. As with the orthodox approach, the inclusion of the concept of 'managerial strategy' into labour process theory can be used to account for a large amount of diversity. An investigation of managerial strategy focuses attention on the action and choices made by managers and highlights instances where different managerial groups may engage in conflictual behaviour. These choices, actions and conflicts can be used to provide an important explanation of how different labour processes may develop in modern economies. Management as a whole may face very strong pressures to continually devise new ways of creating surplus value, but different management groups may choose and seek to implement very different strategies in an attempt to meet this pressure. These different strategies are likely to have different results; they may conflict with each other and they may or may not be successfully implemented as intended. The consequence of this is that the structure and character of the capitalist labour process in different organisations must vary. It must, as a result, be somewhat unpredictable. But despite this, it can be understood and an examination of managerial strategies can help in this respect.

The usefulness of the orthodox and labour process approaches is improved substantially by the inclusion of the concept of 'managerial strategy' because, as stated before, the concept provides for choice. The theories become less determinist and, therefore, more powerful. Further, because 'managerial strategy', as defined in this thesis, is not portrayed as totally unrestrained,
the theories do not become excessively voluntarist. Manager's choices are constrained by a variety of social, economic and political factors; they cannot simply choose to do whatever they like. Nevertheless, it should be clear that both approaches could be improved further by, in addition to investigating the strategies of managers, concentrating on the choices and strategies of other groups in industrial relations. Thus, the strategies and choices of employees, their unions and even local community groups, could be incorporated in orthodox theory as another source of change and in labour process approaches as another explanation of diversity. The inclusion of strategies developed by other groups would highlight further the important role played by 'choice' in structuring industrial relations activity. Management may have more economic power in many circumstances and, thus, may be more able to implement its choices and strategies but other groups are not powerless. As demonstrated in this thesis, they can influence activity by their actions. A consideration of their strategies must be incorporated into the orthodox and labour process approaches if the intention is to increase the explanatory power of these perspectives.

While an examination of the usefulness of the concept of 'managerial strategy' has been the main concern of this thesis, the events at Telecom Narrandera have raised a number of other issues that could be constructively investigated further.
It was argued in chapters 3 and 4 that the character of the industrial relations climate within Telecom was far more consensual in the mid 1980s than it had been in the late 1970s and early 1980s. This argument was based on an examination of decisions brought down by the Australian Industrial Relations Commission and an analysis of interviews of managers, workers and union delegates in Burwood, Wollongong and Wagga Wagga.

The Commission decisions revealed that senior management and the major unions had successfully negotiated a significant number of changes that would contribute positively to the organisation's efficiency and the working life of employees. The great majority of people interviewed argued that industrial relations within the organisation had improved considerably. It was claimed by nearly all interviewees that the reason for this improvement was related in large measure to a change in the strategy of management toward industrial relations. In the late 1970s and early 1980s management had developed strategies underpinned by centralised decision making and an autocratic management style. In the mid 1980s management strategies changed. In accord with the Labor Government's industrial relations orientation and in line with emerging participative management approaches, such as Total Quality Management, strategies based on a decentralisation of decision making power and a willingness to consult with employees and unions emerged.

In this context, the experience at Narrandera is an exception: industrial relations were not becoming more consensual, rather the relationship between managers and employers was
As described earlier, regional management decided to pass on the responsibility for detailed formulation and implementation of the amalgamation strategy to Wagga Wagga management. Wagga Wagga management was given the discretion to determine what implications the amalgamation would have upon staffing and how best to put the strategy into place. Regional management's decision to devolve responsibility was in accord with the organisation wide emphasis upon decentralising decision making, but rather than increase managerial effectiveness it, clearly, created major industrial relations problems. The Narrandera experience, therefore, raises questions about the efficacy of decentralised decision making. Theory may suggest that decentralisation means more effective decision making but clearly this cannot be assumed.

Further, unlike the national trend, Wagga Wagga management's strategies were not consultative. They adopted an aggressive approach which was a major cause of disputation. In this respect, it can be claimed that the events at Narrandera help to verify a link between more consultative management strategies and improved industrial relations. Management throughout the organisation adopted more open strategies and industrial relations within the organisation improved. But with the Narrandera amalgamation, Wagga Wagga management chose to become aggressive and industrial relations worsened.
If Wagga Wagga management had adopted a less aggressive stance, then the Narrandera staff may not have reacted so strongly. However, other factors played an important role. Amongst these factors was the fact that the Narrandera staff saw the amalgamation as a threat to their jobs and the local community saw it as a threat to their town. It is questionable whether, given this circumstance, a more consultative approach on the part of Wagga Wagga management would have completely averted industrial action.

This raises questions about the ability of consultative management strategies in general to substantially improve industrial relations and aid the implementation of change in organisations when jobs are at risk.

The Labor Government's approach to micro-economic reform is underpinned by the belief that the changes required in the Australian economy can be best introduced via consultation between management, unions and employees (Willis 1988). This belief also underpins new managerial approaches such as Total Quality Management. In this respect, it does appear that Telecom management in consultation with unions were able to introduce significant changes via the REP and SEP processes without widespread industrial conflict.

However, the strong reaction by Narrandera staff to what they saw as a threat to their jobs raises questions about how far consultation can really go. Where managerial strategies threaten
worker's employment, perhaps no amount of consultation can avoid some degree of industrial disputation.

This assertion is backed up by developments in Telecom since those described in this thesis. In the last year it appears that industrial relations in the organisation has worsened. Several major disputes have occurred that stem from staff cut announcements and disputes over the number of employees to be retrenched and the redundancy packages offered. For example, in March 1992 Telecom announced plans to close all but nine customer services offices throughout Australia. This immediately led to strike action and eventually an agreement by management to reduce the number of offices to be closed. Despite this agreement, in June 1992, Telecom re-announced its intention to close the original number of offices and indicated that approximately 4000 jobs would be shed. This led to the imposition of nation-wide bans and eventually an order from the Industrial Relations Commission which required Telecom to comply with the March 1992 agreement (The Narrandera Argus, 2/4/92, 10/6/92 & 12/6/92).

The implication that may be drawn from this is that consultation may not be the universal panacea which some of its more zealous advocates seem to believe. This issue needs further examination, but it does appear that if managers and governments, equate increases in efficiency with reductions in employment then they should not be surprised that consultation will fail to deliver change without conflict.
The disputation at Narrandera also throws into question the impression that many people have about industrial relations in rural communities. In Chapter 4 it was revealed that there was a strong perception amongst Telecom employees that industrial relations in rural communities was more consensual than in urban areas. The events at Narrandera clearly indicate that this is not necessarily the case. As described in Chapter 5 and 6, Narrandera employees were very outspoken and hostile. They continually criticised their own union for not being militant enough and often gave the impression that union leaders were on the side of the bosses.

Nevertheless, the Narrandera experience does not necessarily prove the claim wrong. Perhaps in less extreme times industrial relations in Narrandera is less problematic than in places such as Wollongong. In addition, perhaps industrial relations in rural areas generally is more consensual than that which exits in industrialised and urban centres. This is an issue that requires far more empirical research.

The reasons put forward for the difference between rural and urban industrial relations included the claim that people in rural communities tend to be trapped in a fairly weak labour market; that the quality of life in rural communities is far better than that which exists in the city; and that rural communities are smaller and far more close knit than urban communities. These arguments may be correct; once again further research needs to be undertaken. But to an extent it can be argued that, given what
happened in Narrandera, they are factors that may actually lead to an increase in the potential for disputation.

The employees at Narrandera are trapped in a very weak labour market. Their prospects for employment within the town are extremely limited and may never improve. As stated in Chapter 5, Narrandera is in decline: its largest remaining employers are government organisations and these are progressively pulling out. If people lose their jobs in Narrandera, most are forced to seek employment in a larger centres such as Wagga Wagga.

This bleak situation did not lead to industrial passivity on the part of the people at Telecom Narrandera. On the contrary, it clearly spurred them to action. They did not go to ground in the hope that compliant behaviour would save their jobs. Rather, the threat they perceived to their livelihood and to their quality of life appeared to make them more aggressive. Their hope seemed to be that through industrial action and other means they would somehow gain a stay of execution if not a complete reversal of management's strategy.

In addition, it was apparent that the size of Narrandera rather than leading to employees avoiding disputation because of a fear of social rebuke also contributed to their militancy. In large communities the threat to the relatively small number of jobs involved would probably cause only a minor reaction from local community groups but in a place the size of Narrandera any loss of jobs is a major blow. As described, the local Narrandera
community got behind the employees. The local council and the editor of the Narrandera Argus were particularly vocal because of the threat they saw to the viability of the Narrandera township. As a result, rather than being made passive by social pressure, the militancy of Telecom's Narrandera employees was supported by the town. Indeed, to an extent it appears that some employees were put under social pressure to react rather than accept the changes.

The insight that may be gained from this is that as with the efficacy of consultative approaches the industrial passivity of people working in rural communities does not apply to situations where employment is threatened. On the contrary, reductions in employment opportunities reveal to rural communities that compliance and conservative attitudes are not necessarily rewarded.

The fact that the threat to employment brought a strong reaction from both staff and the community, focuses attention on a far broader issue; that of what can be called the 'industrial relations of redundancy'. In this respect, the Narrandera dispute clearly indicates that the industrial relations of redundancy is far more difficult for management to deal with than what are, arguably, more common industrial relations problems, such as disputes over pay and allowances. That is, disputes over job losses are of a different order to disputes that relate to remuneration: they cannot be easily resolved amicably after an appropriate period of negotiation.
Retrenchments have negative effects on the local economy of any community. As a result, it is perhaps inevitable that disputes over redundancies are more likely to draw the attention of community groups. As described earlier, this is particularly the case in rural communities where the loss of even just a few jobs is next to impossible to absorb. Management will, therefore, not only have to deal with employees, unions and tribunals, but they are also likely to have to deal with groups such as local councils and community action committees.

Further, when the issue is mass job losses, management is likely to face a very resolute workforce that will be far less willing to accept deals struck around the bargaining table. In addition, as just pointed out, while managerial approaches that stress employee consultation and involvement may work well with changes that do not mean job losses, when people's employment is threatened consultation and involvement may be of little use. In other words, the threat of retrenchment, particularly in times of economic recession, will probably always draw a negative response from people who are effected by it.

The reasons for this are relatively obvious. When discussing retrenchment, unions and management are not just discussing shares of a pie, they are discussing whether or not some people will miss out all together. Further, involving employees in decisions about the way work is done or how employees are paid is clearly very different to involving them in a decision to eliminate their own jobs. Unemployment is a very dire situation to
find oneself in, especially in small rural communities where other employment opportunities are shrinking and where the costs of selling up and moving can be prohibitive. Most people facing this situation can be expected to fight, regardless of their propensity to take action in the past.

In this respect, it could be argued that the whole issue of retrenchment is a problematic one for advocates of management approaches, such as TQM, that appear to be premised on the notion that employers and employees have common goals. That if they just work together both groups will be better off in the long run. Management's continual reliance on retrenchment, particularly at present, must be seen as a question mark over these unitarist assumptions. The interests of management and employees may be similar in some circumstances. But retrenchments are a situation where there is little question that real differences exist between the interests of employers and employees.

The threat to Narrandera created by management's amalgamation strategy raises one more issue that is worthy of further investigation.

As discussed in Chapter 3, all the changes affecting Telecom at Narrandera are a part of the Labor Government's broader public sector reform process. Public sector reform is in turn a part of the
Government's overall micro-economic reform agenda. The fundamental objective of micro-economic reform is to improve the international competitiveness of Australian industry and presumably, therefore, to help protect living standards. However, the Narrandera experience suggests that the process may be having consequences which have not been explicitly considered by policy makers.

Rural communities throughout Australia are in decline. This decline is portrayed as being the result of a continuing rural crises and changes in farm ownership structures and technology. It is resulting in high levels of unemployment in country towns and, as a result, a considerable amount of rural poverty (Lawrence, 1987). Yet despite this:

...state and federal governments appear to be reluctant or unable to alter the forces destroying family-farm agriculture and the economies of small inland towns. Facing their own fiscal problems in times of economic recession they appear incapable of redirecting economic activity from the large cities. In a period when city unemployment and the closure of factories in the traditional manufacturing areas have become political embarrassments for governments, regional decentralisation initiatives have been afforded a low priority. (Lawrence, 1987, p35)

In fact, if developments at Narrandera are typical of developments in other rural communities, then it may be the case that the micro-economic reform policies of the Labor Government are
actually contributing to the decline in rural communities. As argued in the Narrandera Argus:

*The decision to centralise operations is an economic one made to improve the efficiency of the operations of enterprises such as Telecom. However, it is based on the assumption that what is good for the company is necessarily good for the society as a whole.*

Who is to bear the social disruption that happens in both the larger urban areas and the rural towns? The people transferred are forced into much more expensive housing markets. Further pressure is added to the already overstretched facilities of the capital cities and larger urban areas. On the other hand, Narrandera and towns like it continue to lose services as the population base declines.

The costs associated with this are not taken into consideration by the firms involved and are transferred to the community as a whole. *It is not the Telecoms who pick up the costs. It is borne by the individuals and families forced to uproot their lives and move on. It is borne by the townsfolk of Narrandera who lose services.* (The Narrandera Argus, 7/11/91, p1).

Perhaps the Australian economy's competitive position is not only dependent upon a restructuring of industry, but also upon a restructuring of communities. Further, perhaps the population of Australia needs to become even more concentrated, than it already is, in urban areas in order to meet the needs of the urban
majority. If this is the case, then the impact of the changes upon people either forced to move or left isolated in country towns needs to be considered. The Government's reform processes may be increasing efficiency but if it results in high levels of rural unemployment and poverty then it is clearly efficiency at the cost of equity.
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