FACTORS AFFECTING PERCEPTIONS
OF A WORKPLACE INDUSTRIAL
RELATIONS CLIMATE

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The current 'productivity imperative' has seen Australian organisations searching for new ways to achieve a competitive advantage. The creation of an industrial relations climate based on cooperative union-management workplace relations is crucial if management is to obtain the necessary commitment from their work force to achieve desired productivity and performance goals. Factors influential to the development of perceptions of such an industrial relations climate are explored in this article through a case study of a Victorian automotive component manufacturing company. A model developed by Dastmalchian, Blyton and Adamson (1991), which shows the industrial relations climate to be mediating organisational and industrial relations inputs and industrial relations outputs, is used as a schema to analyse the union-management relationship at Brakeco.

INTRODUCTION

Government reforms undertaken to improve productivity and efficiency at the workplace, and consequently at the national level, are forcing Australian organisations to seek new ways to achieve a competitive advantage. Pfeffer (1994) argues that the sources of competitive success have shifted over time making people, and the way they are managed, comparatively more important. Consensus exists that a cooperative, consultative and strategic approach to management at the workplace, involving all key stakeholders in the organisation, is beneficial to both capital and labour (Levine, 1990; Porter, 1990; Schuler and Jackson, 1987; Walton, 1985). A task for management is creating an industrial relations climate that supports and sustains cooperation

and consensus between unions and management at the workplace. Generating mutual trust between the parties is critical if behavioural and attitudinal changes are necessary in order to secure the benefits of focusing on the organisation's long-term, competitive position (Purcell, 1981).

A study of industrial relations climate considers organisational structures and processes, and industrial relations procedures and outcomes that influence, and are influenced by, day-to-day union-management interaction at the workplace. Dastmalchian and his colleagues have developed a model to express the potential of the workplace industrial relations climate mediating the relationship between inputs and outcomes of industrial relations systems. Additionally the model was developed to validate a measure of the 'perceived atmosphere of workplace industrial relations' that could be used in a diverse range of work organisations (Dastmalchian, Blyton and Abdollahyan, 1982; Dastmalchian, 1986; Dastmalchian Adamson and Blyton, 1986; Dastmalchian, Blyton and Adamson, 1989; 1991).

The purpose of this article is to use the this model as a schema to analyse employee perceptions of the industrial relations climate in a particular organisation. The aim of the research is not to 'measure' the industrial relations climate within this organisation, but questions whether there are other factors than those identified in the model that are influential in the development of employees' perceptions of a workplace industrial relations climate. A case study method was used to investigate the industrial relations processes. The findings are used as an Australian example of the factors influential in the development of employee perceptions of the workplace industrial relations climate. From these findings it is possible to refine concepts as well as illustrate, confirm, or expand upon the intra-organisational factors identified in the Dastmalchian et al. (1991) model of workplace industrial relations climate.

The case study is conducted at Brackeo, an automotive component manufacturer operating from a single site in suburban Melbourne, Australia. This company has been chosen as the research site for a number of reasons. The perception that a 'good' industrial relations climate exists within Brackeo has arisen from their use of a process of workplace union-management consultation and negotiation since 1986 to give a constitutional foundation and legitimacy to extensive organisational changes. The Brackeo (Enterprise Bargaining) Award 1991 was one of the first to be approved by the Australian Industrial Relations Commission under the 1991 Enterprise Bargaining Principle. That agreement contained a range of participative measures to assist
the identification of productivity improvements (Department of Industrial Relations, 1992).

The next section of the article discusses the organisational and industrial relations climate. The case study methodology is elaborated and the case study itself is divided into four parts. The first briefly canvasses the organisation's external environment while exploring four input variables and their constituents. The second part deals with the mediating variable of industrial relations climate and draws upon subjective information that considers employee's perceptions of the current workplace industrial relations climate and their perceptions of how it has changed since 1986. The third part employs Dastmalchian et al.'s model in an attempt to explain industrial relations outcomes in terms of the influence exerted by the workplace industrial relations climate. In conclusion those factors that are found to be most influential in developing what is perceived to be a 'good' industrial relations climate are discussed along with those areas worthy of further research.

THE CLIMATE CONCEPT

People in organisations encounter numerous events, practices and procedures that they perceive in related sets, which can be termed 'climates' (Schneider and Reichers, 1983). It is argued that several distinct climates, linked to different aspects of the organisation, can exist within the one organisation. While organisational climate refers to the set of variables representing the overall norms, attitudes and feelings prevailing at the workplace (Payne and Pugh, 1976), industrial relations climate is one subset which pertains to the norms and attitudes reflecting the conduct and practice of union-management relations in an organisation (Dastmalchian et al., 1989: 21). This definition implies that the concept of an 'industrial relations climate' is only applicable where there is a union presence at the workplace.

Payne and Mansfield (1973) argue that, as a concept, organisational climate can provide a linkage between analysis at the individual and organisational level. Others concur with viewing organisational climate as a mediating variable between the organisation's structural features and the influence of the external environment on the one hand, and individual behaviour on the other (Payne and Pugh, 1976; Dastmalchian et al., 1991).

Industrial relations climate is considered an important factor in studies on dual commitment (Angle and Perry, 1986), union membership (Newton and Shore,
1992), explaining the incidence of strikes (Kelly and Nicholson, 1980), examining company effectiveness (Dastmalchian et al., 1982) and predicting employee receptiveness to organisational change. The problems that arise from studies using this variable, generally revolve around a lack of agreement on its status, as well as how it is operationalised and measured.

Dastmalchian et al. use industrial relations climate as a vehicle for developing an understanding of the links between the organisational structures, industrial relations processes and different industrial relations outcomes. A model was developed and its investigation and testing found that the inclusion of workplace industrial relations climate as a mediating variable improves the ability to explain the outcomes of the organisation's industrial relations activities (Dastmalchian et al., 1991: 163).

THE CASE STUDY - BRAKECO

The terms 'workplace' and 'organisation' are used interchangeably in this case study as Brakeco is a multi-plant but single-site organisation. A triangulated approach was taken in order to cross check and verify the accuracy of data gathered from published and unpublished sources, observation, informal discussions and semi-structured interviews.

In total fifteen, semi-structured interviews were conducted with management and employee representatives. The Industrial Relations Manager selected the employee representatives for interview. The criteria for selection was that the employees were union members, able to supply information about the organisation's present industrial relations situation and provide a historical perspective of the organisation. The employee representatives were all males of Anglo-Saxon or European descent who had employment histories with the organisation varying from fifteen to thirty-two years. Questions were asked to gauge perceptions of the industrial relations climate prior to 1986 and were based on the five climate scales identified in the model. Additional questions considered how those interviewed believed the industrial relations climate had changed over time and what they thought were factors which had induced such changes.

Brakeco is an Australian manufacturer of brake and clutch systems. They supply Australian equipment manufacturers and also export componentry to the United States, Korea, other Asian and European manufacturers. Brakeco also niche markets braking systems for high performance sports cars. An
extensive array of components is distributed locally and to about sixty other countries. The breakdown of earnings between original equipment and componentry sales is about 50/50. Exports account for around 35 percent of all 1993 sales, which is up from 18 percent in 1986.

The organisation evolved during the 1980s due to changes in ownership and strategic direction. Brakeco is the principal operating business of Austco, an Australian based, diverse manufacturing company which was listed on the Australian Stock Exchange in 1989. Austco was initially established as the wholly owned subsidiary of a broadly based British industrial company. In March 1993 the British company began selling their 57 percent stake in Austco. Currently around 80 percent of Austco’s ownership is in Australian hands (Austco Today, 1993: 7). Employee share ownership represents about 1.2 percent of paid up ordinary shares (Annual Report, 1992: 35).

Following purchase by the British company in 1986, a new senior management team adopted a new approach to managing people (Industrial Relations and Management Newsletter, April 1991: 4). Major organisational changes were made to facilitate the recognition that management’s role must change from "boardwalkers" to "coordinators, communicators, problem solvers" (Way, 1990: 80). The perception that a strong, open, participative management style was adopted within the organisation was reinforced in interviews with union and management representatives.

By 1988 $60 million had been spent on the layout and restructuring of the Melbourne site. Refurbishing and improving employee facilities cost $8 million. Physical changes to the site were perceived by employees as visible proof of management’s commitment to change.

The 1989 move to Austco of the former Brakeco Chief Executive Officer was seen by some to be a loss for Brakeco. During 1990 the new Managing Director at Brakeco took on the task of consolidating earlier changes in the face of contracting product markets in a gloomy worldwide economic environment. Total redundancies costing $5.2 million were made and extensive organisational restructuring was undertaken (Annual Report, 1990: 3; Annual Report, 1991: 1).

Each of Austco’s subsidiaries operate with a degree of independence from their parent company. Austco and Brakeco enjoy a close relationship as they are located on the same site in Melbourne. The Director of Human Resources at
Brakeco is identified by many, both within and outside the organisation, for his influence on the nature of the industrial relations at the workplace.

In December 1993 Brakeco’s workforce numbered 1,140 persons, down from 2,300 in 1986. Nearly 80 percent of the workforce is male and about 20 nationalities are represented. The majority of the workforce is of Australian or European descent. Very few people are employed on a basis other than full-time. Two thirds of the workforce are employed in production.

At present, changes in work organisation to team based work are occurring alongside a complete upgrade of production technology. The responsibility implicit in self regulating work teams means less managerial control will be exerted over the workforce. Little recruitment activity has occurred in recent years following the 1990-91 redundancies. When short-term increases in workforce numbers are required, Brakeco employs casual or temporary labour, which is consistent with Atkinson’s (1987) model of the ‘flexible firm’.

In 1987 Brakeco had thirteen layers of management; now they have only three. The workforce is undergoing re-organisation into teams comprising a leader (who is appointed following a formal application process) and members who share responsibility for work performed.

Workplace industrial relations decisions are made on a participative basis. The eight employee representatives on the Site Consultative Committee include senior union representatives, the Site Convenor and deputy Convenor. The four management representatives include the Director of Manufacturing, Director of Human Resources (Austco), Employee Relations Manager and Human Resources Manager. Consultation occurs quarterly or more frequently as required, and covers a wide range of matters. Additional forms of communication include an information session, involving all employees, run by the Managing Director on a quarterly basis. Plant sessions are held monthly while section meetings are held twice weekly. Twenty language support groups have been set up to overcome communication difficulties associated with the diversity of ethnic groups on site.

Brakeco managers now develop organisational policies in conjunction with the overall vision for the organisation. The introduction of work teams means human resource management policies for selection, continuous training, motivation, mutual trust, rewards, status and communication are required to support such work organisation changes. Human resource management strategies encouraging employee involvement and commitment, as well as
motivating performance, are a priority. In interviews the Site Convenor pointed out that simple physical status symbols such as time clocks, uniforms and car parking privileges have served to reinforce differences between management and employees. In conjunction with management, the site convenor has worked to remove these barriers in order to develop more trust in employment relations. In addition, intrinsic, non-financial rewards are being considered as a means of sustaining workforce motivation.

Flowing from the 1993 Enterprise Agreement there is a new common wage and classification structure for all employees paid on a weekly basis which maintains the integrity of the Metal Industry Award structure. Previously both the Metal Industry Award 1984 and the Rubber, Plastic and Cable Making Industry (Consolidated) Award 1983 regulated employee's terms and conditions of work.

Spending on training is currently about 2 percent of payroll. Training modules for managers and supervisors exist in a range of areas. Team leaders and teams are undergoing extensive training in order to promote group cohesion. A training plan has been implemented to provide access for all employees to the benefits of award restructuring. Training in generic and site specific skills are offered to all employees.

English language skills are a very real problem. Basic English skills need to be attained before employees can achieve certain skills necessary to be considered for promotion. In October 1991 a language audit was taken of 224 production workers by the Adult Migrant Education Service. The results had wide ranging implications for training. An initial solution was to offer a sixteen week remedial English program in 1991, in which 250 employees expressed interest. The classes are now conducted every six months. The two and a half hour, twice weekly classes are paid for by Brakeco and taken in normal working hours.

The three unions on site are the Metals (80 percent density), National Unions of Workers (18 percent) and the Electrical Trades Union. The unions operate as a single bargaining unit and enforce an informal closed shop. The position of full-time company paid Site Convenor was created to focus union discussions. Originally this position was to be rotated, however, after a period of operation it became clear that continuity was important. The Convenor does not have an office as the objective of the role is for continual interaction with workers. A shop committee, which includes all twenty-eight shop stewards, was formed in
1986 and is chaired by the Convenor. This committee meets monthly and deals with any site issues that cannot be resolved by single shop stewards.

Elections are often considered unnecessary for shop stewards, as difficulties can exist finding candidates, especially women, to take on the role. All shop stewards are provided with training from the Trade Union Training Authority, which is paid for by the organisation.

**Industrial Relations Climate**

This section of the case study primarily draws on interview material. Interviews are considered appropriate as an "industrial relations climate concerns the attitudes and beliefs held by management and employees (and their representatives) towards industrial relations" (Dastmalchian et al., 1991: 43).

Unionisation by the Metals in the 1970s brought a number of changes to the paternalistic atmosphere that characterised industrial relations at Brakeco in the 1960s. These changes included the regulation of wages and salaries, the formalisation and standardisation of tasks through the introduction of work rules (resulting in demarcation), disputes with a very anti-union management and efforts to clean up the work environment. The task of the shop steward was considered thankless, concerned with petty grievances and very much an 'us vs. them' role. Industrial disputes occurred throughout the 1970s until a younger Industrial Relations Manager was hired to deal with both the unions and the anti-union Managing Director. An easy relationship developed between the union and management, although one-way communication was still very much the norm until 1986.

When the British company purchased Brakeco in 1986 there were essentially four separate plants operating on the one site employing 2,300 people. Despite working under the Metal Industry Award, wages and salaries contained internal anomalies and the physical working conditions left much to be desired. Management's initial industrial relations objective, personally lead by the CEO, was to build a climate of trust. As a result the union was formally recognised and a shop committee and consultative committee were formed. The role of full-time, company paid, Site Convenor was also created to focus union activity on site. The Convenor's leadership earned much respect from both the employees and management. The consultative committee was the key decision making forum with respect to industrial relations issues and is seen
by management and union representatives as providing the workforce with an avenue for real and genuine involvement in decision making.

At Brakeco "information and communication are the key tools to bring about change" (Industrial Relations and Management Newsletter, April 1991: 5). A number of those interviewed discussed the importance of formal and informal communication and how it has changed. "There is more communication, you have a knowledge of the firm, things like money and budgets ... previously you wouldn't know these things". "Years ago what management said was gospel, now management realises that people's ideas have merit".

The turbulence and uncertainty in the Australian automotive industry has caused some concern amongst employees regarding job security and the long-term future of Brakeco. Management has guaranteed that any changes resulting from the present shift to teamwork will not lead to redundancies. Those interviewed were conscious of the need for the organisation to become world competitive: "In the old days there was a friendly atmosphere, now communication is better but there is more pressure on people. It is not unfriendly here but there is a different atmosphere".

Changes forced from outside the organisation over which management has little control have combined with internally driven changes to contribute to developing an organisation that is quite different in size, structure, outlook and performance to the one purchased in 1986. The relationship between management and unions at the workplace has been improved by conscious management initiatives to support organisational goals. Improved relationships based on trust are a result of the commitment and drive of particular leaders who are prepared to transcribe personal philosophies about 'people management' into long term strategies. Their commitment has been reinforced by structural and process changes within the organisation.

**Industrial Relations Outcomes**

Dastmalchian et al.'s (1991: 43) theoretical argument is that the characteristics of organisational structure and context will affect industrial relations outcomes and that these relationships will be mediated by perceptions of the actors concerning the workplace industrial relations climate. Three sets of industrial relations outcomes will be relevant; union membership, absenteeism and turnover, and union-management interactions.
Outcomes related to union membership are difficult to ascertain due to the informal closed shop. General large-scale union meetings are not a workplace feature and there have been no recent calls for local industrial action. Most of those interviewed at Brakeco believed the union generally makes a positive contribution to the functioning of the organisation.

Absenteism is a continual problem for Brakeco. Specific strategies have not been adopted to address this, however improved job training and two-way communication are seen as having an impact on reducing absenteeism. In 1992 absenteeism was 8.4 percent, a small reduction from around 9 percent in 1986. In December 1993 the level was 4.4 percent, still some way off the 3 percent target for the year. Voluntary employee turnover figures have fallen considerably each year from 23 percent in 1988 to 7 percent in 1992. In the current economic climate it is difficult to ascertain the motivation for employee’s intentions to stay with Brakeco.

The industrial relations outcomes relevant to union-management interactions have been perceived as cooperative, productive and fair. The organisation's three enterprise agreements were all negotiated in accordance with the MTIA-MTFU enterprise bargaining guidelines. The agreements have delivered standard pay rises of 4 percent (1987), 4.5 percent (1991) and 6 percent (1993). Included within the agreements have been various measures designed to effect real gains in productivity, efficiency and flexibility. Commitments in the latest enterprise agreement reflect the strength of the current relationship between the unions and management at the workplace. The parties exhibit a willingness to work together, a mutual regard for each other’s objectives and a preparedness to cooperate to achieve these objectives.

The industrial relations outcomes can be explained by a number of factors. It is not possible to make causal connections, but logical inferences can be drawn. In part, it can be concluded that reduced absenteeism, turnover, industrial action and win-win enterprise bargaining agreements were directly attributed to what can be considered a 'good' industrial relations climate. Moreover the bargaining structure and history has lead to a number of successful outcomes for all employees. Each successful bargaining outcome has a twofold gain in that it improves employees' perceptions of the union-management relationship, and it influences the nature of future outcomes. Considering the unions as legitimate workforce representatives, the degree of support from union members and encouraging the union to be a real partner in change have all influenced employee perceptions of the climate of industrial relations at the workplace.
CONCLUSION

Government reforms aimed at improving workplace efficiency and productivity have highlighted the importance of developing a climate in which industrial relations are based on trust, cooperation and consensus. The success of organisational change or restructuring to facilitate improved productivity through labour flexibility and efficiency rests on encouraging all parties at the workplace to change their behaviour. Productive change will not emerge in an environment characterised by low trust or hostile industrial relations between the parties.

Dastmalchian et al. developed their model to express how a workplace industrial relations climate can influence the relationships between inputs and outcomes of an industrial relations system. This research utilises the model as a means to analyse the union-management relationship within the organisation and thus determine whether the factors identified in the model were the only factors influential in developing perceptions of a 'good' industrial relations climate at Brakeco.

Case study evidence supports the contention that certain aspects of the organisational level variables were influential in the development of high trust union-management relations and particular industrial relations outcomes. At Brakeco the following variables were identified as influential in developing their industrial relations climate:

- bargaining structures that recognise the union's legitimacy and encourage union involvement in workplace change;

- participative and representative decision making structures; and

- human resource management policies and practices designed to generate a flexible and committed workforce especially those which encourage training, and recognise employees with rewards that are both tangible and intangible.

Explicitly recognising the union as the legitimate employee representative was the first step in Brakeco's strategy to develop high trust relations between the parties at the workplace. This was supported and reinforced by organisational structures that were put in place to facilitate consultation and two-way communication between the union, employees and management.
The development of employee perceptions of a 'good' industrial relations climate at Brakeco can also be partly attributed to the ability and strength of certain employees, in particular the CEO and the Director of Human Resources. These employees are perceived to have developed and transformed organisational objectives into positive action. The 'leaders' who influenced perceptions of a 'good' industrial relations climate at Brakeco were, however, not solely confined to top management. The Site Convenor also played an important role.

Dastmalchian et al.'s (1991) model explicitly focused on measurable internal organisational features, it therefore excluded a range of other relevant factors. Specifically the model neglected the important role played by particular personalities within the organisation, although Dastmalchian et al. did point out that "the way principal actors in workplace industrial relations behave is likely to affect attitudes towards those relations" (1991: 167).

The conclusion that can be drawn from the case study is that a 'personality' and/or 'leadership' variable exerts an influence over the development of employees' perceptions of the prevailing industrial relations climate within an organisation. Future research should consider this 'personality' and/or 'leadership' variable in order to better explain the development of employees' perceptions of the prevailing climate in which workplace industrial relations are conducted.

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