

THE ENHANCEMENT OF INDIVIDUAL EMPLOYMENT RIGHTS THROUGH ENTERPRISE BARGAINING: AUSTRALIAN CASE STUDIES

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ABSTRACT

When the Australian Industrial Relations Commission introduced its enterprise bargaining principles in 1991, it attempted to cement in place through its regulatory framework, mechanisms that would further enhance individual employment rights. This article explores the success of the commission's objectives through four case studies on organizations which have embraced the principles and progressed down the path of workplace reform. The organizations have enterprise agreements that link corporate goals with employee and union goals and in doing so, have achieved considerable commitment of all parties to the process. The strategic philosophy of management appeared to be that consultation with, and the involvement of employees and the unions in the decision-making process, was not only desirable but essential. The assumptions that can be made from the case studies, are that the macroeconomic changes introduced by the commission to achieve microeconomic change at the workplace have been effective, and can be attributed to the fact that management has empowered employees with real involvement, both at an individual level, and in the overall operation and direction of the organizations.

Australia is currently grappling with the issue of its competitiveness in the Asian sphere. It has the immediate problem of needing to sell its goods and services in the expanding Asian market, yet at the same time defending its position in Australian markets against overseas competitors, with the benefit of tariff protection. Australia has attempted to deal with this problem through changes in the macroeconomic structure, in particular the centralized wage-fixing mechanisms that have been in operation for a number of years. The focus has now changed to microeconomic reform at the enterprise level, facilitated by the process of enterprise bargaining, and there have been a number of other associated outcomes. This article concentrates on one of those outcomes—the relationship between enterprise bargaining and the enhancement of employee participation rights in decision making in Australia.

The enterprise bargaining arrangements put in place have served as excellent facilitators for worker participation. Management, workers, and unions have been encouraged by the decisions of the Federal Industrial Relations Commission to move out of the traditional mindset that has consigned certain areas to the prerogative of management and suggested that others are of inherent conflict. To use the words of John Dunlop, “A new set of relationships is required among labour, government, and business, especially for the task of developing trained, productive, and adaptable human resources” [1, p. 55].

The research into the outcomes of enterprise bargaining involved four organizations. Three are subsidiaries of large private sector organizations. For comparative purposes, the fourth organization selected is a wholly owned subsidiary of a government business enterprise, progressing toward privatization. Data were collected using a detailed questionnaire comprising forty-nine questions. Interviews were conducted with a senior management official from each organization prior to delivery of the questionnaires.

ENTERPRISE BARGAINING IN AUSTRALIA

To fully appreciate the nature of the developments in Australia it is necessary to understand what enterprise bargaining is all about. Enterprise bargaining is the process of negotiation undertaken by management, employees, and unions. Its ultimate aim is the achieving of agreement on the actual implementation of enterprise-specific measures designed to improve enterprise efficiency and productivity in return for wage increases. Enterprise-specific measures are now negotiated with the organization, which is a major move away from the previous centralized processes of the former industrial relations system. The process of enterprise bargaining has been driven by the need to lift the international competitiveness of Australian manufacturing industry [2]. It focuses on the enterprise itself and is a significant departure from the traditional adversarial industrial relations environment.

The importance of enterprise bargaining in Australia is realized when considering the industrial relations legal framework operating in the country. Australia followed the U.S. model of federation, with specific legislative powers conferred on the federal government and the states exercising the residual powers. While Australian trade unionism was shaped out of Australia's British colonial origin, the evolution of industrial relations in Australia has had no resemblance to that of Great Britain [3]. Great Britain retained a tradition of nonintervention by legal institutions in the collective relationships between employer and employee. Australia, however, established a system of compulsory arbitration with the creation of industrial relations commissions in all six states and at the federal level. These commissions have wide-ranging powers covering both economic and dispute situations. In the event of disputing parties being unable to reach an agreement through conciliation, the commissions would then arbitrate to resolve the disputes.

The system of industrial relations in Australia was both highly regulated by the various commissions and tribunals and highly centralized, and to a large degree the major players were government, management, and the unions. Employees were often the poor relations. Awards that acted as contracts of employment determining the employees' wages and conditions were made through the processes of conciliation and arbitration and often did not require the parties to the award, which were unions and employers, to consult employees. In addition, awards were generally broad, ideologically based arrangements and not structured to meet enterprise requirements. Awards, once made, would control conditions of employment of employees working in a number of enterprises. As a result of the highly centralized system, there were very few workplace grievance procedures in place nor was there a tradition of strong, shop-floor delegate structures among Australian trade unions [3].

In October 1991 a major step toward decentralization of the industrial relations systems occurred when the full bench of the Australian Industrial Relations Commission handed down the enterprise-bargaining principles. The commission declared it was prepared to approve enterprise-bargaining agreements made between parties bound by minimum rates or paid rates awards. Legislative changes have subsequently expanded the scope of enterprise bargaining beyond the October 1991 principles. The latest of these legislative provisions became operative on March 30, 1994. The federal system will now become one where the primary emphasis will be on enterprise bargaining.

The legislation now provides for both certified agreements (CAs) and enterprise-flexibility agreements (EFAs). Union involvement is necessary for CAs, while EFAs will allow for nonunion workplaces to have access to enterprise bargaining. The development of EFAs has meant that for the first time since 1904 agreements between employers and employees (as distinct from employers and unions) will be able to be made via the Australian Industrial Relations Commission. The federal government, in introducing this legislation, was very much

driven by the various state governments. Prior to the federal legislation allowing for EFAs, five out of the six state governments had enacted legislation allowing for workplace agreements to be ratified between employees and employers without union involvement.

The federal enterprise-bargaining legislation requires the establishment of bargaining units. Bargaining units go to the corporate structure of an organization and have been a difficult area to rationalize. In large organizations there are a number of considerations, such as defining what are corporate units and what are revenue-producing ones. The corporate units are those necessary for the organization to function effectively and efficiently, yet they may not have performance indicators linked to revenue outcomes. Examples are corporate planning and strategy branches, and the finance and administration branches. If enterprise bargaining is to be undertaken properly so as to maximize the benefits, appropriate bargaining units must be established; otherwise organizations run the risk of alienating sections of the workforce and reducing productivity in the long run. Appropriate bargaining units would ensure that the total workforce has input into the agreement and thus a sense of ownership.

EMPLOYEE PARTICIPATION IN AUSTRALIA

In Australia in recent years there has been a concerted move away from the regimented Taylorist approach to work arrangements. Through a number of initiatives, organizations have attempted to develop mechanisms that allow for greater employee involvement and consultation on a whole range of matters. The need to humanize the workforce has been seen as a critical factor to achieve competitiveness. Humanization of the workplace has been defined as:

establishment of an organisational structure that frees people to use their qualities of imagination, initiative, technical expertise, sociability and leadership during their working day. Nothing, certainly not money, can compensate for a working day of monotonous, mind-killing work [4, p. xi].

Australian managers by and large have recognized that the need to improve competitiveness by participative management and team leadership is very often a requirement for corporate survival. The current industrial relations debate on deregulation and competitiveness has brought to the surface the recognition that "constructive union/workforce/management relations can produce a win-win situation for all the stakeholders" [5, p. 4]. Management has to ensure that arrangements put in place will achieve the desired outcomes and relationships so there is genuine employee involvement and consultation. If employees perceive the arrangements that are put in place are simply to meet award or agreement requirements, such arrangements are likely to result in noncommitment and cynicism.

As a result of changes in workplace culture, there has been a movement away from the traditional adversarial relationship between managerial employee and nonmanagerial employee, and to a large extent management has facilitated this change. The trend toward flatter organizational structures that has developed in Australian organizations in recent times [6] needs to continue with refinements to ensure greater relevance to the organization's objectives. Clearly defined objectives such as improved communication and greater involvement of employees need to be identified at the outset. This will make it easier for workers to share in the organization's vision and mission and thus will aid in changing workplace culture. Internationally competitive organizations such as ICI Australia Ltd. have moved responsibility for a number of human resource matters from the specialist areas to line management [7]. Broad corporate guidelines remain in these organizations, but day-to-day staff dealings are carried out by human resource managers and line managers in the various divisions. This process is all about opening up communications, both internally and externally [7].

THE ORGANIZATIONS— BUNNINGS FOREST PRODUCTS PTY LTD.

Bunnings Forest Products Pty Ltd. is a subsidiary company of Bunnings Limited. The core business is producing Western Australian forest-based, value-added products for national and international markets. Bunnings Forest Products Pty Ltd. has a current workforce of some 1450 employees. The vision Bunnings Forest Products Pty Ltd. has set is to be "a dynamic profitable, internationally competitive market leader in Western Australian hardwoods, caring about its employees and for the environment" [8, p. 2].

Bunnings Forest Products Pty Ltd. is developing international markets into Japan, Europe, and North America. These markets appreciate the value of a wide range of applications for jarrah timber. Rail sleepers are exported to the United Kingdom and Holland while flooring products are supplied to the American market.

Major competition in "niche" markets is not expected from the neighboring Asian timber producers due primarily to the uniqueness of the Western Australia timber products qualities. Karri and Jarrah timber species are unique to Western Australia and are recognized as very high quality hardwoods. Timber in Western Australia is provided from a sustained-yield forest managed by a state government department with strict environmental controls. It is generally accepted that some of the Asian and South American industries do not have the same controls in place. This in time may be detrimental to their ability to be long-term competitors in the supply of timber products. The end result provides Bunnings Forest Products Pty Ltd. with the confidence of being a long-term player in the international timber industry.

APPROPRIATE ENTERPRISE BARGAINING AGREEMENTS AND BARGAINING UNITS IN BUNNINGS FOREST PRODUCTS PTY LTD.

Bunnings Forest Products Pty Ltd. has undertaken the implementation of enterprise-bargaining arrangements. A number of traditional award matters were proposed and jointly agreed on by management and the employee representatives as a basis for negotiation with a view of inserting them into an enterprise agreement. These included unlimited sick leave; extended compassionate and bereavement leave; ability to average thirty-eight hours of work over a twelve-month period and reduced long service eligibility period, enabling prorata leave after seven years of service.

Bunnings Forest Products Pty Ltd. believes a number of benefits will accrue through the implementation of the jointly agreed initiatives. One benefit is the increased operational flexibility of the workforce, leading to increased production. Another benefit is improved communications through consultative mechanisms, resulting in improved morale.

Bunnings Forest Products Pty Ltd. is currently a party to a registered enterprise agreement with the Western Australian Industrial Relations Commission. The term of the agreement is two years. Senior management, senior management representatives, union officials, and employee representatives were all directly involved in negotiations surrounding the developing of the enterprise agreement. Productivity based incentive schemes were introduced as part of the enterprise agreement and have contributed to lower absenteeism and an outstanding mill safety record achieved during the past year. Total accidents fell by some 15 percent compared to the previous year. The Bunnings Forest Products Pty Ltd. hardwood sawmilling area posted a lost-time accident frequency rate of 1.32 million hours worked—a rate equal to world best practice [8].

EMPLOYEE PARTICIPATION IN BUNNINGS FOREST PRODUCTS PTY LTD.

Bunnings Forest Products Pty Ltd. has established a number of participative structures where employees can provide input into the decision-making process. Bunnings Forest Products Pty Ltd. has undertaken a Continuous Improvement Process (CIP), with quality action teams working together to identify and remove obstacles to the achievement of a satisfactory return on net assets in the jarrah business. Six quality teams have been formed: resources, product mix, product streaming, equipment, people, and measure and monitor. The teams meet on a regular basis to gather data and develop solutions to their problems.

An area of the company's forest harvesting and transport operations provides an example to show the positive outcomes from employee participation. This area

was operating at a less than satisfactory level due to inefficient practices and an undiscriminating bonus system. The manager discussed the issue with the employees and outlined the level of input costs per tree needed for Bunnings Forest Products Pty Ltd. to break even or return a profit. The manager set out the requirements necessary to meet orders and the necessary cost level to return an acceptable profit margin. The employees then determined the distribution of working hours and the organization of their work. Bunnings Forest Products Pty Ltd. management believes that the lower cost associated with that section of their operations can be directly attributed to employee participation in the work process. Bunnings Forest Products Pty Ltd. has shown that when employees are given decision-making responsibility and ownership of a task they are more enthusiastic and willing to work to achieve greater productive outcomes.

The enterprise agreement operative at Bunnings Forest Products Pty Ltd. provides for a consultative committee. The structure of the consultative committee consists of representatives of management and elected employee and/or union representatives.

The function of the consultative committee is to hear reports by the management representatives and the employee and/or union representatives on a range of issues. From management these issues include reports on future plans, proposals for new products, current and predicted market conditions, organizational change within the company, plans for new technology, job training, personnel appointments, and changes in proposals regarding company policies. The employee and/or union representatives are required to report on the attitudes of the employees, and the issues they wish to raise for discussion and resolution, as well as putting forward their own ideas. The main function of the consultative committee is to reach agreement and make recommendations to management regarding changes to the operations in a win-win scenario. It is widely accepted in Bunnings Forest Products Pty Ltd. that this has played a large part in increased competitiveness, profitability, personal earning capacity, job security, and enhanced communication throughout the organization.

The enterprise agreement provides that members of the consultative committee may access agreed tripartite training courses to prepare them to work effectively in the consultative committee. The consultative committee has the power to co-opt company personnel for advisory purposes on specific issues.

The dispute resolution procedures in the enterprise agreement require the job delegate and the appropriate company representative to assist in the resolution of any dispute. If the dispute remains unresolved, the appropriate union official will then become involved. As a last resort the matter may be referred to the Western Australian Industrial Relations Commission. In effect, a bans clause has been inserted into the enterprise agreement requiring that work shall continue as normal, with no reduction in pay, while a dispute is being resolved.

QANTAS FLIGHT CATERING LIMITED (WA)

Qantas Flight Catering Ltd (QFCL) was formed in 1988 as a wholly owned subsidiary of Qantas Airways Ltd. QFCL (WA) is the catering center operating at Perth International Airport. QFCL provides in-flight catering services to more than thirty international airlines flying out of Australia. In October 1991 QFCL was successful in its bid to be incorporated into the best practice program. QFCL was one of twenty companies from a wide range of industries that was provided with federal government grant monies to implement major reforms in all aspects of its operations. The major achievement of the participation by QFCL (WA) in the best practice program is that employees and management are now working together toward a common goal. The commitment to working cooperatively was earlier established in an enterprise agreement that was essentially a survival package negotiated between QFCL, Australia's peak union body, the Australian Council of Trade Unions (ACTU), and the unions with membership coverage at QFCL. The subsequent success of the initiatives in the package is reflected in key performance indicators, which show the number of meals produced per unit of labor significantly increased between 1991 and 1993. At the same time the operating profit as a percentage of expenditure increased significantly from 1991. QFCL has a vision that commits the company:

To sustained profitable growth in an increasingly competitive environment by achieving ever rising standards of quality, reliability and timeliness of services and product delivery. In doing so the company will offer secure and satisfying employment and career development [9, p. 1].

With the merger of Qantas and Australian Airlines in 1992, QFCL now has five catering centers operating in Australia. QFCL (WA) has a workforce of 243 staff, comprising chefs, catering service attendants, kitchen hands, catering operations personnel, store clerks, and supporting administrative staff. The catering center has the capacity to produce approximately 45,000 meals per week. The current output, based on the previous twelve months' figures, is 30,000 meals per week. Currently QFCL (WA) has eight international clients, including the Qantas domestic operations.

APPROPRIATE ENTERPRISE BARGAINING AGREEMENTS AND BARGAINING UNITS IN QANTAS FLIGHT CATERING LIMITED (WA)

In March 1992, QFCL, the ACTU, and the six unions with coverage of QFCL employees reached an agreement on the terms for a survival package. On October 23, 1992, Commissioner Palmer of the Australian Industrial Relations Commission certified the QFCL Enterprise Agreement 1992, which had a term of twenty-six

months. The agreement took precedence over six existing awards in a number of core provisions such as travel, allowances, and hours of work.

The unions agreed to cooperate in the process of restructuring the company to again make it efficient and internationally competitive by:

- achieving staff reduction;
- changing the management structures, organization, approach, and modus operandi; and
- improving industrial relations, consultation, and implementation of work changes and efficiency improvements.

The parties recognized that real improvements in industrial relations and productivity/efficiency relied on line management handling day-to-day issues with staff and unions at the appropriate workplace level and in a conducive manner. Management committed itself to materially changing its approach and introducing a more consultative framework to permit greater employee involvement in decision making.

The parties agreed to focus their attention on achieving a cultural change that would be driven by management. The agreement provided for the establishment of performance indicators and productivity targets in all areas across the company so there were clearly defined goals with which all parties were fully conversant. A joint management/union working party was established to develop appropriate measures. A single bargaining unit was formed in the company, which was given considerable support by consultative committees and working parties.

EMPLOYEE PARTICIPATION IN QANTAS FLIGHT CATERING LIMITED (WA)

The researchers found QFCL (WA) stood out as an organization highly committed to employee involvement and consultation. Formal participation structures exist at all levels of the organization, which facilitate employee contributions to efficiency. These structures have a substantial impact on decision making in a whole range of activities and at different levels in the hierarchy. Employees have made a number of valuable contributions that have had a beneficial impact on the organization. One contribution was the reorganization of the process governing the receipt, storage, and distribution of refreshments. This was a simple but time-saving employee recommendation. In another case QFCL (WA) was employing contractors to change the oil in the deep fryers and to clean them. Employees recommended that they take on the job rather than contracting it out. The employees were able to significantly decrease the amount of oil required per year. This initiative alone saved QFCL (WA) approximately ten thousand dollars annually.

Management at QFCL (WA) recognized the importance of feedback to staff. At one point senior management could sense employees did not feel much had been achieved through the involvement of QFCL (WA) in the best practice program. There was a weakening impetus and less willingness to participate in further change on the part of both managerial and nonmanagerial employees. Senior management then decided to document all changes and achievements that had taken place. Initially they expected to come up with a few points but after a step-by-step process they had several pages outlining the achievements of the workforce. As change was a continuous process over a period of time, the workers had failed to notice how far they had come. Once the workers were informed of the progress made and the initiatives that had been implemented, they began to regain their enthusiasm. Management now ensures that everything is documented and made available to the workforce. A board listing output for the previous week was installed, and management noticed employees were genuinely interested and did check to see what had been done the previous week. They felt more ownership and pride in their work.

One problem the organization is experiencing that is common to organizations undergoing such transformation is acceptance of and commitment to change at the supervisory level. Not only have supervisors had the inconvenience of trying to manage when staff are temporarily transferred to work on projects and attend meetings but they also feel threatened by the empowerment of those below them. Employees now have decision-making powers that were formerly the prerogative of supervisors. The flattening of the decision-making process has threatened the position of supervisors. It is thus the supervisors who evince the greatest resistance to change. These supervisors were trained in the old style of control and authoritative management and were not given training to fulfill the new coordination and management requirements of their positions. QFCL (WA) is now considering setting up a team to train supervisors for the changed environment.

MIDLAND BRICK

Midland Brick has had a very strong history of family control, with the New family having not only a direct influence in the day-to-day operations of the organization but also a public profile that reflected a right-wing political philosophy. To a large degree this philosophy was reflected in the operation of the organization and has started to change only recently, when initiatives such as enterprise bargaining were introduced. Nevertheless, there remain significant levels of this influence, particularly among the older established employees.

As with most large organizations with a tradition of family ownership, Midland Brick has a significant component of long-term employees who are committed to the organization and its values. A number of employees are almost oblivious to the changing work environment and the evolving management styles. They find it

uncomfortable to adapt to work arrangements such as management consultation and employee participation.

Midland Brick operates in both the domestic and the international markets. The international market appears to have been a recent move, but has apparently achieved instant success. Significant is the fact there are few competitors for the organization's major product, yet the organization's strategy continues to be to restructure its production systems to ensure that it maintains market dominance.

The organization is now part of the Boral Group, one of Australia's largest companies. The Boral corporate strategy has the overriding goal of the creation of additional wealth for shareholders and, to achieve this, costs are constantly being cut, efficiency increased, and all assets examined to assess their future value to the Boral Group. This is the environment which Midland Brick now has to operate, and some recent changes in management ideology must be attributed to the Boral strategy.

APPROPRIATE ENTERPRISE BARGAINING AGREEMENTS AND BARGAINING UNITS IN MIDLAND BRICK

Midland Brick under the ownership and control of Rick New had been very paternalistic, with a whole range of areas considered to be management prerogatives. These included the promotion selection process, hours of work, shifts worked, vacation times, and safety issues, all of which over the years have moved toward being conducted on a consultative basis, with employees and their unions having considerable influence on the outcomes. Environmental factors such as lighting, machine and equipment placement, and workplace design were considered partly management prerogatives and partly to be decided by the workforce.

The introduction of enterprise bargaining in Midland Brick has brought a change in the organization's culture. A formally structured bargaining unit was established consisting of thirteen employee and four senior management representatives. The bargaining unit conducted some involved negotiations that resulted in a registered agreement that is to run for eighteen months.

The initiatives proposed by the various parties clearly show that Midland Brick is moving toward a constructive partnership between employer and employees focused on common goals. Management initiatives included the identification of key productivity indicators specific to its operations, and productivity payment based on achieving improvement in these indicators. The employees and their representatives had initiatives such as skill development training, greater communication by management with employees, greater participation by employees in the decision-making process, and a requirement that management consult with elected employee representatives on discipline matters.

Midland Brick sees the enterprise agreement initiatives as achieving a number of corporate goals. The company is committed to a customer focus, and consistent

with this is an improvement in the quality of its products. Reduced waste and rework will result in considerable savings both in material and time. Improved safety will not only cut down on lost employee time but also increase productivity and morale. Greater employee job satisfaction will lower turnover, retain valuable employee expertise, and save recruitment and retraining costs.

The ideology of Midland Brick is undergoing a transformation from controlling and directing employees—albeit in a caring manner—to working with them in achieving clearly focused objectives.

EMPLOYEE PARTICIPATION IN MIDLAND BRICK

Midland Brick, in keeping with its political philosophy, has an employee relations operation that is largely paternalistic. With over 500 employees, there are five awards in the organization and seven unions sharing the coverage. Yet only 10 percent of the employees are unionized.

Midland Brick prefers to resolve workplace issues as part of normal management practice, and industrial matters are dealt with at the department, manager, or line manager level. The employee relations philosophy is that any area of disagreement or conflict can be resolved through direct negotiation between the employee and management. The organization accordingly believes any regulation of the workplace should only be through company policy.

The organization has adopted a practice of introducing participative structures into the organization to allow employee involvement in the decision-making process. These participative structures exist at the executive, plant, workshop, and shop floor levels. Management believes the structure has facilitated employee contributions, which have resulted in a number of beneficial outcomes for the organization.

Midland Brick has placed considerable emphasis on employee satisfaction in its decision-making process. Management gives substantive weight to the quality of work life at the corporate planning level, and there are an increasing number of matters now being dealt with between management and employees on a consultative basis.

BHP IRON ORE

BHP Iron Ore is an organization operating in a highly competitive international environment. The organization has rich resources available to it, particularly at Mt. Whaleback and Yandi. These two operations provide the organization with competitive operating costs, while Newman is still a relatively high-cost producer. In the year ending May 1993, the company increased shipments by 14 percent, mainly due to the increased output from the Yandi mine. The Yarrie mine has recently commenced operations, and the first ore was shipped from the mine on December 26, 1993. Ore processing facilities are located at Port Hedland.

Major changes are taking place among the 3700 employees at BHP Iron Ore. There has been a 10 percent cut in ore prices for 1993/94, which will result in a \$140 million cut in revenue from the previous year. One of the direct results of ore price reductions will be a review of labor inefficiencies in consultation with employees and unions.

BHP Iron Ore has participated in the best practice program through two projects: the Railroad Signals Group at Port Hedland, focused on documenting and disseminating three aspects of signaling, and the Mobile Equipment Workshop (MEW). The MEW employs 231 people, and the aim of the project was to bring the workshop's operations up to the world's best standards. Current mechanical availability on production had to increase from 75 percent to the world best practice of 85 percent or above. Its successful participation in these projects contributed to BHP Iron Ore's finalist standing in the human resource management category of the Western Australian Industry and Export Awards.

APPROPRIATE ENTERPRISE BARGAINING AGREEMENTS AND BARGAINING UNITS IN BHP IRON ORE

In 1993 BHP Iron Ore and five unions entered into a landmark enterprise agreement, which brought an end to twenty years of restrictive work practices at BHP's Port Hedland and Newman operations. A significant achievement of the agreement was the breaking down of demarcation barriers by providing employees with training to perform a wider range of jobs. BHP Iron Ore management believes the agreement now provides employees with more interest in their job as well as increased mobility throughout the industry, should they choose to leave the employment of BHP Iron Ore.

Western Australian Industrial Relations Commissioner Jack Gregor, who ratified the agreement on July 14, 1993, stated the company's decision to consult unions and workers had placed it in a different negotiating position from its competitors. He commented that BHP has gradually tried to change the way it deals with industrial relations issues and the new agreement was the culmination of a very long-term approach.

The unions had formed a single bargaining unit, but the arrangements were flexible enough to allow for negotiations with management in areas of specialization. The union officials involved in the bargaining unit were local representatives who had a good knowledge of the problems of the industry, the company, the employees, and the reforms needed to address the problems.

EMPLOYEE PARTICIPATION IN BHP IRON ORE

Employee involvement was a major consideration when formulating the terms of the enterprise agreement. Employees had been asked to make contributions when drafting the deal, to identify areas impeding efficiency. BHP Iron Ore's

commitment to the process of consultation and participation has extended beyond the consultative requirement of enterprise bargaining.

The introduction of Total Quality Management (TQM) at the Nelson Point Ore Car Repair Shop is providing employees with direct input into the structure and management of their work. A team consisting of five employees from different sections of the workshop is focused on the task of quality improvement in the maintenance and repair of rail bogies. The team identified areas of their work that improved both safety and productivity.

The Nelson Point Ore Car Shop floor operators have also set up a project team whose goals are both to increase the number of wheel sets turned per day and to improve workmanship so that the service life of wheels sets are prolonged.

The Nelson Point suggestion scheme is now in the fifth year of operation. This is a scheme that encourages and rewards suggestions by employees. The scheme results in approximately ten suggestions per month. One suggestion by an employee has saved the company an estimated \$57,000 per year in maintenance and labor costs.

CONCLUSION

Australia, at the national level, had addressed its competitiveness issue in the Asian sphere through changes in the macroeconomic structure. The centralized wage-fixing arrangements that have dominated over the years have given way to microeconomic reform with the emergence of enterprise bargaining agreements. It is evident that with enterprise bargaining being accorded an extremely high profile, the other initiatives put in place by organizations to facilitate their microeconomic change agendas have been successful, none more so than the employee participation agenda.

To a large degree the psyche and culture of Australian industrial relations has always been underpinned by a recognition—and very few economists recognized this—that a fair and equitable system for employment is an efficient system. While the last decade has seen unprecedented change in industrial relations, the path to the decentralized system of industrial relations has been less traumatic due to this psyche and culture. Industrial disputes have decreased, and this is not surprising in view of the manner in which management in all four organizations entered into the potentially high-risk area of greater employee involvement and the negotiation of enterprise agreements. Management embraced the increased responsibility of working together with their employees on areas of mutual concern and benefit yet at the same time maintaining the right to manage.

Bunnings, Qantas, Midland Brick, and BHP have all entered into enterprise agreements that are designed to achieve corporate goals and at the same time obtain employee commitment to the process by meeting individual and union aims. The structure and content of the agreements vary considerably, as does the methodology adopted in negotiating them. What does remain common is the

belief by all parties in the strength of the agreement and their determination to work together to ensure their success.

All four organizations have undergone workplace culture and organizational structural changes, though to varying degrees. Bunnings Forest Products Pty Ltd. and Midland Brick have gone from successful family companies to public companies. BHP Iron Ore has had to cope with external market pressures. Qantas Flight Catering Ltd. has had to prepare for privatization. It is significant that the organizations were able to implement the new structure and facilitate the necessary workplace culture changes without the disruption and dissatisfaction that often accompanies such activities. To a large degree this was due to the philosophy and approach of management and the strategic approach of employees and unions. The need for employee involvement and consultation was a major component of that philosophy. There was always genuine involvement and consultation, and the outcomes were often very constructive. Innovative suggestions and recommendations from the shop floor were received, which management was able to implement successfully.

It was evident in the organizations that the attention to fairness and equity when undertaking enterprise bargaining and workplace reform contributed toward obtaining the cooperation and commitment of the employees and the unions. The agreements and changes were focused on strategic, dynamic, productivity improvements, in which employees had a vital role, rather than a simple shutdown or shedding of operations with wholesale job reductions. In all of this the cooperation, commitment, and involvement of employees were recognized and utilized.

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