

# **The Contours of Joint Consultation in Australia: Updating the Empirical Evidence**

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## **ABSTRACT**

Seminal changes to the Australian industrial relations landscape since the 1980s have had a significant effect on the structure of employment relations and consequently, employee voice regimes. Direct involvement and communication between employer and employees has become the norm as a means to generate employee engagement, loyalty and commitment. However, despite the increased variety of alternative voice regimes in Australia, no large scale-survey has been undertaken on joint consultation since 1995. This paper provides an empirical analysis of employee voice in Australia, with a specific focus on joint consultation, drawing on data from two large national surveys of workers. We examine the incidence, composition, purpose and effectiveness of joint consultation from the perspective of employees', using descriptive statistics. This paper makes a significant empirical contribution to existing knowledge on joint consultation in Australia.

## **INTRODUCTION**

In recent years, the Australian industrial relations landscape, like many other Anglo-American countries has been characterised by declining union density, a hostile political and legal environment, decentralised bargaining and the emergence of sophisticated human resource management (HRM) strategies. These changes have had a significant effect on the focus and structure of employment relations and the variety of employee voice regimes in Australia. A major effect has been the shift of decision-making power to the workplace, with direct communications between employers and employees becoming the norm. A significant implication of this change has been the marginalisation of unions and union voice in the workplace, and the development of alternative voice mechanisms, although, in the Australian context, the two are not mutually exclusive. These fundamental changes have stimulated academic interest in individualistic and direct employment relations, non-union voice regimes, high performance work systems and sophisticated HRM practices as ways to engage employees and manage the employment relationship (e.g. Bryson, 2004). Despite a variety of criticisms of alternative voice mechanisms, including passivity and the negation of the role and legitimacy of unions (Marchington 2001, 1994), it has been shown that cooperative and direct relations based on 'mutual gains' between workers and their employers can improve individual working lives and organisational performance (Rogers & Streeck 1995). Despite the growth and interest in alternative voice mechanisms, no large-scale survey has been undertaken on joint consultation in Australia since 1995. Given the paucity of research on the topic, and in light of the increasing array of EV channels available in Australian workplaces, this paper examines the incidence, composition, purpose and effectiveness of joint consultation from the perspective of employees'.

## **THE DEVELOPMENT OF JOINT CONSULTATION IN AUSTRALIA**

JCCs emerged in Australia with the support of the federal Labor government post-1945, influenced by the success of these mechanisms in other Anglo-American countries in facilitating post-war productivity and efficiency during reconstruction. JCCs became increasingly common in the public sector but declined by the mid-1950s, due to disillusionment on the part of managers. Disillusionment among managers was linked to staunch resistance by unions who viewed such mechanisms as part of a larger strategy intended to undermine their role and strength in negotiating terms and conditions of employment (e.g. Lansbury 1978). Resistance from unions can only be understood in the context of Australia's centralised arbitral system which was dominant for most of the 20<sup>th</sup> century. Under the arbitral system, wages and conditions were set by industrial tribunals through conciliation and arbitration, or, in the shadow of their principles and precedents or the prospect of intervention. The arbitral system also operated on the basis of recognition of organisations, meaning union representation was entrenched as the primary mode of EV.

Alternative voice mechanisms resurfaced in the 1970s, under the banner of industrial democracy, although pressure from unions significantly curtailed their scope, leading Lansbury (1978) to argue that workers' participation was less developed in Australia than any other advanced western economy. Another factor that prohibited the development of alternative voice mechanisms in Australia was the lack of formal power or constitutional basis given to joint consultative bodies. In the absence of legislation regulating JCCs, employers were reluctant to relinquish managerial prerogative (e.g. Marchington 1994). The only exception to this situation was the enactment of provisions in the *Public Service Reform Act* which mandated industrial democracy plans and JCCs in departments and agencies under the jurisdiction of the *Public Service Act*.

Other legislative developments that have influenced the growth of JCCs post 1980 are: wage fixing principles introduced by the national industrial relations tribunal after 1991 that required the parties to industrial awards to consult on efficiency and productivity measures; the *Termination Change and Redundancy Case (1984)*, which established a new standard requiring employers to consult on impending change and redundancies; and, requirements for consultation provisions to be included in enterprise agreements under the *Industrial Relations Reform Act 1993 (Cth.)* (e.g. Forsyth, Korman & Marshall, 2006). In practice however, the lack of legitimacy and authority accorded to JCCs meant that they commonly assumed advisory roles only in Australian workplaces, failing to deal with issues of strategic importance. These higher level issues have remained within the scope of collective bargaining between employers and unions, or, within the prerogative of management. The lack of legitimacy accorded to JCCs also provided little impetus or support to spur the workforce to pursue the development of these mechanisms (Davis & Lansbury, 1989).

## **JOINT CONSULTATION AND EMPLOYEE VOICE**

Little is currently known about the factors associated with the presence and effectiveness of JCCs in Australia. Ramsay's (1977, 1983) cycles of control theory argues that management interest in employee participation is dependent on the power of unions in the workplace: where unions are stronger, management will use alternative voice regimes such as joint consultation to marginalise union involvement and influence.

Marchington's (1992) waves' thesis focuses on micro rather than macro level factors and recognises that these factors may not necessarily be within the realm of management

control. Marchington (1992) identifies a paradox of participation: an increase in employee participation in a period of declining organised labour, which he attributes to increasing global competitiveness, and consequently, a variety of demands upon managers to seek continuous improvements in work organisation and enhance productivity and efficiency through cooperative practices. Such practices may include: financial involvement, information-sharing and workplace flexibility. Poole *et al.* (1999) put forward a similar argument, identifying four primary factors that explain employee participation: macro economic conditions; the strategic choices of actors; the power of actors; and organisational structures and processes.

Recent research on EV and the widespread development of EV mechanisms in practice, also provide rich insights into the nature of participation and potential drivers of joint consultation at the workplace. EV has been linked to: organisational performance, high commitment management and high performance work systems (Boxall & Purcell 2003); employee satisfaction, proactive employee behaviour and industrial democracy (Brewster, Croucher, Wood & Brookes 2007; Budd 2004); and, due process, employee rights and justice in the employment relationship (McCabe & Lewin 1992). Whilst EV is rooted in equity and fairness in the workplace, Hyman (2004) has argued that voice is only one feature of the broader regulation of the employment relationship, meaning that the relative efficacy and sustainability of voice is intertwined with other social and economic features. Dundon *et al.* (2004) argue a similar case, and both arguments are consistent with Marchington's (1992) and Poole *et al.* (1999) frameworks.

There is little doubt that the variety of EV mechanisms in Australia and most advanced market economies has increased, resulting in a growing heterogeneity of representational and participatory forms. Labour market deregulation, the global decline of organised labour, increased technological sophistication, increased educational levels, widespread industry restructuring and the spread of neo-liberal ideologies have created a favourable environment for the weakening of collective voice and the subsequent diffusion of direct and non-union voice. The emphasis of the latter is on enhancing productivity and employee commitment rather than industrial democracy (e.g. Brewster *et al.* 2007; Bryson 2004). Alternative forms of EV are however, also the result of the increasing emphasis on strategic HRM, and the assumed links between HRM and firm performance under changing organisational and competitive conditions (Wood & Wall 2007).

Whilst employee involvement is at the heart of theoretical conceptualisations of HRM as a determinant of firm performance, in practice, EV regimes vary widely in terms of design, employee coverage and the scope of the issues covered: distinctions are commonly made between task-level versus strategic-level decisions (McCabe & Lewin 1992; Dundon *et al.* 2004). Channels of EV also vary widely in terms of the depth or embeddedness, and recent empirical work has begun to address why employers choose particular forms of voice (e.g. Willman, Bryson and Gomez 2006, 2007; Brewster *et al.* 2007). All these studies indicate that management attitudes, style and context become critical in determining the nature and characteristics of EV at the firm level. Under these circumstances, it is pertinent to ask: 'Does management afford employees a genuine right to participate in organisational decision making, or as Charlwood and Terry (2007) suggest, do they use information provision as a fig leaf cover for managerial unilateralism'?

The above issues are at the heart of two debates underpinning the EV literature which can help us to understand the development of joint consultation. The first is the incidence of non-union, direct and union voice mechanisms relative to hybrid/dual voice arrangements. This has been widely examined across Australia and the UK (e.g. Pyman *et al.* 2006; Charlwood & Terry 2007). The incidence of EV regimes is intimately related to employers' choices of voice channels, but also to the utility of different voice regimes, which comprises the second key debate in the voice literature. Indeed, the theoretical arguments are well known: the superiority of union voice vis-à-vis direct and non-representative voice and vice versa. Empirical analyses of the efficacy of voice regimes have produced inconsistent results and issues.

### **THE INCIDENCE AND NATURE OF JOINT CONSULTATION IN AUSTRALIA: EMPIRICAL ANALYSES**

It is important to review empirical studies examining the nature and operation of JCCs in Australia. In an analysis of the 1990 AWIRS data, Marchington (1992) found that models of consultation were linked with the degree and strength of unionisation at the workplace. However, union members accounted for only a quarter of committee representatives, suggesting hybrid arrangements existed. Marchington (1992) also examined the subjects discussed by JCCs and found that industry was a significant determinant of differences.

The second AWIRS (1995) revealed that the incidence of JCCs more than doubled since 1990 (Morehead *et al.* 1997; Forsyth *et al.* 2006) across all sectors of the economy. The development of enterprise bargaining, which had been formalised in the *Industrial Relations Act 1993* (Cth.), was a significant catalyst in the development of alternative voice mechanisms such as JCCs (Morehead *et al.* 1997; Forsyth *et al.* 2006), and businesses that engaged in enterprise bargaining were more likely to have JCCs. The AWIRS (1995) also revealed a strong presence of union representatives on JCCs. However, consistent with a shift away from union voice, 53% of committees were hybrid bodies, suggesting that direct and indirect voice mechanisms do not necessarily act as substitutes.

The most recent study of JCCs in Australia (Forsyth *et al.* 2006) was undertaken following the enactment of the *Workplace Relations Act 1996* (Cth.), which downgraded statutory support for joint consultation. Using data from the ACIRRT Agreements Database Monitor (ADAM), the authors provide a broad picture of JCCs in both federal and state jurisdictions from 1991 to 2004. They also consider the detailed operation of JCCs through examination of selected enterprise agreements. Key findings drawn from this study are: an increase in the incidence of JCC clauses in agreements between 1991 and 2003; a greater incidence of consultation clauses in union agreements than non-union agreements; significant variations in the incidence of JCCs between industries, and, a lack of formal requirements for unions to be represented on JCCs.

In summary, the EV literature and empirical analyses of AWIRS' reveal many variables that are potentially important in considering the contours of joint consultation in Australia: the power of the actors and their strategic choices, the composition of EV regimes, legislative influences, industry/sectoral influences, the composition of consultative committees, employees' appointment to committees, frequency of meetings, the nature of union involvement, subject matters dealt with by consultative committees, and, the degree of employee involvement in decision making.

## **METHOD**

The Australian Workplace Representation and Participation Surveys (AWRPS 2004, 2007) were undertaken in order to explore the changing nature of worker representation, participation and influence. The data reported in this paper are drawn from the 1000 responses to the AWRPS in 2004, and the 1022 responses to the AWPRS in 2007. Both survey instruments were based on the 1994-1995 Worker Representation and Participation Survey conducted in the US (Freeman & Rogers 1999), the British Worker Representation and Participation Survey (2001) (Diamond & Freeman 2002), and, the New Zealand Worker Representation and Participation Survey (2003) (Haynes, Boxall & Macky 2003), but were adapted to conform to the institutional and demographic contexts in Australia.

Employees were surveyed using computer-assisted telephone interviewing (CATI) techniques and on-line panel sampling (AWRPS 2007 only). Potential respondents were selected randomly from the residential telephone directory and contacted. The interviews were conducted in the evenings and the sample was limited to Australian residents in paid employment of more than 10 hours per week who had left secondary school. Self-employed persons and company owners were excluded from the survey, as were mobile, business and commercial telephone numbers. Both samples were stratified by Australian State/Territory to reflect the geographical distribution of the population as reported in the Australian Bureau of Statistics (ABS) Census of Population and Housing 2001. Overall, both samples are broadly representative of the Australian working population in terms of demographic characteristics. The results compare descriptive statistics drawn from the two surveys.

## **RESULTS**

### **Incidence and Composition of Joint Consultation**

Examining incidence, the results are indicative of a decline in joint consultation over the period 2004-2007 (52.8% versus 33.1%). One concern is that a larger proportion of workers in the 2007 survey (19% versus 6.8% in 2004) were unsure whether a JCC was present in the workplace. With regard to the appointment of employees to committees, election by fellow workers and unelected volunteers are the dominant methods, consistent with Forsyth *et al.* (2006). Election of employees to a JCC by a union/staff association is a minority trend. However, results from the 2007 survey suggest increased use of hybrid voice channels comprised of both non-union and union representatives (15.5%). In contrast, very few JCCs were union-only (1.8%) or non-union-only (4.4%). Despite the apparent level of involvement of employees' in selecting representatives, this does not guarantee that joint consultation affords employees the power or authority to challenge management decision-making.

### **Purpose of Joint Consultation**

The 2004 AWRPS did not address the issue of the purpose of joint consultation. As a means of improving the survey instrument, additional questions were added to the 2007 survey. These results reveal that the majority of JCC meetings are conducted with management between 3-10 times/year (12.9%). The three most common purposes of a JCC were: to improve communications (20.7%), to improve productivity, efficiency and performance (20.3%) and to assist in implementing change (18.3%). The least common purposes of JCCs were: to reduce labour turnover and absenteeism (9.4%), to enhance skill levels (13.3%) and to reduce disputation (14.8%). These results portray the dominance of the business case rationale in driving consultation rather than a desire to extend employee voice by management.

### **Effectiveness of Joint Consultation**

Perhaps consistent with the declining incidence of JCCs over the 2004-2007 period, employees' perceptions of the effectiveness of JCCs also declined. In 2004, 38.7% of employees rated JCCs as quite or very effective, whereas this had fallen to 23.3% in 2007. One potential explanation for the decline in the effectiveness of joint consultation from the perspective of employees', and consistent with the literature (Haynes *et al.* 2005), may be an associated perception of monopoly control of joint consultation by management. That is, employees' over time, may have perceived a lack of genuine opportunity to participate in, or influence, managerial decision making within an organisation over issues deemed to be important to them.

### **DISCUSSION**

The declining incidence of joint consultation identified during the period 2004-2007, could be attributed to: employers seeking to restore managerial prerogative through direct voice mechanisms by taking advantage of a decline in collective voice, and/or employers responding to legislative developments since 1996 which have emphasised and encouraged the implementation of direct and individualistic consultation structures. Despite evidence of a decline in joint consultation, it could reasonably be argued that the durability of joint consultation as a form of employee participation in Australian workplaces may be linked with the development of HRM strategies designed to generate employee engagement and commitment in an era of increasing competition, particularly among large organisations. It may also be the case that an increase in hybrid JCCs is consistent with this trend to HRM, in addition to unions' actively seeking to use joint consultation, both formally and informally, as a means to extend employee voice and counteract the decline in union voice. However, the perceived dominance by employees' of the business case rationale in driving joint consultation, rather than an explicit attempt by management to extend employee voice, may be indicative of consultative structures which fail to provide employees and unions with power and a genuine opportunity to participate in joint decision-making. These dynamics of consultation warrant further investigation in the Australian context. The underlying issue that remains unanswered is whether bilateral consultation results in a change in the nature of decision making in JCCs.

### **CONCLUSION**

This paper has examined the incidence, composition, purpose and effectiveness of joint consultation from the perspective of employees', using data drawn from the AWRPS' (2004, 2007). The incidence of joint consultation was found to have declined during this period, though arguably, joint consultation remains a durable form of employee participation. Employees' perceptions of effectiveness also declined during the period, and may be indicative of the fact that joint consultation is not representative of their views, and/or is monopolised by management. However, in the absence of data on the depth or the degree to which joint consultation is embedded in organisational processes, firm conclusions as to whether joint consultation affords employees' genuine power and participation in joint decision making cannot be drawn. In addition, without this data we cannot ascertain whether perceptions of effective joint consultation enhance employee well-being, rather than just organisational level outcomes or the preservation of managerial prerogative.

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