

TRADE UNION STRATEGIES IN A SOPHISTICATED HUMAN RESOURCE MANAGEMENT ENVIRONMENT

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Abstract

Sophisticated human resource management strategies, underpinned by a unitarist (rather than a pluralist) frame of reference, have the potential to undermine the role and function of trade unions. This has forced unions to 'rethink' their strategies to maintain a position of relevance in this new environment. In this context, the Organising Model of unionism has emerged as a possible panacea for membership decline and a mechanism for self-transformation and renewal. This case study explores the strategic response of a union to sophisticated human resource management strategies, in the broader context of a major industrial dispute.

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INTRODUCTION

Sophisticated human resource management (HRM) strategies, underpinned by a unitarist philosophy, have significant potential to negate the role of unions through a focus on a unified commitment by employees to the organisation. This has posed serious questions for trade unions forcing them to re-think their strategies to counter employer led policies of union avoidance and exclusion. The 'organising' model of unionism has been identified as a panacea for union marginalisation and exclusion, with its emphasis on grass-roots activism and mobilisation (Pocock & Wishart 1999). This 'new' union strategy, embedded in the notion of self-transformation, has proved successful in the US in the face of virulent employer opposition (Bronfenbrenner 1997). This has provided important lessons for Australian unions and increased calls for its adoption (Pocock & Wishart 1999; Carter & Cooper 2002). This paper explores the response of a union to sophisticated HRM strategies, in the form of a grass roots organising campaign and in the context of a major industrial dispute.

METHODOLOGY

A qualitative approach was undertaken for this research. Semi-structured interviews were conducted with union officials and HR managers. The managers were selected as a result of their involvement in the development of HR and ER policies, and their links to senior management.

HUMAN RESOURCE MANAGEMENT & INDUSTRIAL RELATIONS

With a decline in unionism, a move to decentralised bargaining and the emergence of HRM, the ground has shifted dramatically from a pluralist to a unitarist perspective of the employment relationship in Australia. This new relationship is more directly between employer and employee, which can marginalise the role of unions in the workplace or lead to an environment of overt union avoidance (Beaumont & Townley 1985; Guest & Rosenthal 1993; Holland, Nelson & Fisher 2000). These changes have focused interest on how unions might respond to such workplace challenges. In addition, a shrinking membership base overlaid with a hostile legislative environment and an increasingly casualised workforce consisting predominantly of women (the group with the lowest representation within Australian unions), have necessitated effective union responses to ensure their growth and long term existence (Holland *et al.* 2000). The following case study explores these issues in the Australian context.

Storey (1992) suggests that HRM approaches and industrial relations can successfully coexist. However, an increasing body of research in the US and UK reveals that HRM policies have been introduced by employers as 'union substitution' strategies (Kochan 1980, Fiorito, Lowman & Nelson 1987, Dundon 2002, Gall 2002). Kochan (1980) identified that union substitution policies tend to be concentrated in large firms that can afford specialised industrial relations personnel. In the UK, union substitution has been less pronounced, yet recent research indicates employers are increasingly adopting such approaches. Gall (2002) identified two different types of tactics: a strategy based on fear and intimidation, seeking to create a perception that the union is 'bad' or a source of 'trouble'; and/or a union marginalisation strategy based on communication through non-union channels.

Research in the Australian context has revealed diverse tactics associated with the role of HRM practices and union avoidance. The most common form of employer behaviour identified is what Peetz (2002) terms inclusivist employment practices, manifest in the introduction of

individual contracts to promote a common commitment and purpose among the parties and to the organisation, and, to exclude unions (e.g. Hamberger 1995; Deery and Walsh 1999). Other inclusivist strategies identified by Peetz (2002) include inclusivist relational and informational measures, such as establishing alternative non-union forms of consultation, participation, training, and communication mechanisms. This is consistent with Gall's (2002) findings. Inclusivist relational measures may also extend beyond the boundaries of the workplace to encompass social activities as a means to render collectivism nugatory: a team commitment and spirit (Peetz 2002; Dundon 2002). However, in relation to union substitution, the evidence is less apparent. Deery and Walsh (1998) found little evidence that Australian workplaces had introduced HRM policies to substitute unions. Rather, they found sophisticated HRM practices were more likely to be utilised in workplaces with stable or expanding levels of union membership.

THE ORGANISING MODEL OF UNIONISM

The Organising Model of unionism rose to prominence in Australia following the publication of the Australian Council of Trade Union manifesto '*Unions@Work*' (ACTU 1999). Marking a significant shift in ACTU policy (Carter & Cooper 2002), this document emphasised four central planks of union strategy: building workplace activism; efficient use of technology and management techniques; organising non-union workers; and broadening the agenda of unions beyond the workplace. The publication of this document signalled a deeper practical and political commitment to organising unionism on behalf of the peak body's leadership (Carter & Cooper 2002). This commitment was reinforced at the ACTU policy making Congress in 2000. The Organising model is designed to provide members with leadership and a vision for their self-realisation, fostering both individual and collective activism (Grabelsky & Hurd 1994; Heery, Simms, Simpson, Delbridge & Salmon 2000).

CASE STUDY: LEISURECO

LeisureCo is an ageing greenfield site based in Melbourne. It is the largest greenfield employer in the state of Victoria. It has a workforce of approximately 5500 employees. Some 3500 employees are eligible for membership of the union and are covered by the enterprise agreement. The union has closed shops in three areas: warehouse, security and surveillance. In the remaining functional areas, union density is around 70 per cent. The site runs seven days a week, 24 hours a day 364 days a year. The site was set up almost ten years ago and has had a union presence from the beginning. In 2003, LeisureCo experienced its first major industrial dispute. This paper explores the dispute using both an HRM and union perspective, as a means for investigating the strategic response of the union (a grass roots organising campaign) to sophisticated HRM strategies.

Following Meredeem's (1988) approach to analysing major industrial disputes, seven stages are utilised to explore the grass roots organising campaign undertaken by the union, in an environment underpinned by sophisticated HRM strategies. These seven areas are as follows: pre-dispute context; the challenge; initial responses; consequences; climax; settlement; and the aftermath.

Pre-dispute context

Initially, the HR and management team at LeisureCo took what could be considered an unconventional approach to industrial relations in the context of the political environment. LeisureCo opened during the tenure of the Kennett State Government (1992-1999), one of the most virulently anti-union governments which has held office in Victoria. One of LeisureCo's initial owners was not only a business ally of the Kennett Government but also a personal friend

of Premier Kennett. Despite this, LeisureCo not only accepted a role for unions, but also provided a union office on site. The union has had an ongoing presence.

From 1994 management described the relationship as amicable, negotiating three enterprise agreements in relative harmony. Negotiations for a new enterprise agreement began in October 2002, but relations began to breakdown as the union set about achieving its log of claims through an increased level of militant, 'direct' and solidaristic action. A major spur for this shift in strategy was 'a changing of the guard' at the union. A new lead organiser who was a graduate of the ACTU Organising Works program, and two branch organisers who had come directly from the shopfloor led the emergent strategy. These branch organisers were 'Day One' employees, having worked at LeisureCo since it opened.

A second major contributor to the cultural change in union-employer relationships and the concomitant change in union strategy was the increased activism and profile of the union in the industry at a national level. This union has been at the forefront of the servicing-organising debate within the Australian union movement, and has committed extensive resources to building organising unionism as a core plank of its strategy (Tarrant 2001).

The membership of the union at LeisureCo is mainly young with high levels of casual employment. Traditionally these workers have not been seen as active or militant. These features however, also proved a source of leverage for the union in the industrial dispute. Given the cooperative-consensual relationship that had predominated between management and the union, the union was often viewed by employees to be in partnership with management. Consequently, a 'changing of the guard' and a shift to grass roots activism, tapped into the employees' anger and dissatisfaction with management, which had been growing.

The Challenge

Both parties set about surveying their key constituents preceding the negotiations for a new enterprise agreement. Senior management at LeisureCo invested considerable resources in interviewing operational managers within the business units, in order to identify their views of the current enterprise agreement. The focus groups indicated that managers were by and large happy with the agreement. The union surveyed members prior to the submission of its log of claims, as a means of identifying the 'core' issues on the shopfloor. The union's survey revealed six key issues: wages, rostering, classification structures, entry level salary structures, and leave (annual leave and parental leave). According to one organiser low staff morale and a distrust of management emerged as the overarching theme from the survey.

The first meeting between the two parties took place on 1 October 2002. The union submitted an ambit log of claims containing 45 items, making explicit its primary objectives in the negotiation of a new enterprise agreement: a pay rise, changes to rostering, length of shifts and increased leave. Management and the union met weekly, sometimes twice weekly, following the submission of the log of claims. These meetings continued over the next two months.

Initial Responses

Following the challenge thrown down by the union in its ambit log of claims, LeisureCo management responded by asking the union to justify their extreme demands such as a 40 per cent wage increase. Management also took a proactive response to the union's demands, outlining to the union the two key areas of the agreement they sought to change. These were: provision of a choice for a superannuation fund and provision of choice for cashing in annual leave and parental leave. In response to the wage demands, LeisureCo argued that they would offer a wage increase consistent with the previous agreement: 3.25 per cent in the first year, and 3 per cent over the following two years.

According to one organiser however, management refused to negotiate on any of the other issues. In December 2002, in response to a lack of progress, the tactics of management changed somewhat, and the union representatives party to negotiations were told to choose the seven core issues on their agenda. One week later, LeisureCo management then refused everything on the bargaining agenda. LeisureCo in a direct approach to their staff sent a letter to staff explaining that they could not afford to grant a pay rise of the magnitude demanded by the union. By December, it became clear that industrial action was likely if the deadlock in negotiations was not resolved. LeisureCo expected this, having heard on the 'grapevine'; that:

There were pockets of dissatisfied employees, particularly in the larger business units, that were keen to take industrial action. In addition, the body language and communication methods of the union suggested industrial action was inevitable (IR Manager).

The Consequences

In light of the suspected industrial action by the union, LeisureCo spent considerable time preparing contingency plans, part of which included extensive consultation with labour lawyers. As part of their overriding strategy, LeisureCo targeted the 'fence sitters'. This involved direct communication with such people, as a means of building support for the 'company's position'. According to the IR manager, communication was a central aspect of the company's negotiation strategy. The company wanted to ensure that:

The union did not monopolise the communication process and that the communication process was not distorted, because only eight out of thirty-five delegates in site were involved in the negotiation process (IR Manager).

With no resolution, the union took industrial action. The action took the form of a stop-work meeting on 3 January 2003; five days after the enterprise agreement expired. According to the union, the industrial action was the result of LeisureCo's refusal to negotiate on the issues of greatest importance to the union: wages, entry-level salary structures and annual leave. Despite these sticking points, on the day prior to the industrial action taking place, LeisureCo indicated a willingness to negotiate on several issues: parental and sick leave, union rights and redundancy provisions.

The union employed a wide range of tactics throughout the dispute, and in the lead up to industrial action, to build support for their campaign. A central plank of the union's strategy was the use of direct public action. The union made extensive use of the media as a tool to publicise the campaign and build support for their members' cause. For example, flyers were handed out to the community during the dispute, publicising LeisureCo's claim that they could not afford to pay employees a 24 per cent wage rise, despite profits exceeding 600 million over the last three years. Publicity is a recognised corporate pressure point for LeisureCo. Poor perceptions of the industry and perceptions of high profit margins make management sensitive to adverse publicity. Exploiting this 'vulnerability' proved to be an effective tactic for the union. According to one branch organiser, the union won the publicity battle.

A related tactic employed by the union was 'corporate campaigning'. Targeting shareholders, this tactic was designed to mobilise political, public, consumer and investor pressure on LeisureCo. As part of this strategy, the union released LeisureCo's financial reports during the dispute, which highlighted executive salaries within PBL, the parent company. These salaries ranged from 700,000 p.a. to one million dollars p.a. The flyers were designed to generate dissatisfaction among members, justify their wage demands, and thus build grass roots support for the union cause.

The union's stop-work meeting represented a solidaristic action and was an unusual but highly effective tactic. At 5pm on Friday 3 January 2003, two branch organisers walked into the

security muster area where there were 40 security officers present. Together, this group walked onto the floor and walked staff off in a wide range of functional areas. The night shift, in a show of unity and support also stopped work, proceeding to clock into work and then walk off the job. The union estimated 1000 people walked off the job. The extent of support for the industrial action represented a significant victory in light of the announcements of LeisureCo's media spokesperson on the morning of the proposed action:

There has never been a sense of staff supporting industrial action...there may be some hotheads supporting the industrial action, but we think the majority won't support it (cited in Rule 2003).

In response to this walk out, LeisureCo launched a counter-attack stating that the stop work meeting had caused little disruption to the business and that the union had failed. Despite this public show of confidence, on reflection management at LeisureCo were surprised by the number of people who participated in the stop-work meeting. Accepting a degree of complacency on their behalf, LeisureCo perceived that the level of employee dissatisfaction was symbolic and attempted to redress this through further negotiations around the enterprise agreement. The company also released memos as part of this process, in an attempt to communicate with employees their perception of the union's position. Individual consultations with staff were also utilised as a mechanism to render collective issues nugatory.

A third strategy used by LeisureCo in an attempt to break the effectiveness of the union campaign was a challenge to their institutional base. This included a threat to remove union payroll deductions and attempts to restrict the union's right of entry by limiting access to the union office. One union organiser's permit was revoked for a period during the dispute and then reinstated.

The primary counter-attack by LeisureCo however, was the use of the lockout. Employees were locked out for three hours following the stop-work meeting. The union had expected this response, in light of industrial action taken by employees at other major sites in other Australian states within the industry and the response of management. Despite this decisive move, LeisureCo's strategy proved counterproductive; rather than disempowering workers, it empowered them. As one branch organiser explained:

They kicked us off site and turned us into martyrs – this was a positive for union. We stood at staff entry and handed out flyers. It got members angry – it was like a red rag to a bull.

Following the union's industrial action, LeisureCo moved on two key issues. Firstly, the wage offer was increased to 4.5 in the first year, and secondly, the entry-level salary structure was reduced from three to two years.

The Climax

The climax of the dispute occurred on the weekend following the stop-work meeting. The union attempted to take further industrial action. In response, LeisureCo instituted proceedings in the Federal Court, challenging the union's notice of intention to take action. One hour before the parties were due to appear in the Federal Court, the union withdrew their proposed action. The union threatened further industrial action on the 31 January 2003, during Chinese New Year festivities. This represented tactical timing on behalf of the union as this was one of three peak international operating periods for LeisureCo. In response, LeisureCo threatened to lock workers out during the following week.

The Settlement

The settlement of the dispute occurred in early February only hours before the union's second wave of industrial action was due to commence. LeisureCo and the union struck an agreement; at 12 midnight over the telephone breaking the negotiation deadlock. Following an agreed outcome, LeisureCo began putting the deal to members on the ground at 2am. It was the aim of LeisureCo to maximise participation in the ballot. Eighty per cent of eligible employees voted in the ballot, carrying the agreement successfully. Of those eighty per cent, only 9 per cent rejected the agreement.

The union claimed higher gains than management following the settlement of the dispute. The new enterprise agreement resulted in *inter alia*, a 12 per cent pay increase over three years and a 0.5 percentage bonus payable on the achievement of revenue targets. Two other gains were notable. The entry level salary structure was reduced by one year and restrictions were placed on split shifts. From an institutional perspective, a significant win for the union was its ability to retain the 'union oriented' provisions in the agreement in the form of payroll deductions. Quantitative measures of success were reflected in increases in membership and density during the stop-work meeting and the dispute.

The Aftermath

From a management perspective, the issue of complacency was a key in the dispute, particularly the changing demands and aspirations of the workforce. It became clear to management, both during and after the dispute that they had to take a more proactive approach in managing the employment relationship. The cooperative union-employer relationship that had been built in the past masked management's ability to identify and respond to employee discontent. Management acknowledged that they were not aware of the underlying tensions or the intensity of employee dissatisfaction upon which the union built a successful grass roots campaign. The 'new breed' of union organisers trained in grass roots organising techniques compounded this complacency of management, because they were capable of taking advantage if it. In this light, enterprise based issues were used as the platform to build the campaign.

In response to their complacency, management acknowledged a distancing of their relationship with the workforce and the need to 'take stock' and address this:

The dispute made us realise that we could not take our relationship with the workforce for granted and the dispute has been a positive issue in that we have realised we had lost touch (IR Manager).

To this end, management have undertaken a commitment to develop a closer working relationship with the workforce on issues of concern. This has been developed as a culture response audit in which management attempts to map the workplace issues and problems. This mapping technique allows them to identify general and localised issues in the workplace and act on these immediately.

The relationship between the employer and the union has shifted markedly in the aftermath of the dispute. One example is in relation to union rights of entry. Rights of entry were a bargaining chip in the dispute, with LeisureCo attempting to restrict the union's access. Following the negotiation of a new enterprise agreement, union rights of entry have again surfaced as a key issue. LeisureCo management have attempted to force the grievance resolution procedure on the union by limiting their access to the site to six hours per week in the 'quiet' room. Since the commencement of the new agreement they have revealed no willingness to negotiate. In response, the union referred the matter to the AIRC. The AIRC has ruled that union rights of entry will comply with the *Workplace Relations Act 1996 (Cth.)*: namely

giving the employer 24 hours notice of their intention to enter. A second emblematic example of the change in culture and relationships can be seen by the actions of management in inductions. LeisureCo no longer distributes union membership forms upon hiring new employees. This poses future issues and strategic challenges for the union, in the context of transforming the activism and grass roots confidence built in the dispute, into member activism and workplace leadership that is embedded in structural forms such as delegate networks and activist committees.

From a union perspective, several key lessons have been internalised. First and foremost, the success of the union's campaign rested on employing an organising model of unionism. Fundamental to this model, is the building of grass roots activism: the involvement and participation of members at the grass roots level was central to the union's success in this campaign – putting the responsibility back onto workers. This can be seen at various levels. First, the members had ownership of the union campaign and the agreement negotiations from beginning to end, because the union surveyed this constituency prior to developing a log of claims.

Second, entrenched social networks underpinned the success of the union campaign on the shopfloor. The use of organisers who had come from the shopfloor in the dispute was a fundamentally effective tactic in building organisational capacity and a strategic advantage. Both organisers had a significant edge over management because they were familiar with the enterprise issues, having been employed at the site since day one, and had established social networks in place. These social networks were critical in building unity, solidarity and confidence, particularly in light of the characteristics of the workforce: young, casual employees who were industrially inactive.

Third, the union was active in initiating and managing the communication process. As previously identified, the union made extensive use of the media and the community as forums to publicise their campaign and progress the union agenda. This strategic approach to building organisational capacity through alliances with the community and the public was a cornerstone of the union's effectiveness. The maintenance of credible, effective and consistent feedback with members at the grass roots level was also fundamentally important throughout the agreement negotiations and the dispute. For example, prior to the stop work meeting industrial action flyers were prepared and disseminated to the employees. These flyers not only acted as a mode of communication but also as a synopsis of the campaign, and, as a medium for member education. Such tactics were particularly important in light of concerted attempts by LeisureCo to restrict the union's access to the site. A key success story in this respect was the use of a strategic and task orientated approach embedded in the handing out of flyers by the union at staff entry, giving them unconditional access to all employees.

CONCLUSION

This case study highlights a marked change in the union-employer relationship following a major dispute. At LeisureCo, management had set out to facilitate and promote a union presence. This resulted in a cooperative relationship that was successfully maintained over a period of approximately nine years. However, several incidents relating to management's approach to the threat of escalating industrial relations issues revealed an attempt to regain control over the relationship and avoid union involvement, rather than cooperatively manage a settlement. Complacency on management's behalf fuelled the success of the union's response to employee dissatisfaction with substantive terms and conditions, coupled with a grass roots organising approach in the first major industrial dispute at the site. Arguably, the dispute represented a success story for the union, leading to tangible outcomes for members and the organisation. The union has been able to maintain its membership and density levels, following increases during the principal dispute.

Management has resolved the need to be more proactive and effective in identifying employee issues and addressing and managing employee dissatisfaction: a pluralist approach. Indeed, from a management perspective, the case identifies the importance of proactively managing the employment relationship, and addressing core employee issues on the shopfloor. From a union perspective, the case highlights the success of an organising approach to unionism in a major industrial dispute, and in breaking down pre-established cultural ties between employers and the union. More specifically, the case identifies the importance of activism in a grass roots campaign, the importance of building social networks and alliances in the broader community, and the importance of consistent, credible and proactive communication methods. The strategic adoption of a repertoire of tactics that achieved maximum impact reveals the principal response of the union to counterbalance sophisticated HRM in this case, reflected the key ingredients of the organising model of unionism: grass roots organising and activism. The apparent success of an 'organising' approach in this case indicates that a grass roots activist based model of unionism may be applicable in the current unitarist environment, in which sophisticated HRM strategies are increasingly being pursued.

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