

AUSTRALIA RECONSTRUCTED: STRATEGIC ADVANTAGES FOR STAKEHOLDERS

Arthur D. Shulman

The model form of macro-economic policy integration and the tripartite implementation mechanism put forward in Australia Reconstructed, a report of the ACTU/TDC mission to Western Europe, are examined. The form of evidence presented is found not to provide a test of the model's validity, nor is the format consistent with its message content. The model aside, the underlying premise that tripartite participation leads to commitment is questioned. An alternative rationale supporting the use of tripartite-like mechanisms in Australia, that of maximisation of strategic advantages now associated with new information technologies is presented. The implications for management, shareholders and union stakeholders are highlighted.

Keywords: industrial democracy, stakeholders, strategic advantages, information technologies.

Australia Reconstructed is a comprehensive report by senior union officials who were part of an ACTU/TDC sponsored mission to Western Europe which was set up

- to examine the relations of governments, trade unions and business and available tripartite mechanisms in the formulation and implementation of trade and related policy matters.
- to consider the implications of technology, work organizations and education and productivity for international competitiveness.
- to evaluate the contribution of trade union research, education and organization to union participation in trade related issues.¹

In order to address this agenda, members of the mission report that the actual and potential utility of tripartite mechanisms were most evident when macro-economic, wage, price, incomes, trade and labour market policies are considered as an integrated system, guided by the setting of national priorities. This approach of setting a national goal (superordinate goal) for full employment is expanded within their recommendations 1.1 and 1.2 to include low inflation and rising living standards which are equitably distributed. (While Sweden and Austria have put forward full employment as their top goal, the senior unionists appear to be farsighted in realising that such a goal *alone* would not serve as a rallying call to all stakeholders.) Given that different successful mixes of policy were observed to achieve this in Sweden and Austria, no specific set is put forward, though the mechanism for deciding and

implementing the mix of policies is specified as a positive consensual one (Recommendation 1.2).

Once set by consensus, this set of priorities is to serve as a standard by which all policies are to be evaluated. The set of priorities serves another purpose, that of negotiating the meaning of work for Australian society. This negotiation of the meaning of work, and its use as a standard is to be arrived at and maintained through a highly coordinated set of tripartite mechanisms (e.g., Government-Labour-Business). The rationale given for this highly coordinated set of mechanisms is that a necessary condition for a reconstruction of society is the active involvement of all stakeholders in the setting, implementation and evaluation of policy at all levels (from workgroup to the national level). For the union leaders writing the report, such involvement is mandatory because they believe it leads to commitment.² The link between involvement and commitment is suspect. The dubious nature of this linkage will be expanded upon later.

One of the striking features of the report and the commentary it has generated is the agreement of the various stakeholders that there exists a need to:

- improve production
- be more flexible to change
- increase skills through training and education
- develop better relations between employers/employees
- increase capital return
- be more competitive in the foreign market place

All stakeholders seem to recognize that there are no easy solutions. However they differ in the reasons that they believe have caused the current economic situation and they disagree in their solutions.^{3, 4, 5} For instance, the solutions proposed in *Australia Reconstructed* incorporate increased formal and informal intervention by government in targeting and funding growth industries and providing joint initiatives for life long re-education and training of workers. The unions' role is also to be increased in scope, incorporating active participation in the management of the individual enterprises and industries. This has been looked upon by the business sector as power-grabbing by unions, attempting to consolidate and expand their influences even though they represent less than half the labour force.⁶ Government representatives see the overwhelming nature of the task, as exemplified by the then Minister for Trade, J.S. Dawkins, in his preface to the report. He commends the authors for detailing the sophistication and success of consensual processes, particularly in Austria, Sweden and Norway that shows "what can be done by far-sighted industrial partners with a shared commitment to address structural problems and enhancing export performance". He then goes further — "it also demonstrates how far

Australian political culture has to evolve before simplistic, mischievous 'solutions', based largely on conflict and sectional interest are excised from the body politic."⁷

The conflictual nature of Australian political culture appears to be at least partially maintained by both labour and by business peak interest groups. Each has evolved into a separate subculture within a multicultural society. Borrowing from Martin and Meyerson's metaphoric analysis, these subcultures act as self-reinforcing 'Islands of Clarity'.⁸ In this sense, the report provides an integrating mechanism for projecting the union leaders' view of their subculture as an active participant in the reconstruction of Australia. The audience comprises its own members as well as other subcultures who are ready to respond to this 'Island of Clarity'.

This article examines the form of the report itself as a reflection of the current adversarial nature of Australian culture. This presents an apparent paradox. How successful can an adversarial position paper be in furthering the call for co-operative tripartite mechanisms? The nature of tripartite bodies is explored in this context.

The use of consultative processes in Australia is not new, though the 1983 Accord symbolised for many a demonstration of tripartite wage restraint mechanisms at the national level. This has been followed by enlightened compacts within an industrial sector (e.g., Metal Workers Union and Metal Trades Industry Association). Though encouraging, there is a long history of Government-Business coalitions, operation at the industrial sector level and including the setting up of the various primary industry marketing boards. Nor is the use of consultative bodies within enterprise new to Australia. Although some successes of these are noted, Australia is seen as having poor industrial relations, which some experts attribute to dominance of arbitration as the means of resolving disputes and the consequent inadequate development of workplace bargaining procedures.^{9,10} This reliance on arbitration often leads to a by-passing to higher levels of many issues that should be resolved at the level they occurred.¹¹ It is in this context that the call for tripartite systems is not perceived by management as new or useful. But this is not the complete picture that is painted in *Australia Reconstructed*. What is being proposed by the senior union officials is not more of the same forms of arbitration but rather a structure for the process of negotiation across levels (national through enterprise) and across spheres (business, education) some of which will be one-off, others of a continuous nature. This can be clearly seen in the report in the example of the Swedish timetabling of negotiations where the process of negotiation is initiated centrally but becomes iterative involving all levels.¹² However, the evidence as presented in the report in favour of the model underlying this interactive structure is inconclusive. This becomes clear when the message of the report is examined in the context of its form.

MODEL FORM/MESSAGE CONSISTENCY

The form of a document, such as *Australia Reconstructed*, is itself a communication shaping the meanings of the text.¹³ The major conceptual model put forward in this report is based on the Rehn/Meidner or Swedish Third Way Model and the Austro-Keynesianism Model.¹⁴ Both of these models highlight the interdependence of macroeconomic, wage, price, incomes, trade and industrial labour market policies. As each of these areas are interdependent, changes in one will reflect the efficiencies gained or lost in others. Changes must then be highly coordinated with some priorities or platform serving as a standard to guide their creation and monitor and adjust their effectiveness.

The form of evidence presented to give credence to this systemic model is the selection of cases where two-policy areas (i.e., two constructs of the model) are shown to yield better results (low unemployment, low inflation, stable balance of payments and improved living standards) when they are coordinated. The format then is one of presenting examples that illustrate and support the model. No attempt is made to present examples which call the model into question. The problem with this is that the examination of any one or two links within the system without systematically examining all links in a less biased sample is inconsistent with the theoretical model. In addition to the illogic of selecting single links for demonstrating systematic models, the authors of the report open themselves to others who can just as easily show other cases of the single link in question, not leading to lower unemployment or better balance of payments etc. In fact it can and has been argued that the same set of data used by unionists can be reinterpreted to show opposite relationships.¹⁵

It is unfortunate that the argument put forward for the underlying model can not be validated by the use of selected cases that appear to support single linkages, particularly when appropriate causal modelling and sampling procedures do exist for testing systemic models.¹⁶ The proponents are probably aware of this, but their approach is part of the confrontational nature of the political system and culture as practiced in Australia. Though being consistent with the current culture, it is inconsistent with the call for the creation of a consultative culture.

TRIPARTITE MECHANISMS: ALTERNATIVE RATIONALES

The union leaders' rationale for having tripartite-like mechanisms is to increase involvement of the major stakeholders. This involvement is necessary because it leads to commitment to the national goals and to the mechanisms enabling their fulfilment.¹⁷ While there is sound research backing the linkage between involvement and commitment, involvement appears only to yield commitment to a common purpose

or superordinate goal if the relationship is not adversarial in the first place.¹⁸ It is not that tripartite-like mechanisms do not result in commitment; it is that the exposure to alternative views may just strengthen existing differences, the outcome of which can be the escalation of conflict. Here, in Australia, where such adversarial relations are perceived as existing by both union and employer groups, arbitration has become an escalating mode of operation.

What then is the case for possible tripartite mechanism successes in adversarial cultures? The remaining part of this paper addresses this issue by putting forward the notion that adversarial groups can be active in supportive individual tripartite-like structures but for stakeholder-specific reasons. Commitment can operate, but it will be there only to the degree that each stakeholder perceives that its own objectives can possibly be met by the specific tripartite mechanism. The mechanisms proposed within *Australia Reconstructed* are not homogeneous. They differ in (a) spheres of operation (workplace, education setting), (b) levels of operation within each sphere, (c) phases of operation (temporary bodies versus permanent ones), (d) balance of authority with responsibility and (e) balance of membership, internal structure and control. Given this, it is highly probable that tripartite-like mechanisms will be initiated but only in a selected few instances where each of the relevant stakeholders perceives more to gain than to lose.^{19,20} Once such innovation takes place, and provided it is perceived as successful, then like any other innovation, it is probable that diffusion will follow to other situations that are initially within the same sphere, level and phase of operations.²¹

For the reasons outlined above, it is not likely that involvement/commitment will serve as an adequate rationale for business, stockholders and government stakeholders to participate in tripartite-like mechanisms as envisioned in the report. However, it is likely that the incidence of their use will increase. This is based on the existence of at least one alternative rationale that makes their use attractive and/or appear inevitable to the various stakeholders. That alternative is the recognized need for timely information that is strategic for meeting each stakeholder's objectives. The information needs differ for each stakeholder's group at each level.

For management, it has long been recognised that information events have value in the economic sense, in that their occurrence increases the gross pay-off, over what would occur without the information.²² At the enterprise level, much of this information resides at the level of operations, a level on which there is a need for information to be exchanged so that changes can be made to fit the contingencies of the work environment.²³ Given the recognised need to move decision-making authority down to the level of responsibility, it is highly likely that both workers and enterprise management will support structures whose rationale is for the equitable gathering of information. Unions need this input so they can know where the firm is headed.²⁴ As

pointed out in the report, such exchanges at the level of enterprise, within an industrial democracy framework, also provide the opportunity for expressing potential barriers and solutions to increased efficiency from multiple perspectives. The same can be claimed at the regional, industrial sector and national levels. However, it is the use of new computerised information exchange technologies, such as computer conferencing and electronic mail, that quickly reveal the strategic advantages of such exchanges across levels and spheres for initiating, monitoring and responding to domestic and global market place pressures. Porter and Miller make a similar observation about the competitive advantage of the new information technologies, though in a corporate strategy context.²⁵ It is clear that these technologies are transforming the nature of industries, and that they are creating new structures. These changes are not due to the fact that interconnecting information technologies act as *conduits*, but that they are perceived as such and thus they are more likely to be used. Hence, communication technologies provide the excuse for and can be the vehicles for monitoring, maintaining and guiding the creating of new enterprises.²⁶

Because of ease of access, perceived utility for addressing immediate issues and technological compatibilities, such activities will most likely occur first within enterprises, next within each stakeholder subculture group across its local-regional levels and within an industrial sector and finally across stakeholder groups — that is the tripartite groups themselves. This progression will be furthered by the recognition that such market -defining, -monitoring and -creating activities are being used by domestic and international competitors; to avoid their use gives others an advantage. The report's recommendations for increasing the research base (i.e., information) within the stakeholder groups is directly compatible with the above scenario and rationale. It is also one that is likely to be more palatable to shareholder and community stakeholder groups. Such information exchange is characteristic of organizations that have been classified by researchers as high involvement organizations.²⁷ Information technology does not appear to cause this high involvement, but rather acts as a facilitator. With such involvement the quality of the information input and interpretation output is enhanced. It is also consistent with the view expressed within the report that high involvement plays an important role in the changing of the Australian work culture.

In this article it has been suggested that arguments as to the specific mix of policy factors cannot be sustained on the basis of evidence presented. The model aside, there is much to be gained by the use of tripartite-like structures in Australia. This article has attempted to provide an information need based rationale that will hopefully lead to the judicious use of such structures as vehicles for improving the Australian economy.

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