

chapter seven

employee representation: non-union

learning objectives

After reading this chapter you should be able to:

- Identify the main forms of non-union employee representation—namely those sanctioned by the state and those initiated by management.
- Describe the limited attempts by Australian governments to sanction non-union forms of employee representation and compare this experience with overseas countries.
- Explain the recent increase in government support for non-union forms of employee representation.
- Discuss the apparent advantages of management-initiated employee involvement for organisational ‘equity’ and ‘efficiency’.
- Account for the general failure of Australian managers to adopt high-involvement management practices.



introduction

If unions provide an important 'voice' mechanism for their members, how do employees 'have a say' at work when unions are not involved? This has been an important question for many decades, but it has become crucial in recent years with the decline in union density experienced in most industrialised countries. In fact, some observers have argued that this union decline signals a growing 'representation gap' at the workplace that has restricted the capacity of employees to speak and be heard (Bray et al. 2001a; and Towers 1997). For others, the diffusion of management-initiated participation channels, under the banner of progressive HRM, promises not only to take up the 'slack' created by falling union representation but also to 'empower' workers and create a symbiosis between quality of work life and management's desire to harness the intellectual efforts of its workforce. Additionally, there is an ongoing debate over what role, if any, the state should play in supporting non-union forms of employee representation.

Like many other issues in industrial relations, the subject of non-union employee representation is contested. First, the motives of both employers and the state in developing non-union forms of representation and participation are often challenged. Critics question whether non-union forms of representation are established to improve employee voice and equity at work or whether they are simply designed to advance the commercial and efficiency interests of employers. Ramsay's (1977) 'cycles of control' theory of participation suggests that management has been only intermittently attracted to the idea of employee participation—that is, when their control over labour has been placed under pressure by workers who have gained strong bargaining power through, for example, 'tight' labour markets. In fact, he argues that most proposals for participation are mere 'exercises in pseudo-democracy'. His theory, however, does not explain why management persists with participation schemes even when labour is in a seemingly weak bargaining position. Perhaps, as other critics have suggested, managements' motivations for initiating participation schemes (such as teamwork and consultative committees) are to reduce workers' desire to use union voice and to increase workers' commitment to organisations at times when employers are subject to increased product market pressure.

Second, the quality and effectiveness of state-sanctioned and management-initiated forms of representation are sometimes viewed as inferior to those provided by active independent unions. Critics suggest that managers say they want greater employee participation but they are unwilling to modify the practice and perception of managerial prerogative. Marchington's research (cited in Storey 1995) suggests that many organisations adopt unorchestrated and often 'faddish' approaches to participative schemes as part of 'soft' HRM strategies. Alternatively, Willmott (1993) suggests that shifts towards greater employee participation may give the illusion of industrial democracy, but these shifts are, in reality, attempts to engineer unitarist corporate cultures. This he describes as a manipulation that allows a kind of autonomy to exist while aspiring to extend managerial control (p. 517).

This chapter explores these questions in the context of reviewing the motives, forms and effectiveness of non-union employee representation. It begins by identifying, in more

detail, the two forms of non-union employee representation that were introduced in the previous chapter—namely, state-sanctioned and management-initiated representation—and further sub-categories of representation. The chapter then proceeds to review the experience of each form of non-union representation in Australia; then, it returns to the key question of whether these non-union channels can adequately fill the representation gap.

forms of non-union representation

Employees rarely combine to demand a say at work without forming a trade union. In the absence of an independent trade union, the main forums and structures that permit employee representation are either those imposed by the state or those initiated by management. It is, however, important to further differentiate the forms of non-union employee representation—whether they are state-sponsored or management-initiated—according to the two factors that are consistently cited in the literature.

First, the literature distinguishes between ‘direct’ and ‘indirect’ forms of representation. According to Gardner et al. (1986), *direct forms of employee representation* consist of schemes where employees contribute personally and directly to decision making about production or service delivery. Some examples may include quality circles, semi-autonomous work groups and teamwork, but there are many more. *Indirect forms of employee representation* usually limit the personal role of individual employees to electing representatives to speak on their behalf; such schemes include joint consultation, joint decision making, works councils and employee representation on corporate boards. The major distinction between these two modes of representation is their level of operation and their scale—direct forms are implemented at the shop-floor level where the number of employees is small enough to allow personal involvement, while indirect forms of participation tend to operate towards the top of the organisational hierarchy, where it is impossible for all employees to personally participate. According to Gardner et al. (1986), evidence seems to suggest that management prefers direct forms of employee participation because it fears the potential for union involvement in indirect forms of participation. By contrast, unions prefer to be involved in indirect forms of participation and remain generally suspicious of direct forms of participation, which some see as transparent mechanisms for intensifying the labour process.

The literature also distinguishes between ‘consultative’ and ‘decision-making’ forms of representation. Whereas direct and indirect forms of representation refer mostly to the level at which employees can have a say within the organisation, the consultative/decision-making dichotomy refers to the extent of employee participation and

Table 7.1 **Classification of non-union forms of employee representation**

	<i>Consultative</i>	<i>Decision making</i>
Direct	Toolbox talks, internal memos, bulletin boards	Quality circles, teamwork
Indirect	Joint consultative committees	Works councils, employee representation on company boards

Source: Compiled from Gardner, M. and Palmer, G. 1997, *Employment Relations: Industrial Relations and Human Resource Management in Australia, Second Edition*, Macmillan, Melbourne, pp. 336–47

representation. *Consultative forms of representation* provide employees with information but they limit employees' capacity to actually affect the decision-making process—in its most extreme form, employees are informed but have little opportunity to influence workplace issues. At the other end of the spectrum, *decision-making forms of representation* permit employees to not only 'have a say', but to contribute in a tangible way to decision making.

state-sanctioned non-union representation

The experience of non-union employee representation varies across countries:

Generally, non-union representative forms of employee participation have been much slower taking root in mainly English-speaking countries, largely as a result of management reluctance to cede managerial authority. Where labour/management cooperation and consultation has occurred in the mainly English-speaking countries, employees have been commonly represented by unions rather than works councils which have characterised codetermination in much of western Europe (Markey 2001, p. 9).

Explaining these differences is complex (see Poole et al. 2001), but the role of the state is central. In English-speaking countries, the state has (at least until recently) mostly supported unions as the sole channel of employee representation, while the law has been rarely used to promote works councils or other non-union forms. This has meant that non-union employee representation in English-speaking countries has relied on management initiative; and, therefore, it has been dependent on 'the goodwill, trust, and power relationship between the parties'—trust which Hammer (cited in Gollan and Markey 2001, p. 335) has argued is 'a brittle property of any relationship, easily broken and difficult to rebuild'. Correspondingly, non-union representation in English-speaking countries has also tended to be direct rather than indirect and consultative rather than decision making in nature.

In contrast, the state in European countries has a long tradition of advancing 'dual' forms of representation—that is, while still supporting trade unions, they have also

'forced' management to recognise employee representatives who are elected by all employees in an establishment, rather than those employee representatives who are only elected by union members. In fact, in countries like Germany, works councils have been given strong legal rights under national legislation—such that management is legally obliged to consult with, and sometimes gain the agreement of, these works councils on a range of issues, such as:

- ✱ co-determination rights over 'social' matters (including all aspects of remuneration, working hours and time) and over 'personnel' matters (such as recruitment, grading and dismissal)
- ✱ veto rights over the transfer of individual staff
- ✱ information and consultation rights over personnel planning and a wide range of issues impacting on the quality of work life
- ✱ information rights over financial matters and alterations
- ✱ strong rights with respect to occupational health and safety (Muller-Jentsch 1995 cited in Bray et al. 2001).

This strong legal base has meant that non-union representation in European countries is often both direct and indirect, while it also has the potential to develop into genuine joint decision making rather than being relegated simply to consultation.

the Australian experience of state-sanctioned non-union representation

As in other English-speaking countries, governments in Australia have generally been reluctant to introduce non-union forms of employee representation; and, on those limited occasions when such interventions have occurred, both the motivations and effects of Australian governments have been ambiguous. Four examples of non-union forms of employee representation are examined in this section: consultative arrangements in the area of occupational health and safety; formal non-union collective bargaining and bargaining agents; individual bargaining; and the as-yet-unrealised possibility of European-style works councils.

occupational health and safety committees

The most prominent examples of Australian parliaments establishing non-union mechanisms by which employees could 'have a say' at work were single-issue laws governing occupational health and safety (OH&S). Between 1972 and 1989, all states and territories moved away from the previous approach of government-prescribed OH&S requirements that were enforced by government inspectors. Instead, they introduced regulations that were developed through tripartite decision making, and implemented at a workplace level through general employer duties of care combined with activities of employee safety representatives and management–employee safety committees. In this way, most of these laws compelled employers to establish joint consultative committees with their employees to address health and safety issues within the workplace (Quinlan 1996).

By the end of the 1980s, 41% of all workplaces with more than 20 employees (accounting for 65% of all employees) had established formal occupational health and safety committees (Callus et al. 1991). Given that the corresponding statistics for the incidence of more general joint consultative committees were 14% of workplaces and 30% of employees (Callus et al. 1991), one leading commentator argued that such committees constituted 'the single most important type of participative arrangement at the workplace' (Quinlan 1996 p. 43).

There has been, however, considerable overlap between these formal non-union OH&S committees and the activities of unions. OH&S committees, for example, have been far more likely to be established in unionised workplaces (57%) than in non-union workplaces (13%) (Morehead et al. 1997, p. 453). Furthermore, many employee representatives elected to OH&S committees or as safety representatives have been union members, if not union delegates; and from the mid 1980s, unions have been increasingly able to use legislative provisions to negotiate comprehensive collective agreements regulating OH&S rules and procedures (Quinlan 1996). Nonetheless, these committees remain an important non-union mechanism through which employees can voice their concerns over a narrow, but critically important, issue.

non-union collective bargaining and bargaining agents

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Non-union collective bargaining first emerged in New South Wales with the Greiner Government's *Industrial Relations Act* of 1991, which permitted collective enterprise agreements made between employees and employers without union involvement. The Tasmanian Government's *Industrial Relations Amendment (Enterprise Agreements and Workplace Freedom) Act* of 1992 closely resembled the New South Wales reforms; while Victoria, under the stewardship of the Kennett Government, introduced more radical reforms that permitted non-union collective agreements underpinned by limited statutory minima (Creighton and Stewart 2000 p. 191). The Court Government in Western Australia also introduced radical reforms that permitted non-union individual and collective workplace agreements, but unlike Victoria, the conciliation and arbitration system was retained. The South Australian *Industrial and Employee Relations Act* of 1994 also provided for non-union collective agreements.

The state-level developments were matched at the federal level, with governments of both political persuasions introducing new mechanisms for non-union collective bargaining during the 1990s. The first of these was established by the Keating Labor Government, with the passing of the *Industrial Relations Reform Act* of 1993. Controversially, and to the dismay of Labor's industrial wing, this legislation provided for a non-union stream of agreement making described as 'enterprise flexibility agreements' (EFAs). These agreements could be directly negotiated between employers that were constitutional corporations and their employees, without necessitating union involvement (Creighton and Stewart 2000 p. 149; see also Chapter 4).

Some early analysis of the EFA stream contended that this stream would be used to de-unionise workplaces and bargain away conditions of the weak (Bennett 1995; and Kelly 1995). However, despite some isolated and high-profile examples, such as



WORK STORY

the OH&S committee at Top Trucking Company

George Psaros was not just a union job delegate at Top Trucking Company in Wollongong, he was also a member of the yard's occupational health and safety committee (OH&S). Management had finally got its act together about this matter a couple of years ago after one of the forklift drivers had been seriously injured when he backed off the end of the dock. Before that, there had been a committee, but it had rarely met and it was obvious that it was a token gesture by management towards meeting its legal obligations under the Act, while the drivers themselves were less than enthusiastic about participating. The accident, however, changed things. Joe, the forklift driver, had been popular in the yard and his injuries shocked everyone. As well, the company's workers' compensation premiums increased dramatically as a result of the big payout and the company had been slugged with a hefty fine by WorkCover.

George was not management's first choice for the committee. The committee was not a union body—management could nominate anyone they wanted to. They knew George was a bit of a stirrer and active in the union, but none of the other drivers were very motivated. George was; so, he became involved and it really had worked out pretty well. On the one hand, George discovered that management was genuinely trying to improve things. It wanted to establish more effective safety rules about how work was done in the yard itself—restricting the areas in which certain tasks were conducted, and getting proper rules about the loading and unloading of trucks—and cracking down on guys who went to the pub at lunchtime. They also wanted to improve the drivers' driving skills on the road with advanced driving courses and a greater appreciation of safe driving practices. This actually fitted in well with the 'new' marketing image the company was trying to develop—Top Trucking Company was a professional company that not only got the job done, but did a quality job. Success in sustaining this image allowed management to charge a premium on its rates and to operate at the top end of the market. All this impressed George.

To achieve these occupational health and safety objectives, however, the company had not only to establish the rules—and these rules were going to be better rules if there was active involvement from the drivers in developing the rules—but they had to implement them too. The drivers had to attend training courses and they had to be convinced that safety was important. George was useful to them in this context. The drivers trusted George and he was motivated. He actually attended the committee's meetings and got really involved in the meetings and disseminated the information to his fellow drivers. Ironically, his role as union job delegate was useful here—if management had convinced George that it was genuine about safety, then it must be genuine. George was hardly management's best friend!

There was a payoff for the union as well. George could push some of the union's policies on the committee and he could demonstrate to the drivers the important role played by the union. This made it a lot easier to get the drivers to join the union and get union dues off them each quarter.

the Woodside Petroleum case (see Kelly 1995), it seems that legislative requirements permitting relevant unions to intervene in the development of EFAs discouraged any rush towards de-unionisation. In fact, a review by Coulthard questions whether it is accurate to describe EFAs as providing for non-union bargaining at all, given the history of union intervention in EFA proceedings before the AIRC (Coulthard 1996 p. 355). In the end, EFAs represented only 2% of all agreements certified under the *Industrial Relations Reform Act* of 1993 (DEWRSB 2000a p. 25), although they were an important symbol of the state's desire to develop non-union bargaining mechanisms.

In 1996 the Howard Government went considerably further than its Labor predecessor when it introduced section 170LK certified agreements as its successor to

EFAs. Like EFAs, these agreements were made collectively between employees and constitutional corporations without necessarily involving unions. However, unlike EFAs, unions could only intervene in the development of section 170LK agreements if they had members who would be bound by the proposed agreements. According to the Department of Workplace Relations and Small Business (2002, p. 57), 12% of all certified agreements approved in 2001 were section 170LK agreements and these covered around 9% of employees.

The increased number of federal non-union collective agreements is significant, but it is by no means overwhelming. More importantly, there is little evidence that this type of collective bargaining contributed to greater employee representation. In fact, little is known about how these employees were represented in the negotiation process. DEWR's (2000a, p. 41) analysis of agreement making in 1998 and 1999, for example, revealed that non-union collective agreements (s. 170LK) were far less likely to contain representation and consultative provisions than union collective agreements (under s.170LJ)—provisions sustaining consultative arrangements were found in 76% of all union agreements in contrast to just 45% of non-union agreements. Similarly, and perhaps not unexpectedly, employee representation provisions—such as right of entry, and leave for union business and training—were contained in 46% of all union agreements as opposed to just 16% of all non-union agreements. The data indicates that union agreements attach a greater priority than non-union agreements to the inclusion of mechanisms that permit employees to speak and be heard at work.

individual contracting

The passing of the *Employee Relations Act* of 1992 through the Victorian Parliament was the first major departure in Australia from the traditional, 'collectivist' regime of employee representation in Australia (for more detail, see Chapter 8). This legislation, which closely resembled the New Zealand *Employment Contracts Act* of 1991, sought to provide an agreement-making option in which individual employees could negotiate for themselves agreements with their employers (Fox and Teicher 1994). However, the subsequent exodus of thousands of Victorian workers to federal awards led to the collapse of the Kennett reforms and the transfer of the Victorian industrial relations powers to the Commonwealth.

The next attempt to provide a jurisdiction for individual contract formation came with the election to office of the Court Coalition Government in Western Australia in 1993. The Western Australian *Workplace Agreements Act* of 1993 provided for individual contract making through 'Individual Workplace Agreements' (IWAs). Employees and employers could enter into IWAs regardless of whether or not they were covered by an award or collective workplace agreement. In 1996, the National Party-led Queensland Government introduced legislation that mirrored federal legislation and provided for 'Queensland Workplace Agreements' (QWAs).

At a federal level, the Howard Government's *Workplace Relations Act 1996* introduced individual bargaining in the form of 'Australian Workplace Agreements' (AWAs). For the first time at a federal level, since the origins of the compulsory

arbitration system at the turn of the twentieth century, individual employees who were usually covered by an award or collective agreement could negotiate individual contracts; and the terms of these individual contracts could override those of a relevant award or collective agreement, subject to a 'no disadvantage' test (Waring 1999; and Bray and Waring 1998).

The Howard Government's stated aims in advancing this form of individual contracting were to end the traditional monopoly held by unions in representing employees, or their nominated bargaining agents, and to allow employers to directly negotiate with their employees without the interference of third parties, such as the arbitration tribunals. In introducing the Workplace Relations Bill, for example, Minister Reith (now the former Minister for Workplace Relations) claimed:

The bill rejects the highly paternalistic presumption that has underpinned the industrial relations system in this country for too long—that employees are not only incapable of protecting their own interests, but even of understanding them, without the compulsory involvement of unions and industrial tribunals (Hansard 23/5/96 cited in Bray and Waring 1998, p. 66–7).

Instead, the Howard Government argued that the *Workplace Relations Act* established a system that gave employers, and especially employees, a 'choice' as to which bargaining instruments to use and as to who should represent them in bargaining (see Bray and Waring 1998). The government said that this choice would free employees from the clutches of full-time union officials, who acted according to their own vested interests rather than the interests of employees. The government also assumed that this choice would permit natural cooperation between employers and employees to flourish.



finance union challenges Suncorp ballot

Stefanie Balogh

Finance group Suncorp Metway has been accused of 'high-tech union busting' after its newest employees, GIO workers in three states, voted to endorse the company's non-union agreement.

The Finance Sector Union was last night considering a legal challenge to Suncorp's secret ballot on the non-union collective agreement for GIO staff. It was investigating what it claims were irregularities and possible vote rorting.

Suncorp, however, claims 850 workers voted to support its new pay agreement and 457 voted no. The agreement was put directly to staff and bypassed the FSU. Brisbane-based Suncorp welcomed the vote as an important milestone in the company's integration process with insurer GIO.

But the FSU has accused Suncorp of a 'dirty tricks campaign' to win the loyalty of the GIO workers, including blocking union email, denying union officials right of entry to inspect suspected award breaches. There are also allegations it spied on employees by filming them at a meeting.

'It's high-tech union busting', the FSU's NSW and ACT secretary Geoff Derrick said last night. Mr Derrick said he did not know if it was 'a new era or just new technologies for an old sport'.

Suncorp spokesman Mark Blucher said the vote was 'an important step in Suncorp's bid to become a single, unified insurance company following the \$1.4 billion acquisition of GIO from AMP last year'.

Source: Balogh, S. 2002, 'Finance Union Challenges Suncorp Ballot', The Australian, 20 December. Reprinted courtesy of Stefanie Balogh

So far, AWAs do not seem to have had the effect that the Howard Government promised. Less than 2% of the total workforce are party to an AWA (OEA 2003)—a statistic that suggests they are of little importance in debates over employee representation. This conclusion, however, would be too simplistic. The real impact of individual contracting needs to be assessed in two ways. First, there is the ‘direct’ impact on representation for those employees covered by AWAs. Second, there are the more ‘indirect’, but ultimately more significant, effects of individual contracts—especially in their symbolic importance and their role in undermining collective representation through unions.

In assessing the direct impact of AWAs on employee representation, there are two separate but related issues. On the one hand, there is the question of whether employees’ interests are effectively represented when AWAs are drafted. In other words, are AWAs bargained over or, at the very least, are employees consulted about the terms and conditions contained in AWAs? On the other hand, there is the question of whether individual contracting stimulates better relations between employers and employees beyond the bargaining itself. In other words, are AWAs only one part of a larger program (of employee-involvement mechanisms) that develops in enterprises using AWAs?

On the first ‘procedural’ issue, there is some conflicting evidence. Waring (2000), for example, found in three case studies in the coal mining industry that AWAs were not bargained over, but they were unilaterally offered by management and either accepted or rejected by employees. Wider incidence of this approach was also supported by early survey evidence in 1998, which suggested that approximately 92% of employees covered by AWAs did not appoint a bargaining agent to negotiate on their behalf (see Waring 1999). While this could be taken to imply that employees negotiated AWAs themselves, without the assistance of an agent, a more plausible explanation—which is supported by the New Zealand experience (see McAndrew and Ballard 1995)—suggests that AWAs are rarely bargained over. Evidence presented to the Federal Court in duress cases also indicates that AWAs are often offered on a ‘take-it-or-leave’ basis (Van Barneveld 2000).

In contrast to these findings, Gollan’s survey of 500 Australian organisations with registered AWAs discovered that the majority of employers (65%) held discussions with their employees before commencing the drafting of their AWAs (Gollan 2000, p. 34). In 59% of all cases, changes to the proposed AWAs followed these discussions, leading Gollan to argue that the evidence demonstrates a degree of employee consultation and influence when drafting AWAs. It is, however, hard to accept this claim. Gollan’s survey communicates little about the quality of such consultation or the extent of influence exerted by individual employees. Moreover, the evidence does not support a ‘causal’ relationship between reported employee consultation and subsequent changes made to AWAs, which might have indicated that actual bargaining had taken place. It is also important to acknowledge that Gollan’s findings are the result of a survey of managers who, understandably, may have an interest in overstating the extent of discussions held with employees over AWAs. Finally, an alternative

interpretation of the survey results shows that 35% of AWAs involved no input at all from employees and 41% saw no change in the AWAs after the first presentation by management! This does not suggest effective employee representation.

With respect to whether AWAs are associated with extensive communication, consultation and involvement beyond the terms of the AWA itself, the evidence is limited, but it is not positive. Using data from the AWIRS 1995, before the introduction of AWAs, Deery and Walsh (1999c) discovered that Australian employers with the majority of their non-managerial workforce on individual contracts were not investing in substantial communication and involvement mechanisms. This led Deery and Walsh to argue that these workplaces were akin to those in Britain described by Sisson (1993) as 'bleak houses' or by Guest (1995) as 'black holes', where organisations ignore progressive people-management practices and where employee 'voice' is effectively silenced.

It is, however, the indirect impact of individual contracting that is more significant. In political terms, AWAs have assumed great symbolic significance in the rhetorical debates over employee representation. In the lead-up to the 2001 federal election, the union movement and the Labor Party placed the abolition of AWAs high on their policy priorities (ACTU 2001; and Beazley 2000), while employer groups and the Coalition Government saw AWAs as central to the future of Australian industrial relations (e.g. ACCI 2001; and Howard, Hon. 2001). This ideological battle reflects the growing use of AWAs in struggles between unions and employers at an enterprise level. The cases involving Rio Tinto and Patricks Stevedoring are well known, but during 1999 and 2000 increasing numbers of large companies that had previously cooperated with unions (including Telstra, BHP, the Commonwealth Bank and the ANZ Bank) began to use the threat of AWAs to undermine union organisation and weaken union bargaining positions in negotiations over enterprise agreements (Sheldon and Thornthwaite 2001). In this way, the availability of individual contracting through AWAs was being used to further weaken union forms of employee representation.

works councils for Australia?

The decline in union membership and the potential for a widening 'representation gap' have led to debate in most recent years over the merits of adopting European-style works councils in Australia. Academic circles have discussed the idea and identified the decline of union membership, the general poor organisation of remaining unions (at a workplace level) and the widespread dominance of managerial prerogative as manifestations of a representational 'problem'. Australian employees are being denied the opportunity to participate in important decisions at work that affect their working lives, and often their lives well beyond the workplace. This is considered to be a problem of equity. At the same time, the 'tradition' among Australian employers of authoritarian managerial practices means that many Australian enterprises are missing the efficiency gains that often flow from a more involved and participative workforce (e.g. Gollan et al. 2002; and Bray et al. 2001a).

A solution to this problem, offered by academic commentators, is to draw on overseas experiences and embrace state-sponsored forms of non-union employee representation. The most common model advocated by scholars is the German works councils—which comprise an indirect form of representation (in that all employees within an enterprise vote to elect representatives), and decision-making input, as opposed to consultation, that is guaranteed by legislation (e.g. Knudsen and Markey 2002; Bray et al. 2001b; and McCallum 1997). This type of non-union representation, it is claimed, presents the possibility of employees gaining a genuine ‘say’ at work, while also ‘forcing’ employers to embrace a managerial style that they may not accept voluntarily, but which may benefit their organisations and, ultimately, the Australian economy. Interestingly, it has been argued that Australian unions may also benefit from the introduction of these non-union forms of employee representation. While all employees elect works councillors in Germany, for example, unions have become actively involved by providing educational programs for potential candidates, expert advice on company performance and industry trends, organisational support for pro-union candidates and so on, all of which has helped to demonstrate to employees the benefits of union membership.

Perhaps unexpectedly, the 1990s and early 2000s saw sections of the union movement question their long-running opposition to non-union forms of representation, such as works councils (Davis 1986), and accept the possibility that they are worthy of further investigation. An early foray was the Evatt Foundation’s analysis of the fate of unions in *Unions 2001*, which included a brief, but insightful, review of the role of works councils in Germany—and to a lesser extent in other European countries—in providing employee representation and institutional support for union activity (Evatt Foundation 1995, Chapter 6, especially pp. 128–33). It concluded that works councils had significant potential in the Australian context and that the union movement should explore the most appropriate form they might take and the role they might play in Australia.

The ACTU lent weight to the new interest in works councils in its report entitled *Unions@Work* (ACTU 1999c), although it added no further detail to that provided in *Unions 2001*. The ACTU executive meeting in March 2001 considered a brief discussion paper on works councils and resolved to explore further the works councils option. In the same year, the Victorian branch of the Australian Services Union (ASU) commissioned research into the issue and used it to advocate works councils (Foley 2002), while the ACTU president, Greg Combet, argued that works councils provided a real opportunity for employees to gain rights to information and consultation without necessarily threatening the role of unions (Combet 2003). Most recently, at the ACTU’s 2003 congress, a briefing paper described the issues in the following terms:

In Australia, there have been union concerns about the works council concept due to a belief that they will operate to undermine the role of unions and provide legitimacy to employer strategies to negotiate directly with workers. However, it is also necessary to consider how to broaden the means by which collective representation can work at the enterprise level in the context of significantly

reduced union membership, particularly in the private sector. Encouraging collective representation and activity is vital, given the Government's vision, supported by significant employer forces, of a workplace relations system characterised by direct dealings between employers and individual employees rather than through any representative structures (ACTU 2003).

It is unclear, however, how far the union movement is prepared to support such a radical change in employee representation in Australia, while the likelihood of the major political parties adopting such a policy is even more uncertain. The academic proposals that are described above certainly do not underestimate the potential political opposition and organisational difficulties that works councils would confront. Apart from the historical hostility of unions to such arrangements, Australian employers have long eschewed them, while the Howard Federal Government is unlikely to even consider their possibility. Finally, even if governments, unions and employers could be persuaded to accept the ideal of works councils, there is the real and practical issue of whether such institutions (that operate effectively in European countries) could be effectively 'transplanted' to the Australian environment (Bray et al. 2001b; Forsyth 2002).

management-initiated non-union representation

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Permitting employees to 'have a say' at work is often regarded as an admirable and progressive management philosophy, although the reality of the level and quality of employees' influence is sometimes not matched by the accompanying rhetoric. As discussed in the introduction to this chapter, the literature on employee participation and representation has frequently observed management to be intermittently attracted to the idea of allowing employees to 'have a say' at work. For Ramsay (1977; and 1993), this typically occurred when management was under threat from adverse external conditions, such as increased labour power. However, when the threat receded—for instance, when unemployment was rising—management lost interest in participation and sharing their authority with employees. Ackers et al. (1992) claimed that Ramsay's theory accounted for the wave of interest in participation in the early 1970s, when the labour markets of many industrialised economies were buoyant; but it did not explain the persistence of management interest in the 1980s and beyond, when labour was in a seemingly weak bargaining position.

Lansbury and Wailes (2003) have proposed a different theory to explain employers' interest in employee participation. They still regard management's interest as conditional, but they argue that it is conditional on a range of contextual factors that include macroeconomic, industry and workplace power variables. Their theory could arguably account for the 1980s, when the perceived success of the Japanese exports and the Japanese model of labour relations sparked new interest around the developed world in employee participative practices. The response to the Japanese challenge was most prevalent in the US where quality circles and other worker participation programs were viewed as a means of meeting the competitive threat posed

Table 7.2 **Theoretical perspectives on management-initiated employee representation**

<i>Theoretical perspective</i>	<i>Main features</i>	<i>Examples</i>
Representation leads to improved performance	Representation, participation and autonomy leads to improved organisation performance and 'enriched' working lives.	<ul style="list-style-type: none"> ✱ Hackman and Oldham's 'job characteristics' theory (1976) ✱ 'Socio-technical systems' theory ✱ Post-Fordism ✱ High-performance work systems ✱ High-commitment management ✱ Human resource management.
Representation in response to external conditions	Management become interested in representation and participation when their 'hand is forced' by external factors (e.g. 'tight' labour markets).	<ul style="list-style-type: none"> ✱ Ramsay's (1977) 'cycles of control' theory ✱ Lansbury and Wailes (2003)—management interest conditional on macroeconomic, industry and workplace power variables.
Critical perspective	Management initiate non-genuine forms of employee representation to give the pretence of providing employees with 'voice'. Designed to elicit employee commitment without giving up managerial prerogative.	<ul style="list-style-type: none"> ✱ Willmott (1993)—corporate culture engineered to give the illusion of participation ✱ Ramsay (1993)—'most employee participation programs offer a studied pretence of work participation'.

by high-quality Japanese imports (Kochan et al. 1986). Similarly in the UK, Oliver and Wilkinson (1989)—from a survey of Western companies—discovered that a high proportion (over 70%) of companies were emulating Japanese-style work practices, including '... the use of in-company communication, employment involvement schemes and single status facilities' (p. 83). These direct forms of employee representation, such as quality circles and total quality management initiatives, were designed to harness 'shop-floor' employees in problem-solving activities to continuously improve the production process and, thus, output quality.

Interest in employee participation and representation has been also inspired by an extensive body of management theory that stresses performance advantages through the mutual gains that can be generated by participative arrangements (see Table 7.2). For instance, Hackman and Oldham's (1976) 'job characteristics' theory emphasises autonomy as being a core job dimension which contributes to job enrichment and worker motivation. Moreover, participative arrangements are consistent with the neo-human relations school's assumptions—especially those of McGregor's (1960) theory 'Y'—about worker motivations. Similarly, active employee participation is

central to the desired work organisation of ‘socio-technical systems’ theory, which advocates greater use of teamwork to enhance problem solving and to reduce the boredom and alienation that comes from routinised, repetitive and narrowly defined tasks (Trist et al. 1963). Research that is more recent on human resource management (surveyed in Chapter 1) and high-commitment management or high-performance work systems has also supplied further evidence of a relationship between employee ‘voice’ and performance (see Becker et al. 2001; see also Chapter 10).

These theories are generally attractive to management since they suggest employee participation schemes are pathways to both employee satisfaction and economic success. As Marchington (1995) has observed:

after years of being informed that higher productivity was only feasible with increased deskilling, managers are now being confronted with the argument that expanded jobs, team-working and empowerment are the keys to organisational success (Marchington 1995, p. 284).

More pragmatically, the interest in teamwork and ‘empowerment’ also has been a natural and perhaps useful consequence of the organisational ‘downsizing’ phenomenon of the 1990s, which whittled large, hierarchical and often bureaucratic organisations down to a small number of levels employing fewer employees in flexible team arrangements (Legge 1995). Employing the rhetoric of participation, management could both reduce labour costs and empower those employees who remained.

Sometimes these developments have been encapsulated within the broader intellectual context of the transition to more ‘flexible’ strategies of production. In particular, some scholars have located organisational change within the post-Fordist theoretical paradigm. Post-Fordism’s proponents believe that much of the developed world stands at the threshold of a new historical era that is supposedly emerging as a response to a variety of crises in the *Fordist regime*—the era of mass production and mass markets—and the availability of flexible production technologies. Jessop et al. (1991) stated that not only is the Fordist model in crisis because it has reached its technical limits, but productivity problems have reflected the ‘social’ limits of the Fordist organisation of the labour process (p. 4). Taylor’s ideologically driven belief that workers are naturally ‘phlegmatic and stupid’ (Taylor 1947, p. 209) appears to have no overt place within the modern corporation. Some argue that this is, in part, a response to organised resistance to Fordism/Taylorism (the growth of unions, for example) and, in part, a response to the crisis in productivity caused by high control costs and poor quality of work life. In response to this, corporations have endeavoured to rid themselves of the shackles of direct or bureaucratic control techniques (Edwards 1979) in favour of extending practical employee autonomy manifested in participative schemes associated with ‘lean production systems’.

Post-Fordism, though, has been strongly criticised for being technologically deterministic and overly optimistic about the job-enriching qualities of team work as it is typically practised. The research of Delbridge et al. (1992), for instance, has suggested that while time quality management and lean production systems involve the devolution of some tasks to shop-floor employees under the banner of employee

empowerment, '... it does not however mean the right to make profits, to set prices or to sell goods elsewhere. Such are the limitations of empowerment' (p. 105). Likewise, in a critique of international best practice, Ewer et al. (1993) argue that what at first appears '... to realise the dreams of unionists about industrial democracy' is, in fact, considerably misleading (p. 6). The lean production system tends to encourage worker participation in the quest for continuous improvement using stress as a motivator.

For some critics of management-initiated voice mechanisms, then, not only are these initiatives non-genuine attempts to provide employee representation, but they are also designed to secure the compliance of employees and to control dissent. Ramsay (1986), for instance, has suggested that far from giving up power and control, management actually strengthens their prerogative through a show of shared decision making, which in practice allows them to reassert their own views through the participative scheme. Similarly, Gardner et al. (1986, p. 7) have argued that management seeks to improve organisational performance through increased acceptance of managerial decisions. Consistent with this notion, Ramsay (1993) has stated that most employee participation programs offer:

[A] studied pretence of work participation, a glamorous liberality in allowing the worker to move from one fractional job to another and have the illusion of making decisions by choosing among fixed and limited alternatives designed by management . . . (p. 270).

Willmott (1993) has gone further, arguing that these management initiatives are incipiently totalitarian and drawing parallels between this and the thought and emotional control strategies exercised by the 'party' in George Orwell's *Nineteen Eighty-Four*.

The capacity of management to use participation and voice initiatives to secure complete compliance and build unitarist workplaces, though, has been questioned by those who have argued that most employers are incapable of such orchestrated strategies. Moreover, they have claimed that participative schemes are often undermined by managers who are unwilling to give up a degree of their traditional power. Marchington (1995) has also pointed out that these schemes are often contradicted by 'hard' HRM initiatives such as 'downsizing' activities. For instance, why would employees want to participate if their job is insecure? The nature of the production system can also make employee participation an impractical activity. Taylorist-style workplaces, like many call centres, may find it difficult and costly to allow workers time from the phones to attend meetings.

The motives of management in initiating non-union forms of representation are clearly complex and often controversial. The impetus for management-sponsored voice mechanisms could lie in the body of theory that links representation and participation to superior performance and 'enriched' working lives. Alternatively, management may be driven by a 'tight' labour market or increased product market competition. More controversially, these initiatives may be designed to elicit employee commitment while providing the pretence of genuine 'voice'. All of these possibilities are visible within the Australian experience of management-initiated employee representation, which is reviewed in the next section.

management-initiated employee representation in Australia

It was really not until the 1970s that Australian employers displayed any significant interest in voluntary schemes designed to bring employees into decision-making processes within the enterprise. In the early years of that decade, in the context of 'tight' labour markets, consultants and state agencies promoted 'employee participation' and 'organisational development' (Wright 1995). Some employer associations (such as the Confederation of Australian Industry [CAI]) developed policies that signalled broad support for employee participation, and a small number of individual employers promoted the notion of greater employee involvement. However, beyond limited initiatives by these isolated organisations and some state governments, the reported examples of action by employers towards this end were few and they were narrow in the opportunities they gave to employees (Lansbury 1980). Wright's review of the period concluded:

... it appears questionable whether the advocacy of employee participation had any widespread impact on general management . . . Many managers also remained skeptical of the merits of OD [i.e. organisational development] and industrial psychology . . . In many organisations, line management remained strongly resistant to participatory programs that challenged their authority (Wright 1995, p. 129–30).

The propensity of managers at workplace and company levels to provide employee involvement had not improved much by the mid 1980s. On the basis of 10 research projects across a number of industries, Ford and Tilley (1986) concluded:

The traditional attitudes, beliefs, customs and practices of Australian management and unions have been predominantly concerned with authority and jurisdiction rather than organisational participation. The studies indicate the continuity and force of these traditions and the general lack of management confidence in the move to more substantial forms of sharing information, learning and power. Australian managers tend to support American managerial fads such as job enrichment, but oppose forms and contents of co-determination that are well established and broadly accepted in Germany and Scandinavia. The studies reflect a lack of confidence among Australian managers in the ability and interest of employees to participate in, and contribute to, organisational innovation and development. Unfortunately innovation is still narrowly perceived in Australia as a managerial task, rather than as an opportunity for shared learning and experience and as a release of energy and inventiveness (Ford and Tilly 1986, p. 4).

This disinclination of Australian managers to consult employees was also evident in the AWIRS data of 1989–1990. In the context of the low across-the-board incidence of formal consultation committees, there were major differences among workplaces. These committees operated in 44% of large workplaces with active unions, but in only 6% of workplaces—often smaller workplaces—with weak or non-existent unions. Green (1991) interpreted this as a failure of managers to involve their employees unless the threat of unionism is present.

The 1980s, however, brought a more considered position from several of the major organisations representing Australian employers. Responding to the greater

interest of unions in 'industrial democracy' and the limited support the unions received from the Hawke Labor Government, employer associations expressed some support for giving employees a greater 'say' at work. However, there were two consistent themes in the approach of employer associations (Davis and Lansbury 1986). First, they were strongly opposed to any suggestion that unions should be the exclusive instrument of employee participation. Second, they insisted that the promotion of employee participation should be voluntary, thereby opposing state-sponsored compulsory schemes based on legislation.

Most importantly for the long-term, the Business Council of Australia (BCA) began to argue in 1985 that the best prospect for employee involvement lay in the 'new' management styles: 'a more participative human resource oriented approach aimed at tapping employees' creativity rather than treating them as extensions of machines'. Such styles were considered not just desirable, but necessary for productive and effective organisations in the 'new' business environment.

A major report published by the BCA in 1989 argued that 'cutting-edge' companies, which deserved emulation, were adopting managerial practices that included (BCA 1989, p. 12):

Increasing the channels through which employees are involved in their work, including open, frequent communications, task forces, suggestion schemes, surveys and discussion groups . . . [and]

Developing processes by which employees' concerns can be dealt with directly in enterprises through respected and effective channels: for example, on job security, promotion, evaluation and performance assessment.

Again, however, these were considered 'managerial' practices, not matters for joint regulation with unions or even non-union representative bodies. This rejection of the role of unions is only implicit in the above quotations, but it was far more explicit in the BCA's statement on employee participation:

Employee participation, with its primary focus on the individual employee, would contribute significantly to personal development, attitudinal change, healthy relationships at work, increased productivity and economic revitalisation. Industrial democracy, based on trade unions operating as the single channel of employee representation and communication and contractual or award based rights and entitlements, increases the risk of introducing further rigidities, conflicts, costs and counter-productive behaviour (cited in Davis and Lansbury 1986, p. 15).

Employers largely won the policy war of the 1980s and the Federal Labor Government refused to implement any compulsory schemes to promote industrial democracy (Davis and Lansbury 1986). Furthermore, despite the rhetoric in favour of employee involvement, there was little evidence of increased employee participation in decision making beyond isolated cases. The reality of the 1980s was that management-initiated consultation schemes were little more widespread than they had been in the 1970s.

From the late 1980s, employer associations in Australia, led by the BCA, strongly advocated public policy reforms that were designed to reduce the role of external

regulation (through compulsory arbitration) and external forms of employee representation (through unions) in the internal affairs of enterprises. It is shown elsewhere that they were largely successful in these efforts (see Chapter 8). This new legal and institutional regime should have allowed managers within Australian enterprises greater freedom to develop closer relations with employees through internal consultative and representational mechanisms. But did Australian employers take up this opportunity?

The first step in answering this question is to recognise that there is little doubt that during the 1990s the approach of many Australian organisations towards their employees changed significantly. In some ways, this was a culmination of developments that can be traced back to earlier decades, but in other ways these new strategies and practices flowed from economic imperatives, ideological conditions and legal options unique to the 1990s (e.g. Kitay and Lansbury 1997).

One aspect of the significant changes in this decade concerned management itself. According to Wright's extensive research, there was a growing professionalisation of management in industrial relations/human resource management in Australia after the 1970s. Company personnel (later HRM) policies became more formalised and sophisticated. 'Personnel' managers and later 'human resource' managers became better educated, came to occupy increasingly more senior positions within companies and came to play a more significant role in the development by executive management of company planning (Wright 1995). Correspondingly, Australian companies developed a more 'strategic' approach to the management of their employees.

This new approach included a greater focus by employers on 'internal' relations between employers and employees and a corresponding rejection of 'external' influences, such as unions and tribunals (Buchanan and Callus 1993). Moreover, this greater focus on internal relations coincided with new and 'flatter' and more decentralised organisational structures, which in turn provided the impetus for new forms of work organisation and managerial practices (Wright 1995 Chapter 6). For example, Australian managers increasingly sought to develop internal mechanisms designed to improve communication between employers and employees (see Benson 2000; Kitay and Lansbury 1997; and Wright 1995, pp. 141–6). Kramar's (1999) study of human resource management practices in 334 organisations found that 60% of all organisations surveyed had increased their use of team briefings and other direct and indirect forms of communication. Communication, however, tends to be a top-down exercise rather than a genuine form of employee representation.

Kramar also found that three-quarters of all organisations surveyed had joint consultative committees and that four out of 10 of these committees had been established in the period from 1993 to 1996 (1999, p. 30). Harley et al. (2000) confirmed this trend in their comparative study of the British and Australian experience of employee direct participation. However, they argued that such mechanisms are not associated with enhanced employee discretion. In fact, they (Harley et al. 2000 p. 52) contend that their findings 'provide support for critical assessments of employee involvement and suggest that those who pin their hopes for employee emancipation to employee

direct participation are likely to be sorely disappointed'. Finally, while Gollan and Davis (2001) reported several Australian cases in which management-initiated employee involvement has been effectively and systematically implemented, they accept that these cases are the exception rather than the rule.

There is even some Australian evidence which suggests that employers themselves are re-evaluating employee participation and teamwork in the workplace. According to Fisher et al.'s survey (1999, p. 509) of the Australian Human Resources Institute's members, 'worker participation and teamwork' ranked second last (out of 10 issues) when members were asked to identify what they believed would be the most significant changes in human resource management in the next five years. This led Fisher et al. to contend that worker participation and teamwork may not be high priorities for Australian human resource managers in the years to come.

'Empowerment' is a concept used in much of the HRM rhetoric to loosely convey a positive and somewhat 'upbeat' rationale for management's change initiatives. At face value, empowerment seemed to suggest that managers would share some of their power with employees by providing them with increased autonomy at work. However, case study and survey research revealed that the reality of empowerment programs and practices rarely matched the rhetoric associated with their introduction. Waring (1998), for example, found in a study of two large Australian employers that despite repeated references to the notion of empowerment and the re-organisation of employees into work teams, employees had very little authority to make workplace decisions without the prior consent of management. Similarly, Van Den Broek's (1997) study of one Australian organisation found that the introduction of empowerment practices was, in reality, designed to entrench management's power and make employee access to independent representation redundant. These case study findings were supported by Harley's (1999) analysis of AWIRS 1995 data. Harley (1999) found that despite considerable enthusiasm for empowerment, the data suggested that autonomy was only positively correlated with senior positions within organisational hierarchies. In other words, unless Australians occupy senior management positions they are unlikely to have much control over their work or 'have a say' at work. This finding led Harley (1999) to argue that empowerment was little more than a myth in Australian workplaces.

These Australian findings on the limited extent or success of management-initiated employee empowerment broadly correspond with research found elsewhere. Wilkinson's (1998, p. 516) review of the international experience, for example, concluded that: '[P]aradoxically, empowerment as currently practised has been less empowering than employee participation of earlier times'. More generally, it has been argued that the problem confronting these 'engineered' voice mechanisms is that their successful operation would require management to '... surrender a measure of their authority to the workforce . . . which they are seldom willing to do' (Miller and Mulvey 1989, p. 4). Freeman and Medoff (1984) have colourfully argued that this problem:

is akin to that of operating a democratic parliament in a monarchical or dictatorial regime. As long as the dictator or monarch has the final word, the parliament cannot truly function (cited in Miller and Mulvey 1989, p. 4).

Aside from management's general reluctance to share some of their power with employees, Legge (1989) has identified another reason for the failure of HRM to provide employees with meaningful consultation and participation. She has pointed to the contradiction within the normative model of HRM between its promotion of team-based work organisation and its individualist orientation. For example, HRM's promotion of individualised payment systems is likely to be incompatible with team-work. Moreover, the use of individual contracts may be inconsistent with efforts to foster group-based problem solving.

Deery and Walsh (1999c) found empirical support for the suggestion that the use of individual contracts may be inconsistent with participatory and communication mechanisms. They argued that while organisations—with a majority of their non-managerial workforce on individual contracts (*individualisers*)—were sophisticated and strategic in their approach, their policies and practices resembled 'hard' HRM, rather than its 'soft' counterpart. In other words, they found the extensive use of performance-related pay systems and staff appraisals were not accompanied by high-trust, high-employee-involvement strategies:

They [individualisers] lacked elaborate communication systems and were only moderate information sharers. Furthermore, there was no widespread use of innovative work practices such as team-building, semi-autonomous work groups, quality circles or continuous improvement methods (Deery and Walsh 1999c, p. 125).

Deery and Walsh (1999c, p. 127) went on further and argued that the individualisers' approach:

. . . appears to lack procedural justice and fairness and appropriate voice mechanisms at the workplace. There is little evidence of any form of bilateral negotiations and there is a general lack of pluralistic decision-making.

In summary, although the underlying philosophy of HRM and its associated practices have proved popular with associations representing employers, there is little evidence to suggest that Australian managers have established effective internal mechanisms to provide workers with a genuine means to speak and be heard at work. The available evidence suggests that, despite the rhetoric of HRM, its promise to provide employees with a greater 'say' has remained largely unrealised.

employee representation: efficiency and equity

As this chapter indicates, there is a persuasive body of theory that suggests effective employee representation can improve both 'efficiency' and 'equity' at the workplace. While the implications for equity from effective employee representation are fairly

easy to identify, researchers have been less successful in establishing a definitive relationship between forms of representation and improved efficiency.

Since the 1960s, researchers using case study methods have remarked on the considerable weight of evidence pointing to the favourable impact of employee participation schemes on organisational performance. However, researchers who are keen to establish both the 'causal' relationship between organisational performance and employee participation and a measure of their impact have been confronted by the limitations of quantitative methods applied to social phenomena. For example, despite using multiple regression techniques, it is impossible to control for the complexity of confounding variables that impact on the independent variable of 'employee participation' and the dependent variable of 'organisation performance'. These confounding variables might include:

- ✱ quality of management
- ✱ demographic profile of employees
- ✱ product market conditions
- ✱ degree of external regulation or
- ✱ internal organisational politics.

The point is that it is difficult to control for the complexities of human behaviour or the ubiquity of potential variables affecting the employment relationship. Further complicating matters of measurement are selection biases. For example, those organisations that adopt employee participation schemes may be strong performers that can spare the resources required to indulge in meetings, consultation and work re-organisation. Conversely, enterprises on the brink of financial disaster may experiment with such schemes as a 'last-ditch' attempt to save an organisation from economic ruin.

Purcell (1999), for instance, has argued that researchers cannot discount 'reverse causation'. In other words, does the adoption of certain progressive HR practices such as employee participation lead to successful organisations or do successful organisations adopt certain HR practices because they can afford to? Further, Purcell (1999) has argued that using single respondent surveys can lead to reporting bias, since management respondents are more likely to report positive experiences rather than failures. In other words, when managers are asked to comment on the relative success of participative schemes, they are more likely to report favourable outcomes.

Ichniowski et al. (1996) have observed the following in their review of such research efforts:

In short it is difficult to measure the true effect of work practices such as employee involvement on productivity. The measurement problems can lead researchers to find no relationship when there truly is one, or can lead them to believe that there is a relationship when there is none. Unfortunately, we cannot even be sure of the sign of the bias—that is, whether estimated results will be unrealistically positive or negative. Omitted variables, non-random samples and measurement error are all potential sources of bias that affect both the internal and external validity of the non-experimental studies in this area (Ichniowski et al. 1996).

A similar view was expounded by Godard (1994, p. 8) who had previously argued that:

Even when we can obtain measures of these processes, rules and relationships, it is mistaken to think that we can identify with any certainty "dependent" and "independent" variables. One cannot impose a causal, static and linear structure upon what are in effect reciprocally related, dynamic and complex social relations and processes.

Using longitudinal surveys of organisation performance and more sophisticated regression analysis, Becker and Huselid (2001; and 1998) have demonstrated how bundles of high-performance work practices that include participative arrangements result in higher levels of observed organisation performance. While this research is persuasive, it still suffers from some of the weaknesses observed above.

The equity implications of effective employee representation are generally considered to be positive, although Cooke (1994) and Eaton and Voos (1992) have argued that unionised organisations provide a better environment for maximising these benefits. Notwithstanding this, it is clear that genuine participative and representative arrangements have the capacity to improve employees' working lives by permitting them to 'have a say' over matters that directly affect them. This 'say' may lead to improvements in employees' sense of self-esteem and remove feelings of being powerless. Further, it can lead to increased discretion over work routines; and, in general, it can enrich working lives. Perhaps, effective representation can, most importantly, produce more just and less arbitrary managerial decision making, since managers are at least required to consider employee opinion under effective representation arrangements. The literature describes this as 'organisational justice', which has been linked to improved organisation performance. 'Organisational justice' theory simply suggests that more equitable workplace arrangements reduce the likelihood of aggrieved employees responding to perceived workplace injustices by reducing their performance and discretionary or organisational citizenship behaviour (Cappelli and Rogovsky 1998; and Moorman et al. 1998).

Taking a broader view, it has been proposed that employee representation at work is necessary to build effective democratic societies. It has been suggested that employees who are deprived of having a 'say' at work are more likely to be passive, non-involved citizens. Jenkins (1974, p. 41) has claimed that:

work which gives limited opportunities for independent control meaningfulness and self actualisation tends to lead to weaker and more passive behaviour in other contexts of life as well—such as social relations, involvement in social activities and the like.

With mutual gains to both efficiency and equity that can be generated through effective employee representation—whether that be union or non-union employee representation—it may be surprising that more employers do not provide or persist with participation and representation channels. The answer to this probably lies in the difficulty of establishing and sustaining genuine 'voice' mechanisms and building a trusting, cooperative industrial-relations climate for employees—see Chapter 10.

final observations

This chapter has focused on reviewing the motives, forms and experience of non-union employee representation. This topic has become an extremely important, if not urgent, matter of public policy in Australia given the dramatic decline in union representation, which is discussed in Chapter 6.

The opportunity, and the reality, of a voice in the determination of the rules that govern the employment relationship is not only an essential element in equity at work but, as so much research has demonstrated, it has significant implications for the efficiency of organisations.

Many conservative commentators applaud the decline of unionism because, they believe, it allows more effective and more beneficial forms of non-union employee representation to blossom. Direct involvement of employees in decision making at work and more indirect forms of non-union employee representation avoid the damage created by third parties (like unions and arbitration tribunals) intervening in the naturally harmonious relationship between employers and employees. A large body of management theory points to the symbiosis between managements' need for employees to be involved in problem solving as well as employees' need for autonomy and enriched working lives. Relying on such ideals, Australian Governments introduced during the 1990s, for the first time, significant state support for collective and individual forms of non-union representation, while Australian employers embraced the rhetoric of human resource management and argued that new managerial techniques would ensure that employees would enjoy closer and more consultative relationships with managers and more autonomy and empowerment at work.

Unfortunately, the reality of recent industrial relations in Australia does not seem to conform with these ideals. Neither form of non-union representation (collective or individual bargaining) has delivered on its promise. Admittedly, their histories are relatively brief and research assessing their impact is limited. But there is little evidence so far to indicate that non-union collective bargaining and individual bargaining are effective mechanisms by which employees can 'have a say' at work. In fact, it would appear that the most significant contribution of these non-union mechanisms has been to undermine the more traditional union forms of representation and contribute towards a further widening of the gap. Furthermore, Australian managers do not have a good record of involving their employees in decision making at work; and recent experience has not revealed any major break with history. In this context, irrespective of whether it has been intentional or an unintended consequence, recent trends appear to have deepened managerial prerogative rather than advanced employee representation. The result, then, is a significant and widening representation gap.

summary

- ✱ The decline in union density indicates a widening ‘representation gap’ that may have serious implications for ‘efficiency’ and ‘equity’ within Australian workplaces.
- ✱ The two main forms of non-union employee representation are those sanctioned by the state and those initiated by management.
- ✱ Forms of employee participation and representation can be classified according to the level at which it takes place. For instance, ‘direct’ forms (require an employee’s participation over production or service delivery issues) or ‘indirect’ forms (require an employee’s participation at a higher level of the organisation’s governance).
- ✱ The extent and quality of employee representation can be classified according to whether it is merely consultative or it permits joint decision making.
- ✱ The experience of non-union agreement making and bargaining agents sanctioned by the state suggest that these mechanisms are yet to provide an effective mode of employee representation.
- ✱ The reasons why management initiate non-union forms of representation are both complex and sometimes controversial. Management may be attracted by the idea of harnessing the intellectual and problem-solving capabilities of employees while also ‘enriching’ their working lives through participative schemes. On the other hand, critics claim these devices are sometimes used to secure compliance and reduce the desire of employees for union representation.
- ✱ The experience of management-initiated representation has been mixed. While management have been intermittently attracted to forms of participation, this initial enthusiasm rarely persists. Further, some critics have challenged the idea that management can provide genuine representation mechanisms.
- ✱ There are methodological difficulties in determining a definite relationship between forms of employee representation and organisation performance, but the weight of evidence suggests that a positive relationship exists.
- ✱ Effective employee representation can lead to improved equity at the workplace and perceptions of just organisation processes and outcomes.

discussion questions

- 1 What explains the intermittent interest of management with employee representation schemes?
- 2 Why are governments extending non-union forms of agreement making?
- 3 Should an Australian Government legislate to establish European-style works councils in Australian organisations?
- 4 Are management-initiated forms of representation good for employees?
- 5 What are the difficulties in measuring the impact that forms of employee representation have on organisation performance?
- 6 What are the equity implications of a growing representation gap in many Australian workplaces?



CASE STUDY

'tell Dell': employee representation in a non-union multinational organisation

Peter Waring
University of Newcastle

Without unions in the workplace, managers have to work hard and invest significant resources to keep in touch with employee sentiment and ensure that staff 'have a say' at work. For progressive companies, maintaining competitive advantage requires a strong commitment to communicating with the workforce. Without effective representation and participation, an organisation's problem-solving capacity is weakened and the organisation runs the risk of alienating its employees to the extent that they exit the organisation.

This was the unhappy message that 'hit' the chief executive officer (CEO) of the world's leading computer manufacturer, Michael Dell, as he reviewed the results of an employee survey conducted in 2001. Dell is the chairman and CEO of the global company that bears his last name—Dell. Founded in 1984 with just \$1000 and an idea to sell computer systems directly to customers, the company grew at an astonishing rate throughout the 1990s and it now employs approximately 46 000 employees worldwide and it has reported revenues of US\$43.5 billion for the past four quarters. At 39 years of age, Dell is the richest man under 40 in the world. *Fortune* magazine in September 2003 assessed his net personal wealth at just over \$US17 billion.

The results from the aptly named 'Tell Dell' 2001 employee survey revealed the startling news that around half of Dell's employees would leave the company if they had the chance. Further, as a *Business Weekly* article recounted:

internal interviews revealed that subordinates thought Dell, 38, was impersonal and emotionally detached, while Rollins (his deputy), 50, was seen as autocratic and antagonistic. Few felt strong loyalty to the company's leaders (Park and Burrows 2003).

Park and Burrows (2003) reported that the two executives were so concerned that the survey results pointed to a mass exodus of key talent that they decided to act on the survey and interview results. In particular, Dell offered a 'frank self critique' of his own management style to his key executives which was video-taped and shown to Dell's workforce around the globe.

The 'Tell Dell' employee survey is just one of a number of participation, representation and communication mechanisms used by this largely non-union company to keep in touch with employee sentiment. Although the company has no policy to avoid union representation, it has remained largely non-union throughout its global operations. This is not unusual for an American multinational company operating in a 'new economy' industry—especially one founded in Texas where union density is typically lower than in the northern states of the US. Dell's American competitors, Hewlett-Packard and IBM, have similarly remained non-union—typically as a result of high wages and significant investments in human resource management.

Listening to employees and giving them a chance to 'have a say' has become increasingly important for Dell and many other technology companies since the 'dot com' boom came to a crashing halt. Previously, companies such as Dell could rely on increasingly valuable stock options that helped to keep employees interested, wealthy and disinclined to exit the organisation. However, the falling fortunes of the technology sector have reduced Dell's share price and ensured that a large percentage of employee stock options are priced above Dell's recent share price level. As Park and Burrows (2003) have observed:

Little wonder that so far, Dell has achieved only a modest improvement in morale, according to its internal surveys. "They need to work a lot on appreciating people," says Kate Ludeman, an executive coach who has worked with Dell since 1995.

For Dell, the first step in appreciating people is listening to what they have to say.

The company's 'Tell Dell' survey is the central mechanism for listening to employees. It is conducted twice a year and provides management with a useful way of tapping into the detail of what employees are thinking. Employees fill out the survey on the company's intranet which also permits the collection of any qualitative comments employees may choose to submit. The survey covers a wide range of issues—from employee satisfaction with compensation and benefits to their thoughts on the effectiveness of management. The results of the 'Tell Dell' survey are communicated to management who are then required to discuss the findings with their team members. The survey results are closely compared over a number of years and are an important way for Dell's human resources staff to monitor the effectiveness of a range of human resource practices and strategies.

Aside from the Tell Dell survey, Dell invests considerable resources in communicating with employees through a weekly electronic newsletter, annual performance reviews and team meetings. As Michael Dell (1999, p. 131) explains in his book, *Direct from Dell*:

... we spend a tremendous amount of time communicating what's going on, what we're planning to do to help us to achieve our goals. We do this in a number of ways. Every year we have town hall meetings at which I describe how the company is doing, what our strategies are, where we stand in the market and what our plans are. Then I answer lots of questions. Any question is okay. I keep my answers relatively simple and don't present them in corporate-speak. It's such a great opportunity to reiterate the objectives and mission of the company that we post a transcript on our intranet for anyone who has to miss the meeting. We celebrate successes both in person and electronically. We send out mass email messages congratulating our teams on big wins, elevating them to a company-wide accomplishment. It's exciting for people to hear about what's going on in different businesses or teams and it also helps to share best practices.

At Dell, teams are also encouraged to participate in problem solving and, in particular, assist with Dell's famous obsession—controlling costs. Park and Burrows (2003) described one example of such participation when they recounted the story of a technician at Dell's server factory, who described how his team replaced the colored paper it used to print out parts lists with plain white paper—the result was a saving of \$23 000 per annum for the company.

Like many other non-union companies, Dell's extensive 'voice' and communication mechanisms probably enable it to reduce employees' desire to seek out union representation—whether it is the company's official policy or not. Yet, even in non-union companies with extensive representation and participation arrangements, there are few opportunities for employees to discuss pay and conditions with management, as there are when unions are present. Whether this weakens the effectiveness of management-initiated representation is a question that continues to be debated.

issues for debate

- 1 What were Dell's main objectives in introducing the employee communication and representation mechanisms described above?
- 2 To what degree are such mechanisms dependent on the size of the company?

- 3 How are wages and working conditions determined in companies like Dell? Does it matter if employees have no formal representation on such matters?

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International articles related to this topic are available at the Online Learning Centre at www.mhhe.com/au/bray3e

further reading

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