

Workplace productivity



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Manager,
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What really drives workplace productivity? Is it the industrial relations framework and the form of bargaining used? Or might innovative personnel policy and management practice have more to offer?

With evidence building on enterprise bargaining's damaging effects on fairness, there is urgent need for its benefits to be analysed. In particular, any links between decentralised bargaining and productivity need to be identified.

Since 1991, Australia has developed an unusual industrial relations model. It is popular to describe new arrangements as decentralised, but in truth our system employs both centralised and decentralised methods. This applies especially to our wage-fixing which now involves a two-stream process. It makes us markedly different from most countries, including those that have switched from one model to another. New Zealand, for example, has also changed its industrial relations system in recent years but has largely replaced the award system with local-level bargaining and individual contracting. By contrast, Australia has merely grafted enterprise bargaining onto its traditional arrangements for regulation of employment conditions.

We now have a hybrid wage-fixing system, in which more than half the workforce (fifty-four per cent) gain wage increases from local-workplace agreements, while the remainder still rely on the award system. The implications of this require careful consideration, especially since international research suggests hybrid systems are the least effective framework for gaining workplace productivity growth [see, for example, Steve Dowrick: *Wage bargaining systems and productivity growth in OECD countries*, Economic Planning and Advisory Council].

Many of these issues have been addressed by Professor Malcolm Rimmer of Deakin University in a fascinating paper in the current edition of the *Journal of Industrial Relations* ['Enterprise bargaining, wage norms and productivity', JIR 4/40 pp 605-623]. Rimmer finds that wage negotiations are increasingly being linked to productivity, either through trade offs or by use of workplace productivity as a criterion to determine the level of wage settlements. A major difficulty arises because few Australian studies actually deal directly with pro-

ductivity outcomes from particular forms of bargaining. While its proponents make much of enterprise bargaining's positive effects, what little evidence there is relies almost entirely on subjective management measures or, more often, estimates of future gains. Rimmer asserts that Australia has a serious 'research gap' as far as the effect of enterprise bargaining on both micro- and macro-level productivity performance is concerned.

By contrast, he unearths a wealth of conceptual and empirical evidence to show that innovative, employee-focussed personnel practices can have a profound effect on organisational performance and competitive advantage. This makes clear that a focus on improving employee knowledge, skills and abilities, on the one hand, and attention to 'motivational' issues, on the other, is reaping a useful harvest for some American companies. Investment in these practices routinely produces lower labour turnover, higher productivity and better financial performance than is experienced in companies that do not adopt them. There are no magic solutions, however, and certainly no one best way. Organisations need to fit their personnel policies to their own circumstances. But a positive co-operative framework, within which relevant practices are developed with the workforce, is proving the best route for progress. Enterprise bargaining is found to be, at best, but one small contributor to productivity improvement — and then only if it forms part of an overall strategy built on the principles discussed above.

These cautionary warnings against what Rimmer calls the 'simplistic equating of enterprise bargaining with productivity growth' are yet another example of a paradox in contemporary employment policy and practice. Governments (of both persuasions) and many managers still cling to the belief that systemic change will produce the results they (and everyone else) would like to see. Yet over and over again, all the evidence indicates that it is attitudinal and behavioural change which generates sustainable improvement. Just as downsizing has not, and will not, magically transform productivity performance, so enterprise bargaining will disappoint its supporters if it is seen as an easy road to success. Managers have often pleaded to be allowed to manage. But it is frequently their reluctance to do so, and an attendant reliance on easy 'external' solutions and management consultants, which

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prevent progress. For enterprise bargaining to realise the claims of its advocates, it needs to be seen as a first step: a framework for development of the novel, organisation-specific people policies identified in Rimmer's analysis.

If any further proof were needed that, for many, enterprise bargaining has produced far more rhetoric than substance, the library and information workforce can provide it. Decentralised bargaining was supposed to allow more thorough assessment of work value within organisations. It was supposed to result in intra-firm comparisons of worth and align rewards more closely with contribution. It was touted as a way to overturn pay inequities built on sheer industrial muscle. How then can it be that, at the end of a decade in which enterprise bargaining has

held sway, librarians in that time have experienced the very opposite? In her recent landmark judgement in the New South Wales Pay Equity Inquiry, her Honour Justice Glynn of the Industrial Relations Commission concluded that the work of librarians across the State had been severely undervalued, despite their having experienced in the past ten years work value increases of the very highest order. A sharper example of the chasm between rhetoric and reality is hard to imagine.

This will not stop the endless stream of publications and press releases extolling the virtues of further labour market deregulation and more enterprise bargaining. But nobody should be surprised when Australia's librarians do not include them on recommended reading lists. ■

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