

New orthodoxy stands on shaky ground



Phil Teece

Advisor,
personnel &
industrial relations
phil.teece@alia.org.au

A New Year also brings a new political cycle. Already the media has declared industrial relations the battleground for the next federal parliament. If that means job creation, working conditions and relationships at work get some genuine attention that would be fine. But don't bank on it.

With typical breathless superficiality, Australia's political commentators are quickly constructing a new orthodoxy around this subject. The Labor opposition must prune the trade union movement's influence and slash its links with them. Unions are irrelevant to the new 'aspirational' voter. Young people are not interested in unions. Further 'reform' of workplace relations is essential...

When parliament resumes shortly, labour law proposals seem certain to be put up immediately. Exempting small business from unfair dismissal laws will be first cab off the rank. And pressure for more individual agreements will quickly follow. Whether these are policy or merely political imperatives for the government is debatable and perhaps depends on your political perspective. But there is little doubt that the rationale behind them is contentious.

On dismissal laws, the argument is that if small business does not have to worry about being able to get rid of staff, they will employ more. You might think that making it easier to sack people is a strange basis for generating increased employment. More importantly, you might reasonably expect, if unfair dismissal laws are really such an impediment, that surveys of small business attitudes would confirm it.

In November 2001, the Yellow Pages Small Business Index asked employers to identify barriers stopping them taking on more staff. Forty-two per cent said 'lack of available work'. Six per cent said 'don't need more staff'. A further fourteen per cent cited 'profitability and cash flow'. In other words, almost two thirds had no capacity to increase their workforce. Of the remainder, small proportions mentioned skill shortages, superannuation and employment costs. None — not one — mentioned unfair dismissal laws.

Even when small business is invited to comment specifically on unfair dismissal laws as a problem (a case of leading the witness if ever there was one), they are placed well below other issues. The Australian Chamber of Commerce and Industry's 2001 Survey of Small Business Problems placed the topic fifth in a list of ten. Dismissal laws were rated well behind constant taxation changes, tax levels, telecommunications charges and government regulation as prime irritants for small business. So it seems that, while political columnists and opportunistic politicians see this as issue number one, those most involved have a far less strident view.

Reality also calls into question assumptions about the importance of individual employment contracts for business. With introduction of the *Workplace Relations Act* in early 1997, individual agreements [AWAs] have been fully available to employers. And the Government has gone out of its way to promote them. Five years later less than two per cent of Australian workers are covered by AWAs. Is this really an issue fundamental to Australia's economic well-being, as claimed? Is it remotely surprising that many employers might find a formal agreement with every one of their staff just a tad too much administrative trouble? Unless supposedly separate agreements were in fact all the same, and in that case why would you want them anyway? If you wonder why employees might not fancy AWAs, look no further than their wage outcomes. 2001 data show that AWAs returned an average 3.1 per cent annual wage increase. Collective union-negotiated agreements won 4.4 per cent.

Broader doubts can be raised about industrial relations as centrepiece of the new political canvas being painted by opinion leaders. Are their assumptions backed by the facts? Are trade unions becoming increasingly irrelevant in the eyes of the latest aspirational-voter stereotype, if such a creature does actually exist? For years now, surveys have been conducted on Australian employee attitudes to trade unions (Newspoll/ACIRRT 1996–2001). In 1996, twenty-five per cent believed Australia would be better off without trade unions. In 2001 only fourteen per cent held that view. Forty-three per cent felt in 1996 that trade unions do not look after their members; this has fallen to thirty four per cent in 2001. Among the young, only nine per cent of 18–24 years olds believe Australia would be better off without trade unions and almost sixty per cent would rather be in a trade union. These findings just do not fit the new orthodoxy. But they do match the fact that unions have actually increased their membership recently.

Industrial relations is always a difficult subject. Conflict at work is never far from the surface. But currently disputation is at almost record lows. You do not need to be a rabid Marxist to believe that some level of workplace conflict is in fact endemic; that managing, rather than eliminating it is the practical challenge. This is never easy. When labour relations is trivialised as just another political football, it gets even harder. Relationships between industry and the workforce are put at risk, and that spells danger for economic outcomes. Regrettably, political opportunism on labour relations is always with us. When lazy or prejudiced media analysts fan it, the goodwill and co-operation everybody wants to see in Australian workplaces become much less likely. ■

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