The influence of industrial relations theories on government policy in Australia over the past 3 decades.

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Abstract: Over the past three decades, various industrial relations theories have influenced the Australian Government's industrial relations policies. The various industrial relations theories discussed in this paper are the unitarist, pluralist, radical and corporatist approaches and the labor process and management theories. The strengths and weaknesses of these industrial relations theories and the influence they had on the respective Hawke, Keating, Howard and Rudd/Gillard Government's policies is presented and discussed. The use of a theoretical approach facilitates the better understanding of the government's policies and the theories that define these policies effectively. A greater understanding of the theories, their main features, strengths and weaknesses and their influence on government policy facilitates the understanding of how the labor process theory and unitarist approaches significantly influenced the respective government's industrial relations policies in Australia since 1983.

keywords: Australian Government, industrial relations theory, Government policy.

The role of industrial relations theories and their influence on policy making.

The development and use of industrial relations theories facilitates the better understanding and operation of industrial relations as well as the formulation of various Government policies. Industrial relations theories allow us to identify the trends and characteristics within labor and employment relations (Kelly, 2002). The use of industrial relations theories facilitates the explanation and understanding of how industrial relations systems operate and function and the outcomes of their operations. This increased understanding facilitates the improvement in knowledge and judgment, which contributes to improved future decision making. Additionally, theories are useful as they promote understanding of how systems should operate and how to formulate policies to ensure this (Sappey, Burgess, Lyons & Buultjens, 2006). Moreover, theories facilitate greater understanding that enhances the formulation of policies regarding specific issues. The use of theories also allows trends and characteristics to be identified and this facilitates the understanding of how this impacts on industrial relations. Theories are also useful as they highlight and define the roles of conflict, loyalty, management, unions, arbitration, legislation in addition to emphasizing the center of analysis and focus (Hawke & Wooden, 1998).

The unitary theory of industrial relations and its influence on policy.

The unitary perspective of industrial relations is founded upon a presumed interest between employers and employees. This results in an assumption of shared interests, values and common objectives within the organization. The assumption of harmony denies the legitimacy of any conflict and facilitates employees and employers working together for the success of the organization (Dzimbiri, 2008). Consequently, conflict ceases to exist, or if it does, it is minor and/or only temporary. This results in unions being viewed as obstructive or

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unnecessary or simply as a means to disseminate information and communicate with employees. Under a unitarist approach, conflict should be removed at all costs, preferably in its early stages, before it can affect others. If conflict should arise, the need for an arbitrary third party is unnecessary, as conflict can be resolved within the organization. Unitarism is associated with the employer's view of how to determine the pay, conditions and the organization of work (Edwards, 2003).

One of the strengths associated with the unitarist perspective to industrial relations is that the sharing of common objectives and values between employers and employees facilitates the harmonized success of the organization as being paramount (Sappey, et al. 2006). This shared focus combined with the notion that unions are unnecessary decreases the chance of noise impeding communication and cooperation within the organization (Edwards, 2003).

Under the unitarist approach, there is only one source of authority and the day-to-day work processes are assumed, which highlights the weaknesses of unitarism (Ackers & Wilkinson, 2003). In today's ever-changing global marketplace, employees need to be empowered and own their jobs, as they are the ones that know the work processes the best. Furthermore, employees should have input into their job processes, rates and forms of remuneration and be entitled to a voice (Joiner, 2007). Conversely, a pluralist perspective sanctions different sources of loyalty and authority that can result in various union and group membership facilitating more than one source of authority.

| One source of authority and employment units cohesive. | Lack of worker empowerment and input. | Problems arise relating to wages and conditions. Wages, profits and effort left to labour markets to determine. |

The pluralist theory of industrial relations and its influence on policy.

The contrasting view of pluralism recognizes the inevitability of diverse employee and employer interests and that the potential for conflicting interests exists within an organization. Proponents of a pluralist approach understand and acknowledge diversity and that there will be a number of different groups with often-conflicting interests. For example, the motives held by employees such as work flexibility, higher wages and increased autonomy differ markedly with cost-cutting policies and minimal incentive packages often implemented as a means of cost cutting by employers (Dzimbiri, 2008). Different sources of authority and loyalty will be present within the organization by way of union and occupational group membership. Differences of interest over the allocation of resources such as time, reward and effort and division of income, status and power will inevitably lead to conflict. This results in a system of constant negotiation and continued compromise (Clark, 2000). The acknowledgement of conflict between management and employees results in a participative and consultative culture. The theory and practice of industrial relations must occur both within and outside the organization and governments are required to resolve conflict and to interpret and enforce legislation (Dzimbiri 2008).

The strengths of pluralism include a common interest in the success of the organization and that conflict is acknowledged. This facilitates the use of trade unions and commissions to ensure the employee's voice is heard. These arbitrary third parties have clear authority to intervene to ensure the rules are interpreted and enforced. Moreover, these arbitrary groups' actions are clearly documented in public documents and are legitimate in the
eyes of the state (Wollenberg, Anderson & Lopez, 2005).

The pluralist perspective to resolve conflict uses a uniformed approach and this can be ineffective, as a uniform approach may not fit well with all groups across varying areas. This may be due to diversity or due to the fact that this approach does not meet the needs of the various groups effectively. Additionally, often policies arising from a pluralist perspective are hard to change and become quickly outdated (Wollenberg et al. 2005).

<table>
<thead>
<tr>
<th>Conflict in the workplace recognised and accepted</th>
<th>Workplace comprised of different interest groups</th>
<th>IR system regulated</th>
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<td>Temporary compromises on both sides through collective bargaining</td>
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**The radical theory of industrial relations and its influence on policy.**

The radical industrial relations theory amounts mainly to criticisms of pluralism. Pluralism and systems theory do not focus on and look to administer ways to reduce the causes of industrial conflict, which result due to variances in the levels of interest that result in inequitable distribution of power, wealth and status within society. The rules of radicalism favor capitalism as opposed to labor. The theory advocates the only way to rectify these inequalities is through major structural changes in society (Kelly 2002).

As with pluralism, the strength of radicalism is that it acknowledges conflict as inevitable due to the disproportionate dispensation of wealth, status and power. One of the characteristics of radicalism states that society, as a whole must undergo a transformation as it perpetuates inequitable distribution, which results in class division, inequity and injustice. As this is somewhat unrealistic, it can be viewed as a weakness of the theory (Sappey et al. 2006).

<table>
<thead>
<tr>
<th>Recognizes industrial conflict as inevitable in order to create 'harmonized' workplace.</th>
<th>Continued transformation of workplace and society in general.</th>
<th>Attempts to redistribute wealth equitably.</th>
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<td>Unrealistic and weak IR theory</td>
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**Corporatism and its influence on policy.**

Corporatism can be broadly described as a means of regulating consensus and sharing influence through joint decision making between a government and various institutions such as unions to minimize crisis and conflict in society (Barbash 1989). This type of industrial relations theory was used by the Labor Government through agreements with the Australian Council of Trade Unions (ACTU) in the 1980s and 1990s. Corporatism frequently focuses on adjustments in income policy to regulate wages/prices and control inflation. Forms of corporatism are closely linked to economic planning, development policies, and the objectives or demands of one party may form a trade off or become restricted. The voluntary participation by the parties is the emphasis of corporatism. Agreements by national union and employer associations are made on the basis that they retain their mandated link.
to their constituencies and participation in such agreements continues as long as it makes sense (Thomas 2004). National interest takes precedence over any business or labor interests and the rules are open to negotiation (Sappey et al. 2006).

It is through corporatism that the regulation of labor forms a social partnership between labor and capital and this influences and coordinates the formulation and implementation of government policy. This results in national interest taking precedence over business or labor interests (Barbash 1989).

Compulsory arbitration requirements of corporatism act as a constraint and can slow the system down. Furthermore, the goals or leadership of the unions or employer associations that enter into a set of political arrangements with the government may not effectively reflect the constituents. Another constraint of corporatism is that for corporatism to be effective, a system of centralized control is necessary. This makes things difficult when constituents wish to bargain more aggressively at decentralized levels. Because corporatism is such a highly structured approach this has resulted in corporatism drawing ample criticism from advocates of the other industrial relations theoretical approaches (Thomas 2004).

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<tr>
<th>Regulation of labor</th>
<th>Interest of nation as a whole takes precedence</th>
<th>Centralized control required</th>
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<td>Arrangements between unions and government may not be best for companies/business</td>
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**The labor process theory.**

The Labor Process Theory draws on Marxist perspectives and focuses on how work is organized and how the dynamics develop and change the division of labor and the consequences of decisions in regard to the work itself (Mabey & Finch-Lees, 2007). The implementation of the labour process theory results in significant attention being directed towards the work and the workplace. This is identified as one of the theory’s strengths as other approaches assume day to day aspects of work and focus on the industry as the center of analysis. This theory has taken industrial relations into new dimensions because it is less constrained than other theories as it focuses on the work and the workplace. This has facilitated in theoretical experimentation with other disciplines that has enabled a new dimensional focus on knowledge work, work and family and internal labor markets. However, a drawback of the theory is that management places far more concern on the control of resources than on efficiency. This is because the basis of the theory is concerned with long-term control of production systems workplace skills and opportunities (Sappey et al. 2006).

**Management theory.**

Management Theory, despite its short history is a workplace level orientated industrial relations approach. Evolving management theories, changing factors of management and the new role of management in the workplace in regard to industrial relations highlights the significance of this theory. Management’s new role of incorporating strategy, workplace motivation and a more management orientated approach as opposed to controlling the workplace has arisen due to the perceived failures of the industrial relations institutions. These
failures can be categorized as the unresolved dissonance between management and employees and the failure of the systems that focused outside the workplace (Monin 2004).

The advent of strategy becoming a popular concept within the role of management has reformed industrial relations within the workplaces. Employers are now better able to control industrial relations and systems and this combined with the internal focus on the workplace has facilitated the focus for management shifting to a focus on strategy and the best ways to reform industrial relations (Barkley & Saylor 2001). Furthermore, because human resources are now viewed as the organization’s most valuable asset and strategic and effective management of these resources contributes to the organization’s success, more emphasis is being placed on management theory and the emerging theories from within management theory (Goetsch & Davis 2006).

With many firms now focusing on the organization’s culture, strategy and empowered employee practices and strategic partnerships as ways to compete effectively in the global marketplace, this highlights the need for a focus on management theories and the workplace and new, responsive and practical industrial relations to facilitate success the retention of human resources and the success of the firm (Suganthi & Samuel 2004). The various concepts such as a focus on organizational culture, strategic human resource management, green fields and total quality management, to name a few, highlight the need for management theory to ensure effective support and internal focus by management within the workplace, in addition to management setting long term objectives and empowering employees as a means of improving workplace conditions and ensuring success. These concepts can facilitate increased productivity and efficiency; facilitate the promotion of strategic management, the improvement of employee workplace conditions which all contribute to firm’s overall success (Becker 2007).

One drawback with many new management theories and concepts is that they lack top-level management support and are viewed merely as fads or gimmicks. However, with total commitment by management, clear dissemination of strategic objectives, empowered employees and the focus on improvements within the workplace and on work processes, these various management concepts can ensure the success of the organization through improved industrial relations (Goetsch & Davis 2006).

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<tr>
<th>Internal focus on the workplace</th>
<th>Focus on strategy and IR reforms</th>
<th>Focus on organization’s culture, strategy and employee empowerment</th>
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<td>Improvement in employee conditions, increased productivity and efficiency</td>
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<td>Significant factors that contribute to firm’s overall success</td>
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The policies of the Hawke Government

The combination of the pluralist, corporatist and radical theoretical approaches to industrial relations are the theories that best explain the policies of the Hawke Government (1983-91). The intense power and influence of the unions on the workforce as a means to regulate conflict and as a means of influencing Government policy underline the pluralist/corporatist approach. Additionally, many of the policies the Hawke Government
implemented highlighted the criticisms of the previous Fraser Government and additionally sought to address the societal issues of social division and the economic crisis (Ryan 2003). These policies were influenced by radical ideology characteristics (Sappey et al. 2006).

Corporatism explains the Hawke Government’s policies effectively as the characteristics of corporatism include governments forging political arrangements with unions to regulate consensus, trade-offs occurring, the acknowledgement of conflict and national interest being placed ahead of any sectional interest. The Hawke Government used the National Economic Summit Conference in 1983 as a forum to combine business and trade unions in policy making. Additionally, the Economic Planning Advisory Council (EPAC) also formed political arrangements with the Hawke Government that facilitated their input into policy making (Ryan & Bramston 2003).

Keeping in line with corporatist ideology, the Hawke Government used the Australian Council of Trade Unions (ACTU) to win support across all factions when the government’s economic policy did not agree with all the constituents. The series of ‘Accords’ the government had with the ACTU were agreements to help regulate consensus. Additionally, the Hawke Government made unions and businesses its business partners and the occurrence of trade-offs became common, however conflict was not always resolved and the need for an arbitrating party was often required (Ryan & Bramston 2003).

The pluralist approach explains the policies of the Hawke Government as conflict between employees, employers and various unions and groups was acknowledged. The Hawke Government recognized conflict as it embraced various constituencies and displayed a preference for arbitrating competing and conflicting interests and varying positions. This resulted in the use of unions in the arbitral system becoming prominent (Hose 2003). Additionally, the government recognized various sources of authority and looked to their input to facilitate the success of the party. Bob Hawke himself issued his cabinet with autonomy and sought input from various ministers on a range of workplace and business issues (Ryan & Bramston 2003). However, the policies of the Keating Government brought many changes due to influence from different industrial relations theories.

<table>
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<tr>
<th>Impact of the IR policies</th>
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<tr>
<td>Government’s attempt to reduce social divisions and economic crisis.</td>
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<td>Reform government that aimed to eliminate disputes between unions and business.</td>
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<td>Setting up of Department of IR that oversaw reviews of wages restraint, award restructure and arbitration.</td>
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<tr>
<td>Severe reductions in the flexibility of the organization of work and work practices. Trade unions’ power strengthened which resulted in productivity-enhancing reforms of IR system.</td>
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The policies of the Keating Government

The industrial relations policies of the Keating Government (1991-96) were influenced by a less corporatist ideology, combined with a contribution of labor process theory and unitarist ideology. The Keating Government implemented legislation in the form of the Industrial Relations Reform Act 1993, and this signaled the commencement of the demise of the arbitral system in Australian industrial relations. Additionally, the Keating Government...

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Government implemented a more decentralized system and with it came the enterprise agreement legislation (Singleton 2000). The Keating Government policies continued to be influenced by corporatist ideology, with the ACTU still involved in government policy making. However, there was a notable decrease in the level of corporatism with the demise of the arbitral system, and an influence by labor process theory ideology as enterprise bargaining was introduced (Gardner 2008).

The notion that the Keating Government’s policies were influenced by the labor process theory are underlined by the way in which the government began to focus more on the workplace and less on the industry. As Singleton (2000) noted, the Keating Government implemented policies that focused on job retraining and job rotation schemes to improve Australia’s labor market. Furthermore, legislation that changed and reduced the role of unions highlights the lean towards unitarist ideology. The workplace agreements at individual and enterprise level emphasize the influence of the labor process theory and these were to become more prominent under the Howard Government.

<table>
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<th>The impact of the IR policies</th>
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<td>Shift away from focus on industry as a whole to individual workplaces.</td>
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<td>Improvements in Australia’s labor market.</td>
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<td>Improvements in working conditions and decrease in unemployment.</td>
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Improved national economy and less arbitrary power to unions.

**The Howard government’s policies and a change from the past.**

The major legislative changes introduced by the Howard Government took advantage of the industrial relations shift to a bargaining system implemented by the Keating Government. The policies and legislation of the Keating Government that were influenced by the labor process theory, unitarism and corporatism impacted greatly on industrial relations in Australia that resulted in far reaching consequences noticeable throughout the Howard Government’s term and that are still noticeable to this day (Gardner 2008).

The industrial relations policies of the Howard Government (1996-2007) are often portrayed as a major break from the past, however, realistically they were part of labor market reform that was first introduced by the Hawke Government and were then buttressed by the enshrining of the various legislation implemented by the Keating Government. A combination of unitarism, corporatism, the labor process and management theories best explain the industrial relations theories of the Howard Government (Hyde 2002).

The unitarist ideology of unions and outside arbitration to resolve conflict being viewed as unnecessary explains the abolishing of the ACTU Accord and the coalition’s attitude towards the Australian Industrial Relations Commission (AIRC) and the eventual erosion of power of the AIRC (Harkness 2008). Furthermore, the making of union membership non-compulsory under the Howard Government explains the influence of unitarist ideology on industrial relations policy as unions are viewed as obstructive under the unitarist approach (Singleton 2000). The perceived need for less arbitration and the focus of workplace agreements and direct non-union bargaining further explain the influence of unitarism on the Howard Government’s industrial relations policies (Forbes-Mewett 2005).

The focus the Howard Government directed at the workplace and the employment conditions via the
Workplace Relations Act 1996 that established a system of individual contracts known as Australian Workplace Agreements (AWAs) is explained by an influence of the labor process theory. The industrial relations reforms incorporated through Commonwealth legislation that aimed to improve workplace conditions highlights a corporatist approach (Timo 2005). Additionally, as the focus continued to shift from the industry to within the workplace, employers were better able to control and influence industrial relations highlights an influence by management theory ideology.

The workplace legislation implemented by the Howard Government resulted in massive changes in workplace relations as well as monumental reactions by the Australian people and Opposition Government. The political miscalculation by the Howard Government in not foreseeing the reaction to the legislation by workers resulted in the landslide victory for the Rudd Government. The Rudd Government’s main policies were about improving workplace relations through abolition of the Howard Government’s legislation (Aulich & Wettenhall 2008). The theories that explain the policies of the Rudd Government to this stage are a combination of the labor process theory, unitarism, and pluralism and management theory.

The Workplace Relations Amendment Act 2008 (Transition to Forward with Fairness), incorporates the ideology of the labor process theory and pluralism. The Act is a uniformed national system that covers all private sector employees that promotes cooperation and harmonization and improved productivity within the workplace that highlights the unitarist influence. However, as conflict is recognized and the need for conciliation and arbitration being of paramount importance to eliminate workplace conflict, the Fair Work Australia (FWA), a decentralized body has been set up to monitor and resolve any conflict (Australian Labor Party 2008). The implementation of the FWA highlights a pluralist approach as the need for a third party to arbitrate and resolve conflict is necessary.

<table>
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<th>Impact of the IR policies</th>
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<tr>
<td>Conflict no longer viewed as inevitable.</td>
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<td>ACTU abolished.</td>
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<td>Union membership non-compulsory</td>
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<tr>
<td>Massive workplace reforms which lead to improved workplace relations and increased productivity.</td>
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<td>Booming Australian economy through increased GDP, low unemployment, retention of labor.</td>
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**Policies under labor – The Rudd and Gillard Government’s IR policies.**

With greater emphasis being placed on the way work and workplace conditions are organized, combined with the Rudd and Gillard Government’s objective to eliminate the need for federal industrial relations powers highlights the labor process approach. The awards, agreements and conditions as set out in the legislation highlight the focus moving away from industry and towards how work is organized and various decisions and consequences arising from workplace conditions (Australian Labor Party 2008).

Within the regulatory and institutional framework of industrial relations it has always proved problematic to
incorporate human resource management policies. However, the Rudd Government has been influenced by management theory and this has resulted in greater emphasis being placed on work-family policies. These policies recognize the importance of human resources in the labor market and seek to improve conditions for female workers and workers with families. The Rudd Government recognizes that conflict in the workplace usually arises from the conditions of the workplace; therefore the government aim to improve conditions through human resource orientated policies such as work-family policies that incorporate greater flexibility and facilitate employer-employee relations that eradicate the need for industry focused intervention or bargaining (Abbott 2007).

The key elements and reforms of the *Fair Work Bill Act 2008* focus on improving the way in which work is organized, the conditions within the workplace and improving productivity are examples of labor process theory influence. However, the key elements and reforms are also influenced by a pluralist/unitarist approach that recognizes that conflict may arise and to remedy this, the Fair Work Australia (FWA) has been formed to deal with workplace conflict. The reference in the Act to fostering a harmonious and cooperative workplace environment highlights the unitarist approach. Opposed to the IR policies of the previous Howard Government, labor under Gillard implemented changes to IR policies and workplace agreements through support given to the ACTU and through the implementation of a new IR system.

**A comparison and discussion of the governments’ policies over the past 3 decades.**

The current labor government's policies emphasize a massive change from the previous Howard Government’s industrial relations policies, this is more just a return to the past (Kelly 2008). The Hawke Government recognized the Australian economic infrastructure was lagging in comparison to that of the rest of the world and to remedy this began the implementation of labor reform. These were buttressed further and became more prominent due to the Keating Government’s workplace legislation that continued enormous industrial relations reform. The Howard Government took advantage of the industrial relations shift to a bargaining system enacted under the Keating Government and subsequently continued to implement change in industrial relations (Singleton 2000).

The Keating Government policies and legislation were majorly influenced by the labor process theory and the unitarist approach. The enormous influence the labor process ideology and unitarism had on the Keating Government’s policies resulted in the Howard Government’s policies also being influenced by the Keating Government, labor process ideology and unitarism. Furthermore, the influence of these policies and theories has had having far reaching consequences that are still noticeable today (Aulich & Wettenhall 2008).

The labor process theory resulted in greater focus on labor, the labor market and workplace conditions rather than on industry. The decentralization of the industrial relations system and the introduction of enterprise bargaining combined with various workplace training, organization and incentive plans under the Keating Government, highlight the influence of the labor process theory. The decreased need for trade unions and their decreased power highlights the influence of unitarism on the Government and industrial relations. The labor process theory featured throughout all four governments of the last three decades in Australia. From the Keating Government onwards, the labor process theory began to feature more prominently as it influenced policy formulation and the implementation of legislation more extensively. The influence of unitarism is emphasized as union membership and union power decreased and the limited role of unions in the workplace became more prominent from the Keating Government onwards. The labor process theory and unitarism are the industrial
relations theory that best explain the changes in industrial relations in Australia since 1983.

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