

Challenging new American business study

Phil Teece is concerned that Australia may be boxing with the shadows of labour market reform rather than tackling its substance

In *Negotiating the Future: A Labor Perspective on American Business* (Basic Books, 335 pp, ISBN 0 465 04917 6), father and son team Barry and Irving Bluestone present a formidable case for real employee participation as the answer to America's economic crisis. In doing so, they prompt disturbing questions about Australia's decision to rely heavily on systemic change as the way out of similar difficulties.

Drawing on many years combined experience in economics and labour relations, the authors argue persuasively for an entirely new Enterprise Contract and the end of traditional collective bargaining as America's salvation. They see labor and management putting aside the fundamentally adversarial contract in favour of a co-operative compact in which their traditional roles are completely transformed.

Labor would accept much greater responsibility for quality and productivity—historically managerial matters. Management would accept a heightened obligation to provide job security—previously the major concern of unions.

Together, labor and management would work jointly to make decisions at every level of the organisation, right up to the Chief Executive. Workforce involvement in strategic direction setting would be routine.

The book details a number of case studies where co-determination, profit and gain sharing are producing impressive results. By far

the best results are found where unions play a major role, in conjunction with an active management.

What is worrying for Australia in this prescription is not so much the epic journey proposed but rather the point of departure.

The need for change, say the book's authors, arises from America's parlous economic performance, the result of falling competitiveness, low productivity, poor quality, rising imports and declining exports. Employment in USA manufacturing is lower in the late 1980's than in the 1960's. Redundancy stalks the workforce in almost all sectors.

This is distressingly familiar to Australians.

Yet at the heart of the now successful challenge to Australia's arbitration-based industrial relations system has been a gathering argument for adoption of the alternative collective bargaining approach. In academic circles debate about the relative merits of these two systems has been underway for at least the last decade. And throughout this time America has been held up as the model to which we should aspire in changing our industrial relations system and law!

What this book shows beyond argument is that Australia's compulsory arbitration and America's collective bargaining—seen by many as diametrically opposite options for industrial relations—have presided over precisely the same dismal economic outcomes.

Then are changes to legal and institutional IR structures the an-

swer to economic malaise? Will emasculating the Industrial Relations Commission make any difference to productivity and quality control in industry? Is the system the issue at all?

In the past five years our formal industrial relations system has been radically reshaped to accommodate new approaches based on trading wages for work practice change. The goal was productivity gain. But award restructuring, the second tier and the structural efficiency principle have achieved few gains in macro-level labour productivity performance. Why should a rush to change laws and formal structures for enterprise bargaining achieve any more?

Negotiating the Future invites us to stop finding scapegoats and looking for easy answers by continual tinkering with the framework for industrial relations. This is just the frippery around the edges of workplace practices. The book's central argument is that the way we organise work inside organisations will be the real determinant of productivity performance. Getting to grips with a real improvement in relationships is a matter of whether we *will*, not whether we *can*. And a formal system, whether based on arbitration or collective bargaining or some of both, will not stop an enlightened management and co-operative unions from changing the way they work and lifting results. Nor will it prevent them from re-treating deeper into their bunkers and blaming everybody else. ■

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