

## Human Resource Management and Labour Management Committees: From Contracts to Consultation?

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### Abstract

*Using survey data from New Zealand firms, this article examines the use of labour-management committees (LMCs) to address a number of workplace issues. The findings are based on responses from 422 unionised organisations/workplaces of size 50 employees and over. These organisations report that over three-quarters of them have joint committees dealing with at least one of eight issues, ranging from problem-solving to quality. Our dependent variable was an additive scale representing the number of issues addressed by means of joint labour-management committees between the union and employer. Paradoxically, we find that LMCs are associated both with union concessions and a greater role in strategy decision making. Moreover, we note that as the percentage unionised in the workplace increases so does the robust use of LMCs, suggesting that this consultative arena is an important vehicle for workplace change. We contrast this with the traditional notion that the contracting environment is usually seen as the terrain upon which employment issues are refracted.*

### Introduction

Unions prefer bargaining to consultation. If conditions and circumstances permit, the opportunity to engage in a vigorous form of collective bargaining at the enterprise level is likely to be seen as a significant contribution to effectively representing worker aspirations. Where unions are well organised and strong enough to make their intentions heard, some employers embrace, albeit uneasily, union involvement in negotiating workplace terms and conditions of employment. However, unions may also be faced with parallel human resource management initiatives that emphasise joint problem-solving and consultative processes outside a traditional bargaining arena. Historically, the latter employer strategy has been characterised as a potential union avoidance or retrenchment strategy. The New Zealand context is somewhat apposite to this discussion since, as a method to deal with

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workplace change, it has been held that the legislative regime brought in by the Employment Contracts Act 1991 (ECA) encouraged a move from "conciliation to contracts" (Harbridge, 1993).

Accordingly, unions may feel substantial pressure to demonstrate their commitment to firm survival, finding themselves participating in elaborate codes of managerialism inclusive of discussion groups or more formal processes of a consultative nature. There are costs each way, to embracing or fighting employer strategies that seek to colonise the hearts and minds of union members. Since 1991, almost all the current literature on New Zealand industrial relations has focussed upon contract forms, be they individual or collective. However, theoretically speaking, Hyman (1975) refers to the twin dialectics of conflict and accommodation, which may apply not only to the arena of collective bargaining, but more appropriately to more overt employer strategies that lay open the possibility of union avoidance. Such employer initiatives, on the "soft" or indeed the "hard" side of the HRM equation, can take the form of joint labour-management committees that presuppose degrees of shared goals and mutual interests that transcend the so-called traditional adversarial bargaining model. Arguably, a consultation model of employee relations, rather than a contractual one, might have more currency when attempting to account for post 1991 workplace developments.

If unions are constantly faced with a consultative embrace, how many and what type of issues are they prepared to discuss? This article reports on how New Zealand unions have responded to labour-management committees (LMCs). After a brief rehearsal of the extant literature, which leads to some tentative hypotheses, the paper introduces the methods used to collect data from 422 organisations/workplaces. We explore the types and number of issues addressed by joint labour-management committees and examine what variables are associated with the number of issues addressed by joint committees. The results of our survey research are then followed by a discussion of our findings.

### **HRM and Unions**

The rise of HRM in the latter part of this century has been firmly juxtaposed with the seemingly inexorable decline in trade union density and the concomitant collapse of industrial relations institutions. In place of collective bargaining, many employers have sought to re-vitalise their attempts to change the culture of their organisation - to encourage workers to identify with the discourse on organisational performance and their commitment to it (Anthony, 1994). The ECA was explicitly designed with this in mind (Dannin, 1995, 1995a, 1997). In a terrain supposedly less contested it is argued that management can restore their prerogatives in the workplace. Indeed, the argument is stretched further, in that workers who are free from overt union influence in terms of contractual bargaining, can more readily identify with the managerial agenda. Waring (1998) calls this the "masking of reason" wherein the new participative paradigm is merely designed to intensify rates of accumulation.

While there have been numerous attempts to describe various aspects of labour-management cooperation, much of the research is anecdotal. As Peterson and Tracy (1992) observe, top-level support for joint committees, trust between the parties, open communications and a long-term focus have all been identified as contributing to problem-solving using joint LMCs.

Peetz (1996) asserts that the "push" for co-operation presents unions with an important dilemma. On one hand, it can be argued that the survival of unions depends on greater co-operation with management. However, the contrary hypothesis is that attracting and retaining union members requires that unions adopt positions and strategies in conflict with management. While joint efforts between unions and employers may give workers more input at the workplace, there is also the concern that workers may become detached from their unions.

In a more positive light, Verma, argues that as long as a union is fundamentally involved in or acts as co-sponsor of participation inspired initiatives, there is an excellent chance that outcomes will be favourable to unions. He warns that,

union leaders would be advised to find ways and means of becoming involved in the design and implementation of employee involvement programs rather than leaving control of these initiatives exclusively in the hands of management (1989: 401).

On the other hand, echoing the well known bifurcation of the literature on this question, Wells, argues that,

HRM is not about increasing workers' power and union power but about decreasing it in the name of the very competitiveness that is supposed to define the common goal motivating labour-management co-operation ... where HRM has been implemented in a unionised workplace, managers can use HRM to reinforce union weakness by expanding collaboration between managers and workers in ways that are not mediated by unions (1993: 80).

Wells (1997) also notes the changing and inconsistent responses by unions to the issue of labour-management cooperation. Even some very militant unions have taken the position that a broader level of involvement in management decision-making may be preferable to militant opposition in the light of job insecurity and global competition. Wells argues that this trend may encourage weaker, less militant unions to also assume a more cooperative stance and compares cooperation by "competitive" and "defensive" unions. Cooperation by competitive unions is characterized by benefits to both the employer and union while defensive unionism is defined by cautious accommodation under duress to the desires of management.

As with many of the contentious and widely contradictory contributions in this area, these observations are invariably culled from a handful of case studies. Likewise, a veritable mountain of research has been conducted around the impact or effect of single employee-involvement initiatives such as quality circles or quality of work life committees. Labour Process theorists too have toyed with tagging managerial initiatives around the HRM genre

as forms of control, "direct" or otherwise, an extensive debate that we will not rehearse here. However, the chief problematic remains. To what extent have unions chosen to work through LMCs to address workplace issues? Depending on survey findings, it might be possible to characterise the post 1991 New Zealand industrial relations system as one which has established broad contractual frameworks as a precursor to a consultative mode of operations. Is it possible that when faced with an individual contracting environment or less than effective collective contracting arrangements, unions turn to consultative methods in order to influence workplace issues (Gilson and Wagar, 1998)? In order to answer these questions we sought to collect survey data which enabled respondents to identify issues dealt with by joint LMCs. This process is further explained below.

## **Method**

The data for this study were collected by means of a survey sent to chief executive officers or managing directors in New Zealand. The mailing list was obtained from New Zealand Post. Although we only sampled establishments with a minimum of 50 employees as identified on the mailing lists, a small number of respondents that had dropped below the 50 employee level are included in the analysis. Note that the unit of analysis is the establishment; in other words, a respondent establishment may be part of a larger organisation. Obviously, this distinction is not important for single-establishment organisations.

The data were collected during 1995. After one follow-up mail-out, we received 782 responses from employers in New Zealand (for a response rate of 51 percent). Since this paper focuses on the factors affecting the presence of joint labour-management committees among private sector establishments, we excluded nonunion and not-for-profit participants from the analysis. In addition, a small number of responses were deleted due to missing data on at least one of the variables. Consequently, the findings are based on 422 responses.

### ***Dependent variable***

Our dependent variable was an additive scale representing the number of issues addressed by joint labour-management committees between the union and employer. Respondents were asked to indicate whether joint labour-management committees independent of enterprise agreements existed for eight workplace issues (quality circles, productivity, job evaluation, substance abuse, technological change, training, work teams, and general problem solving). The presence of a joint committee addressing a specific issue was coded as 1 and absence was coded as 0. Note that a separate committee may not have existed for each of the eight issues – in some instances, a single committee could have dealt with a number of issues. Respondents with more than one union were asked to identify the union representing the largest number of employees and answer all questions dealing with unionisation, with reference to that particular union.

It should be emphasized that our data set only contains information on the presence of joint committees. In an effort to keep the survey to a reasonable length, we did not ask information about the size of the particular committees, their membership composition, the frequency of meetings, or the period of time particular committees had been in existence.

### *Independent variables*

Although we wanted to discover the extent to which private sector employers and unions were using joint labour-management committees to address workplace issues, we were also interested in studying the factors associated with the use of joint committees at the workplace.

One variable, market demand, examined the economic environment facing the employer. Market demand was measured on a 6 point scale (with 1 indicating a substantial increase and 6 representing a substantial decline in demand for the employer's primary product or service). We included market demand in the model to investigate whether the number of issues addressed by joint labour-management committees was associated with the establishment's economic environment.

We hypothesised that a number of characteristics addressing unionisation and employer-union relations may be related to the number of issues dealt with by joint labour-management committees. Participants were asked to indicate the percentage of the workforce unionised, the presence of a strike over the past three years (1 = Strike and 0 = No Strike), and whether the employer had negotiated an enterprise agreement (1 = Yes and 0 = No). In addition, two variables addressed issues relating to concession bargaining. More specifically, respondents were asked to indicate whether the employer had secured wage cuts or freezes (coded 1 = Yes and 0 = No) over the past three years. An additive scale was used to measure other workplace concessions; in particular, respondents were asked whether they had obtained concessions from the union relating to reduced emphasis on seniority, greater flexibility in job assignments, and greater flexibility in job classifications over the past three years (with each concession being counted as a single point). Thus, employer scores ranged from 0 (no concessions obtained) to 3 (obtained concessions on all three issues). Finally, union participation in management decision-making was measured by having respondents indicate their level of agreement with the statement "the union is involved in the making of strategic management decisions" (coded 1 = strongly disagree and 6 = strongly agree).

We also investigated whether the number of issues addressed by joint labour-management committees was associated with specific characteristics of the employer. Respondents were asked to indicate their investment in new technology over the past three years (6 point scale; 1 = none and 6 = substantial), the pressure to focus on short-term profits (6 point scale; 1 = low and 6 = high), their level of agreement with the statement the employer "is

highly committed to employee training" (1 = strongly disagree; 6 = strongly agree), and whether their organisation had a human resources or industrial relations department (1 = yes and 0 = no).

Specific demographic characteristics included whether the establishment was part of a larger organisation (1 = Yes; 0 = No), whether there had been a permanent reduction of the workforce over the past three years (1 = Yes; 0 = No), industry sector (1 = manufacturing and 0 = service); and the size of the establishment (measured as the natural logarithm of the number of employees).

Although it was certainly feasible to follow extant literature with a view to establishing hypotheses, or directional support for associations between the dependent variable and the independent variables described above, we felt that given the confusing and contradictory nature of the research findings and more specifically the difficulty in establishing legitimate comparisons between case and survey research, it would be more fruitful to simply report our results and then proceed to our discussion.

## Results

### *Descriptive statistics*

Descriptive statistics relating to the independent variables are summarised in Table 1. There was considerable variation in size among respondents (as measured by the number of employees) with 28.2 percent of establishments having less than 100 employees, 30.1 percent having between 100 and 199 employees, 24.2 percent having between 200 and 499 employees, and 17.5 percent having 500 employees or more. Just under 60 percent of the employers were in manufacturing while just over 40 percent were in the service sector.

Slightly less than three-quarters of respondents indicated that their establishment was part of a larger organisation while 38 percent indicated that they had permanently reduced the workforce over the three year period prior to the completion of the survey. Concerning unionisation and labour-management relations issues, about 55 percent of the workforce was represented by unions and 10 percent of respondents indicated that they had a strike over the past three years. More than two-thirds of employers (69.4 percent) had negotiated an enterprise agreement with their largest union and 25.5 percent had secured a wage cut or freeze. In addition, the mean number of workplace concessions was 1.6 - employers were particularly successful in obtaining concessions relating to job assignment and classification. There was relatively strong agreement that unions, for the most part, were not involved in the making of strategic management decisions (average score of 1.91).

Table 1: Descriptive statistics

Variable	Mean	S.D.
Market Demand	2.65	0.89
Percentage Unionised	54.69	27.85
Strike	0.10	0.30
Enterprise Agreement	0.69	0.46
Wage Concessions	0.26	0.44
Index of Workplace Concessions	1.66	1.16
Union Involvement in Strategy	1.91	1.09
Investment in Technology	4.06	1.29
Short Term Focus	4.38	1.17
Commitment to Training	4.48	1.05
HR/IR Department	0.50	0.50
Multi-Establishment	0.72	0.45
Permanent Workforce Reduction	0.38	0.49
Manufacturing Sector	0.60	0.49
Number of Employees (nat'l log)	5.26	1.11

Table 2: Issues addressed by joint labour-management committees

Workplace Issue	Percentage of Respondents
Quality Circles	32.7
Productivity	43.6
Job Evaluation	32.9
Substance Abuse	9.5
Technological Change	31.3
Training	52.6
Work Teams	42.9
General Problem Solving	61.4

*Issues addressed by joint labour-management committees*

Prior to examining the factors relating to the number of issues addressed by joint labour-management committees, we present summary data on the use of joint committees with respect to the eight issues mentioned previously. As revealed in Table 2, the most common issues dealt with by common joint committees were general problem solving and training while the presence of joint committees dealing with substance abuse, quality circles, job evaluation and technological change were less likely.

**Table 3: Number of issues addressed by labour-management committees**

Number of Issues	Percentage of Respondents	Cumulative Percentage
0	21.1	21.1
1	11.1	32.2
2	11.6	43.8
3	15.4	59.2
4	10.4	69.6
5	11.4	81.0
6	8.5	89.5
7	6.9	96.4
8	3.6	100.0

In Table 3, we provide a breakdown of the number of issues addressed by joint committees. For example, 21.1 percent of establishments reported having no joint committees with their largest union while 3.6 percent indicated they had joint committees addressing all eight issues. Again, it should be noted that a single committee may address more than one issue.

***OLS regression results:***

We used Ordinary Least Squares (OLS) regression to estimate the relationship between the number of issues dealt with by joint committees and the independent variables (see Table 4). While we also estimated the model using ordered probit, the results closely parallel those presented in Table 4 and thus we provide only the OLS estimation.



Table 4: OLS regression results

Variable	Coefficient	Standard Error
Market Demand	-0.060	0.124
Percentage Unionised	0.007 *	0.004
Strike	-0.015	0.374
Enterprise Agreement	0.302	0.251
Wage Concessions	0.235	0.264
Index of Workplace Concessions	0.303 ***	0.100
Union Involvement in Strategy	0.340 ***	0.101
Investment in Technology	0.125	0.087
Short Term Focus	-0.037	0.092
Commitment to Training	0.505 ***	0.105
HR/IR Department	0.411 *	0.241
Multi-Establishment	0.347	0.245
Permanent Workforce Reduction	-0.283	0.230
Manufacturing Sector	0.904 ***	0.231
Number of Employees (nat'l log)	-0.328 ***	0.115
Constant	-0.346	0.983
F-Test	7.354 ***	
R-Square	0.214	

\* significant at  $p < .10$ ; \*\* significant at  $p < .05$ ; \*\*\* significant at  $p < .01$ .

We did not find a significant relationship between demand for the establishment's primary product or service and the number of issues addressed through joint committees. However, the cross-sectional nature of our data do not allow us to investigate whether product or service demand was an important factor in the original decision to address (or not address) specific issues through a joint committee forum.

With reference to unionisation and employer-union relations, the presence of a strike in the last three years, the negotiation of an enterprise agreement with the union, and wage concessions (in the form of a wage freeze or cutback) were not significantly related with the number of issues addressed by means of joint committees between the employer and union. However, the percentage of the workforce unionised was positively and significantly ( $p < .10$ ) associated with the number of issues dealt with by joint committees. Moreover, there was strong evidence ( $p < .01$ ) that the number of issues addressed by joint committees was positively related with workplace concessions and the level of union involvement in strategic management decisions. In other words, an increase in the number

of concessions (addressing reduced emphasis on seniority and greater flexibility with respect to job assignments and job classifications) was associated with a higher number of issues dealt with by joint committees. In addition, a higher level of union involvement in strategic management decision-making was associated with a greater number of issues in which joint committees were employed. However, it would be improper to suggest that unions are making huge strides in terms of their involvement in strategic management. In short, union involvement in strategic decision-making is quite low even among the majority of respondents reporting that a substantial number of issues are dealt with by joint committees.

While a number of organisational characteristics (including investment in new technology, short-term focus on profits, and single or multi-establishment status) were not significantly related with the number of issues addressed by joint committees, there was strong evidence ( $p < .01$ ) that employers with a higher commitment to training used joint committees to deal with a greater number of workplace issues. Similarly, the number of issues addressed by joint committees was also positively associated ( $p < .10$ ) with the presence of a human resource management or industrial relations department. When considering industry sector, the coefficient on manufacturing was positive and significant ( $p < .01$ ), indicating a greater number of issues dealt with by joint committees in manufacturing establishments. However, the number of issues addressed by joint committees was negatively associated ( $< .01$ ) with establishment size.

## Discussion

Subconsciously or otherwise, some unions in our survey appear to be engaging in a trade-off between concessions and strategic input. Put simply, the use of joint labour-management committees to deal with workplace issues, is associated with both tendencies. At one level, this finding is not unexpected. It has long been recognised that unions have had to swallow concessions if they are to be allowed a role in day-to-day problem solving. And this alone might be the precursor of union decline (Wells, 1993). On the other hand the inevitability of concessions can be seen as a mutually exclusive phenomenon to the establishment of LMCs which may at least offer unions the prospect of retaining some workplace influence. Indeed, at an acceptable level of significance, as the percentage of the unionised workplace increases, then so does the usage of LMCs. This suggests that LMCs might be perceived as an increasingly important vehicle by both unions and management. Moreover, these arrangements appear not be related in any significant way to the incidence of collective agreements. The plausible consideration that enterprise agreements might render consultative processes obsolete, is not proven here. The more likely interpretation is that they co-exist.

Our finding that the use of LMCs to address workplace issues increases in manufacturing establishments suggests that manufacturing firms may be making more intense efforts in

establishing joint committees with their unions. Although their study was different, Gittleman, Horrigan and Joyce (1998) found that the presence of flexible work practices was higher among establishments in manufacturing.

We were puzzled by our finding that the number of issues addressed by LMCs decreased as the size of the workplace increased. While Osterman (1994) did not find a relationship between flexible work practices and size, Gittleman et al., reported a positive relationship. However, it should be underscored that both Osterman and Gittleman et al. included both union and nonunion establishments in their sample and used flexible work practices (and not issues addressed by joint LMCs) as the dependent variable. Still, the relationship between size and LMCs is an interesting one. Although one may speculate that joint LMCs may be more difficult to implement and manage in larger workplaces, more research is needed to address this finding.

More generally, the number of issues addressed through LMCs is also highly correlated with employer commitment to training, thus indicating that employers are more interested in what goes on between contract periods, rather than using contracts to address such issues. LMC initiatives are also associated with the existence of an HR/IR Department, suggesting that LMCs are a deliberate policy option (Ng and Maki, 1993). This may also help to explain the interesting phenomenon that organisations with a willingness to use LMCs to deal with workplace issues report greater union involvement in strategic decision making. In this scenario, unions could arguably use their participation in joint committees as another entry point to a continuous staircase of inclusion in decision making at the level of company policy. Although this carries the potential danger of incorporation, the trade-off of concessions for long-term security and participation in higher management might be difficult to ignore.

Just as management can exhibit multiple levels and types of control strategies over workers, we may also posit that workers and their unions may also be able to access multiple routes to industrial democracy. Employers, their agents and hostile governments might adopt policies and strategies that are explicitly designed to undermine the bridges of workplace democracy, yet equally, unions and their members can doggedly re-build them. The survey evidence we present here is that LMCs can and do swing both ways. The literature in this area is dominated by a binary mentality, whereas we report here that for unions, concessions and inclusion may co-exist.

Although our research increases the understanding of joint programs in a union environment, there is a need for more research (including case studies) that explores joint committees in detail (for example, membership coverage, intensity of use, frequency of meetings, structure of the committee and so on). Furthermore, there is a need for longitudinal research to examine issues such as the survival of joint labour-management committees and the existence of causal relationships between joint LMCs and hypothesized determinants. By way of example, do joint LMCs lead to increased strategic

involvement on the part of unions or does strategic involvement facilitate the adoption of joint LMCs. While our data come from employer respondents, there is also a need to involve unions in the research.

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