TRENDS IN PROCESSES IN THE MAKING OF AUSTRALIAN WORKPLACE AGREEMENTS

Information and findings from a survey into processes in making and outcomes of Australian workplace agreements

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November 2000

Executive Summary

General Review

Executive Summary

- Some 35 per cent of organisations in the survey employed 19 employees or fewer, with nearly half of those organisations employing between one to five employees. Nearly half of the organisations[1] were located in four industries: transport and storage (15 per cent), manufacturing (13 per cent), health and community services (13 per cent), and accommodation, cafes and restaurants (8 per cent). In addition, over two-thirds of the organisations represented in the survey were in the private sector. Almost nine out of ten organisations were wholly Australian-owned.

- A high proportion of businesses in the survey operated over 8 hours per day. Nearly half of businesses had between 8 and 11 operating hours per day, and almost one in three organisations worked between 17 to 24 hours a day. In addition, nearly half (45 per cent) of businesses worked seven days a week. It could be argued that such businesses are utilising AWAs to increase flexibility and change working time arrangements to better suit organisational needs.

- Just over half of all respondents have no union presence at all in their organisation, while three-quarters have no union delegates.

- Many employers stated that the main reason for introducing AWAs was to increase flexibility of hours (45 per cent), simplify employment conditions (42 per cent), obtain better organisational outcomes (40 per cent), implement management strategy (39 per cent), and to improve the employee-management relations (36 per cent). Low on the list were direct cost considerations (such as containment of labour costs – 18 per cent, and reduced administration cost – 12 per cent), industrial relations issues (limitations of collective bargaining and/or agreements – 16 per cent), and competitive pressures (matching arrangements of competitors – 7 per cent). These figures would suggest that AWAs are being introduced by many employers as part of a process of cultural change within the organisation, rather than a direct 'slash and burn' cost-driven agenda.

- The survey results give us some indication as to whether employers have been successful in achieving their objectives through the use of AWAs. Two out of three employers (66 per cent) indicated that the ability to introduce change had improved, compared to just one per cent who said it had got worse. A similar proportion (64 per cent) reported that management-employee relations had improved or greatly improved, compared to three per cent who felt they had worsened. 58 per cent of employers reported that labour productivity had improved or greatly improved as a result of the introduction of AWAs, as opposed to one per cent who felt it had got worse. Employee commitment had improved or greatly improved in 55 per cent of enterprises, and declined in one per cent. Employee turnover had fallen in 28 per cent of firms, compared to an increase in one per cent. Even in relation to administrative overheads - one area of concern for most employers considering AWA arrangements – over twice as many employers felt that AWAs had improved or greatly improved their situation than had worsened it (32 per cent compared to 15 per cent). The survey analysis also reveals significant variations in organisational outcomes according to the types of communication methods employed when conveying information about AWAs. Contrary to management

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[1] Information provided by an employer respondent or organisation representative.

perceptions over the effectiveness of the various methods of communicating information about AWAs, initial results would suggest that more collective participation mechanisms *may* yield greater organisational outcomes, when examining the actual outcomes from employers who stated that these had 'improved' or 'greatly improved' are examined.

- These findings suggest that while regular formal meetings between managers and employees, and individual employee discussions are the most frequently used channels of communication, as well as being perceived as the most effective methods of communication, when supplemented with other forms of communication they were even more likely to achieve greater improvement in a range of organisation outcomes.

- The most frequently used communication methods in the organisations were individual employee discussions (73 per cent) and regular formal meetings between managers and employees (71 per cent). These were also the most frequently adopted methods of communicating information about AWAs. In addition, these methods were considered by most respondents as the 'most effective' forms of communication. To a lesser extent, bulletin boards and e-mail were also in widespread use for communicating more generally with the workforce as well as about AWAs. Other popular methods of communication were regular newsletters and employee surveys.

- Managers and administrators (36 per cent) were the occupations most likely to be offered AWAs (It can be argued that these occupations are also less likely to be covered by Awards and/or Certified Agreements), closely followed by tradespersons (32 per cent) and labourers (28 per cent). Associate professionals were the least likely occupation to be offered AWAs.

- Overall, the majority of employers (65 per cent) held discussions with their employees before commencing the drafting of their AWAs. Other employers held discussions with employees after drafting had commenced. In 59 per cent of all cases, discussions led employers to make changes to the contents of the AWAs. Only 17 per cent of employers did not hold any discussions prior to drafting the AWA and/or did not change the content of the AWA after discussions with employees over the draft of the AWA. In other words, over eight out of ten employers either consulted their employees before starting to draft their AWAs and/or made changes after showing the draft AWA to their employees.

- While these figures do not show the 'success' of such discussions, it nevertheless indicates that in the vast majority of organisations there is some degree of consultation with and input from employees when drafting AWAs. That their contents had changed after such consultation suggests that employees may have a degree of influence in drafting the AWA.

- Those employers who made changes to the content of AWAs following discussions with employees were more likely to see an improvement in organisational outcomes as those who did not. The highest overall improvement for those organisations was the ability to implement change (71 per cent) and management-employee relations (69 per cent). These issues were also the most important objectives of implementing AWAs in the first place.

- The largest difference in organisational outcomes between those respondents who indicated that contents of the AWAs had changed after discussions with employees and those that had not, were the differences in improvements towards labour productivity (22 per cent). Other

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differences in outcomes were also important. These included significant differences of 13 per cent relating to management-employee relations, employee commitment, workplace profitability and output quality. In addition, there was a 12 per cent difference in the ability to implement change and a four per cent different in employee turnover.

- Nearly two-thirds of organisations with AWAs (62 per cent) totally replaced Awards or Certified Agreements compared to 38 per cent which replaced particular conditions or clauses. This confirms that many AWAs are fully comprehensive in that they completely replace the Award and/or collective agreement, rather than changing only a small number of conditions.

- Almost two-thirds of organisations with AWAs (63 per cent) will continue to introduce AWAs in the next two years. In addition, only six per cent of employers who have made AWAs since their introduction no longer have any in their workplace. Those employers who stated that AWAs would increase in the next two years cited on increase in flexibility and the benefit of having all employees under one type of industrial relations instrument (including new employees) as the primary reasons.

General Review

Characteristics of Survey Respondents

- Some 35 per cent of organisations employed 19 employees or fewer, with nearly half of those organisations employing between one and five employees.
- Nearly half of the organisations were located in four industries: transport and storage (15 per cent), manufacturing (13 per cent), health and community services (13 per cent), and accommodation, cafes and restaurants (8 per cent). In addition, over two-thirds of organisations in the survey were in the private sector.
- Nearly nine out of ten organisations were wholly Australian-owned. This represents a higher degree of wholly Australian ownership than in other similar organisation and workplace surveys.
- Over 60 per cent of organisations, which responded to the survey, had been established for ten years or more (a higher proportion than found in similar surveys). Only 23 per cent of organisations had been operating for five years or less (this is representative of ABS trends). In addition, less than one in five organisations (17 per cent) describe themselves as new 'greenfield' site when AWAs were first introduced.
- A high proportion of businesses in the survey operated more than eight hours per day. Nearly half of businesses had between 8 and 11 operating hours per day, and nearly one in three worked between 17 and 24 hours a day. In addition, nearly half (45 per cent) of businesses operate seven days a week. It could be argued that such businesses are utilising AWAs to increase flexibility and change working time arrangements to better suit organisational needs.
- Less than one in five organisations face import competition or exported 'all' or 'some' of their product or services overseas. However, the survey suggests there was a high level of domestic competition with over 70 per cent of businesses identifying that their sector has six or more competitors.
- Nearly two in three organisations with approved AWAs totally replaced Awards and/or Certified Agreement(s). Just over a third replaced a particular section or clause in an Award and/or Agreement. Over 70 per cent of those that replaced an Award and/or Agreement(s), were previously covered by more than one Agreement and/or Award.
- Just over half of all respondents have no union presence at all in their organisation, while three-quarters have no union delegates. This represents a higher proportion of non-union organisations than has been reported in previous surveys (This survey covers some 500 organisations, one of the largest to examine the non-union sector in Australia).

Motivating and inhibiting factors

- About a third of respondents were satisfied or very satisfied with the Award system. A similar number (31 per cent) of employers stated they were dissatisfied with the Award system. While acknowledging the different methodology adopted in AWIRS95, there does seem to be a greater level of dissatisfaction with the Award system among those organisations with AWAs than among the management respondents in AWIRS95[2].
- Many employers stated that the main reason for introducing AWAs was to increase flexibility of hours (45 per cent), simplify employment conditions (42 per cent), obtain better

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[2] AWIRS95 was based on *workplaces* with 20 or more employees, as opposed to *organisations*. There were also slight differences in question terminology.

organisational outcomes (40 per cent), implement management strategy (39 per cent), and to improve employee-management relations (36 per cent). Low on the list were direct cost considerations (such as containment of labour costs – 18 per cent, and reduced administration cost – 12 per cent), industrial relations issues (limitations of collective bargaining and/or agreements – 16 per cent), and competitive pressures (matching arrangements of competitors – 7 per cent). These figures would suggest that AWAs are being introduced by many employers as part of a process of cultural change within the organisation, rather than as a result of a 'slash and burn' costs-driven agenda.

- There were few factors that were inhibiting employers from introducing AWAs with the exception of union opposition (24 per cent) and the lack of interest and/or opposition from employees (19 per cent). Industrial relations legislation and other legislative impediments were low on the list of inhibiting factors for employers.

Impact and outcomes of AWAs

- The survey results give us some indication as to whether employers have been successful in achieving their objectives through the use of AWAs. Two out of three employers (66 per cent) indicated that the ability to introduce change had improved, compared to just one per cent who said it had got worse. A similar proportion (64 per cent) reported that management-employee relations had improved or greatly improved, compared to three per cent who felt they had worsened. 58 per cent of employers reported that labour productivity had improved or greatly improved as a result of the introduction of AWAs, as opposed to one per cent who felt it had got worse. Employee commitment had improved or greatly improved in 55 per cent of firms, and declined in one per cent. Employee turnover had fallen in 28 per cent of enterprises, compared to an increase in one per cent. Even in relation to administrative overheads – one area that deters some employers from introducing individual arrangements – over twice as many employers felt that AWAs had improved or greatly improved their situation than had worsened it (32 per cent compared to 15 per cent).

- Only in one area – union relations - was there a slightly larger number of employers who believed that there had been a decline. 13 per cent thought they had worsened as a result of the introduction of AWAs compared to just under eight per cent who thought that they had improved or greatly improved (Interestingly just over 3 per cent – or 17 employers – thought they had 'greatly improved'). The remaining 79 per cent thought they had not changed.

- The survey analysis also reveals significant variations in organisational outcomes according to the types of communication methods employed when conveying information about AWAs. Contrary to management perceptions over the effectiveness of the various methods of communicating information about AWAs, initial results would suggest that more collective participation mechanisms *may* yield greater organisational outcomes, when examining the actual outcomes from employers who stated that these had 'improved' or 'greatly improved' are examined.

- However, while the use of these communication methods show improved organisational outcomes, it must be noted that in almost all cases these methods and techniques were used in addition to face to face meetings.

- These findings suggest that while regular formal meetings between managers and employees, and individual employee discussions are the most frequently used channels of communication, as well as being perceived as the most effective methods of communication, when supplemented with other forms of communication they were even more likely to achieve greater improvement in a range of organisation outcomes.

- It appears from the analysis that in the relatively small number of cases where alternative communication methods were used, they were associated with a higher incidence of better organisational outcomes. As an example, it appears that the use of employee surveys, suggestion schemes, and semi- or fully autonomous work groups and quality circles were considered to be a factor in the improvement in workplace profitability. In addition, employers who made use of JCCs or works committees were significantly more likely to have had an improvement in labour productivity. Interestingly, the use of elected non-union representatives and union delegate(s) were also deemed to be a factor in relation to the improvement of labour productivity.

- The improvement in management and employee relations outcomes also seemed associated with the use of JCCs (or works committees) and elected non-union representatives. Task forces or *ad hoc* joint committees, and employee surveys also seemed to be contributors to increased improvement. The ability to implement change was also considered to be influenced by JCCs (or works committees), elected non-union representatives, and task forces. In addition, the figures also suggest that lower employee turnover may also be influenced by the use of JCCs or works committees, and the use of task forces.

- A range of participation methods were considered factors in the improvement of employee commitment. These included (in order of importance), suggestion schemes, regular newsletters, elected non-union delegate(s), employee surveys, and JCCs (or works committees). As expected, the improvement in union relations was highly influenced by the use of union delegates. Interestingly, the use of JCCs or works committees was not considered important in relation to better union relations by the vast majority of employers.

Channels of communication and Human Resource Management (HRM) practices

- The most frequently used communication methods in organisations were individual employee discussions (73 per cent) and regular formal meetings between managers and employees (71 per cent). These were also the most often used channels of communicating information about AWAs. In addition, they were considered by most respondents as the 'most effective' forms of communication. To a lesser extent, bulletin boards and e-mail were used to communicate more generally with the workforce as well as about AWAs. Other popular methods of communication were regular newsletters and employee surveys.

- Smaller organisations (fewer than 20 employees) were far less likely to use formal methods of communication with the exception of individual employee discussions and regular formal meetings for both general communication and communicating information about AWAs. Larger organisations (20 or more employees) tended to employ other forms of communication as well, including e-mail, Intranets, JCCs (works committees) and bulletin boards.

- Only 15 per cent of respondents used different methods of consultation for different occupational groups when communicating to employees about AWAs.

- Most employers suggested that the most 'effective' methods of communicating information about an AWA are individual employee discussions (38 per cent) and regular formal meetings between managers and employees (35 per cent).

- Overall, the most popular Human Resource Management (HRM) practices in organisations with AWAs appeared to be performance appraisals and multi-skilling, used by over half of all respondents. However, while these two practices were the most widely adopted in both smaller organisations (fewer than 20 employees) and larger organisations (20 or more employees), these were far less likely to be used overall in smaller organisations.

- Other popular HRM practices in both smaller organisations (fewer than 20 employees) and larger organisations (20 or more employees) were performance related pay and annualised salaries. In fact, nearly half of the larger organisations (20 or more employees) were likely to use such practices compared to around 20 to 30 per cent of smaller organisations (<20 employees). In around one in three of larger organisations (20 or more employees) competency-based training, outsourcing, and benchmarking were also frequent practices.

Processes leading to AWAs

- There has been a slow growth in organisations introducing AWAs, with 40 per cent of organisations only introducing AWAs in 1999.
- Managers and administrators (36 per cent) were the occupations most likely to be offered AWAs (It can be argued that these occupations are also less likely to be covered by Awards and/or Certified Agreements), followed by tradespersons (32 per cent) and labourers (28 per cent). Associate professionals were the least likely occupation to be offered AWAs.
- The survey also suggests that there are two strategies employed by organisations wishing to introduce AWAs. One is to focus on a small group of employees (one to nine per cent of the workforce), perhaps concentrating on management and administration employees. The other is to transform the employer and employee relationship by offering AWAs to the majority (over 70 per cent) of employees.
- Over 70 per cent of respondents stated that there were either 'none' or only 'some' new employees at the time of signing the AWA. This would suggest that most employees signing AWAs were already employed in the organisation, thus subject to the provisions under the *Workplace Relations Act 1996*.
- Overall, the majority of employers (65 per cent) held discussions with their employees before commencing the drafting of their AWAs. Other employers held discussions with employees after drafting had commenced. In 59 per cent of all cases, discussions led employers to make changes to the contents of the AWAs. Only 17 per cent of employers did not hold any discussions prior to drafting the AWA and/or did not change the content of the AWA after discussions with employees over the draft of the AWA. In other words, over eight out of ten employers either consulted their employees before starting to draft their AWAs and/or made changes after showing the draft AWA to their employees.
- While these figures do not show the 'success' of such discussions, it nevertheless indicates that in the vast majority of organisations there is some degree of consultation with and input from employees when drafting AWAs. That their contents had changed after such consultation suggests that employees may have a degree of influence in drafting the AWA.
- Those employers who made changes to the content of AWAs following discussions with employees were more likely to see an improvement in organisational outcomes as those who did not. The highest overall improvement for those organisations was the ability to implement change (71 per cent) and management-employee relations (69 per cent). These issues were also the most important objectives of implementing AWAs in the first place.
- The largest difference in organisational outcomes between those respondents who indicated that contents of the AWAs had changed after discussions with employees and those that had not, were the differences in improvements towards labour productivity (22 per cent). Other differences in outcomes were also important. These included significant differences of 13 per cent relating to management-employee relations, employee commitment, workplace profitability and output quality. In addition, there was a 12 per cent difference in the ability to implement change and a four per cent different in employee turnover.

- Across all industries, these occupations which had been more successful in changing the content of the AWA during drafting were professionals, associated professionals and advanced clerical workers. Those least successful in changing the content of AWAs were elementary clerical workers (58 per cent) and tradespersons (59 per cent).
- Across all occupations, a higher proportion of employees within the public sector were able to change the content of the AWA compared to the private sector.
- The majority of employers (53 per cent) consulted OEA when drafting AWAs. Two out of five employers went to their employer associations for assistance. One in four employers also used HR staff and consultants. Interestingly, 17 respondents used union representatives/delegate(s) to help draft AWAs.
- Nearly two-thirds of organisations with AWAs (62 per cent) totally replaced Awards or Certified Agreements compared to 38 per cent which replaced particular conditions or clauses. This confirms that many AWAs are fully comprehensive in that they totally replace the Award and/or collective agreement rather than only change a small number of conditions.

The future of AWAs

- Almost two out of three organisations with AWAs (63 per cent) will continue to introduce AWAs in the next two years. This reinforces the finding that only six per cent of employers who have made AWAs since their introduction no longer have any in their workplace, and that two thirds plan to make more use of them.
- To confirm these findings, there has also been a gradual increase over the last three years in employers introducing AWAs. Of those employers in the survey, 21 per cent started introducing AWAs in 1997, 37 per cent began in 1998, and 40 per cent first introduced AWAs in 1999.
- A further indication of the future use of AWAs can be seen when examining the percentage of employees who have been offered AWAs in organisations, and the percentage of employers believing AWAs will increase in their organisations in the following two years. Some 68 per cent of those employers who had offered AWAs to between 10 and 19 per cent of their workforce believe they will increase in the following two years. 60 per cent of those businesses which have over 70 per cent of their employees currently under approved AWAs believe that they will increase in the next two years (Note – those with all their employees on AWAs may also be suggesting that new employees will also be offered AWAs).
- Those employers who stated that AWAs would increase in the next two years cited an increase in flexibility and the benefits of having all employees under one type of industrial relations instrument (including new employees) as the primary reasons.
- Only 23 per cent of employers in the survey stated they would make changes in the way they had concluded AWAs in the past.

1 Introduction

1.1 Background

As formalised individual agreement making is a relatively new phenomenon in the Australian industrial relations framework, there is very little data concerning the processes involved in successfully making and negotiating such agreements. Under section 83BB of the *Workplace Relations Act 1996*, the Employment Advocate must have regard to promoting better work and management practices through Australian workplace agreements.

Initial feedback from the OEA indicates that there is a need to provide organisations wishing to introduce AWAs, with information concerning the types of negotiation processes used and how to select the best approach according to the individual needs of the parties involved in the negotiations. To satisfy this requirement, the OEA and the Consultant proposed to examine successful approaches to the negotiation of AWAs. It was agreed between the parties that a research project be set-up to provide information on the following:

- The different methods employees and employers have used to negotiate AWAs
- The way in which the use of different methods varies according to variables such as size, level of unionisation, industry, management strategy, reasons for introducing AWAs, etc.
- The extent to which AWAs have advanced intended outcomes
- Any correlation between different negotiation processes and the extent to which intended outcomes were achieved
- Other considerations also include:
    - Describing the parties and the workplace, including principal activities and occupations, industry characteristics, size, level of union activity and participation, etc.
    - Previous coverage of awards and agreements.
    - Informal working arrangements.
    - Experiences with agreement making.
    - Business environment, including factors driving change in the industry and/or region.
    - Expectations of AWAs
    - The development of the AWA process.
    - The types of negotiation processes used and the form of communication to staff.
    - The role of employees in developing the AWA.
    - The key sources of information and advice. In particular the role of the OEA, bargaining agents, business and legal advisers, and industrial associations.
    - Experience of business and management working with AWAs.
    - The achievement of business objectives.
    - The effect of the AWA process on employer and employee relationships.
    - The impact of AWAs on productivity, efficiency, and workplace culture.

1.2 Approach and methodology

The project has essentially involved the following phases.

1.2.1 Initial consultation

The initial stage involved consultation and discussions in the OEA with the Employment Advocate, and the manager and staff of the AWA Management Unit. These discussions highlighted the requirements of the OEA and established a workplan and methodology for the project.

1.2.2 Preliminary research

Using the master copies of AWAs currently maintained for use in the Research Access Program of the OEA, the Part 1 responses of employers were analysed by the Consultant with the focus on the identification of emerging patterns concerning negotiation processes and forms of communication. A general understanding of the broad types of negotiation processes used by employers and employees emerged from this phase. This information was then used to inform and improve the design of the data collection tool (ie Questionnaire).

1.2.3 Data collection tool design

Using the preliminary analysis gained from 1.2.2 above, and with additional input from the OEA, the Consultant designed an employer survey (data collection tool) for distribution to all employers who have had AWAs approved. During this period the Consultant also provided a detailed listing of variables to be used in the setting up of a database for collection of data collected. These variables were then entered into a statistical protocol designed by the Consultant for later data entry[3].

It was important that the data collection tool was kept simple with a minimal requirement of resources from the respondents. This was to encourage a high level of response rate to ensure the statistical accuracy of the data collected.

1.2.4 Data collection and collation of data

Using OEA existing resources, the OEA printed and distributed the finalised data collection instrument (questionnaires) to all employers with AWAs approved before February 2000. The OEA then collected the questionnaires and with training and guidance from the Consultant, entered the data into a statistical database (eg SPSS) in preparation for the next phase of the project. All survey responses were confidential[4].

In total there were 688 useable responses out of 2000 questionnaires[5]. This provided a response rate just over 34 per cent[6]. These questionnaires were sent to the contact person for each employer identified in the Part 1 document of each AWA. This has allowed the most comprehensive review

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[3] The basic framework has been applied from the NILS (National Institute of Labour Studies Inc.) Survey as part of the 'The Transformation of Australian Industrial Relations Project' (Wooden, 1999). This would allow us to compare AWAs with other individual contracts of employment in Australia.

[4] The consultant and OEA staff were unable to identify the identity of particular respondents.

[5] These 2000 questionnaires were sent out on 16-5-2000. All responses were coded up until 22-6-2000. A further 213 employers with AWAs did not receive questionnaires due to administration irregularities and insufficient contact data.

[6] This response rate compares favourably with other recent workplace and organisational based mail-out surveys (Wooden, 1999; Brosnan & Walsh, 1998; Wooden & VandenHeuvel, 1996).

of AWA processes ever undertaken by Australian organisations, and is one of the largest Australian surveys of non- and lightly unionised organisations[7]. It was considered that an organisational-based survey would allow an examination of organisational strategies towards AWAs and provide a more comprehensive analysis of the processes involved in negotiation of AWAs[8].

1.2.5 Analysis of data collected

The Consultant then provided a detailed analysis of the results of the data collection from employer (See appendix). This analysis focused on the identification of types of negotiation processes and their relation to the specific circumstances of the employer. The Consultant also provided a draft summary of these results.

1.2.6 Reporting

The Consultant, in accordance with the contractual agreement, has prepared two draft reports for comments from the OEA. One of which is suitable for publication and review by the OEA (this report provides this requirement). An another report, which is suitable for use as the basis for an OEA, sponsored workshop module on successful AWA negotiation approaches. Both of these reports are based on the results of the research using the initial data collection tool.

Note – Where percentages do not sum to 100 per cent, this may be due to computer rounding, multiple response answers or the exclusion of non-responses. The data has not been weighted.

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[7] It must be remembered that response rate is based on the whole population (those organisations that have approved and registered AWAs) rather then a sample of that population.

[8] To our knowledge this is the first major survey to analyse AWAs from an organisational/employer perspective (as opposed to a workplace perspective). We see this as appropriate given that the parties to an AWA contact are the employee and the organisation/employer representative. In addition, AWAs are likely to be introduced as an organisational strategy or approach rather than an *ad hoc* workplace activity.

2   Characteristics of Survey Respondents

2.1   Incidence and coverage

As Of 29 February 2000, the OEA had approved 94,990 AWAs covering some 1899 employers/organisations[9] [10]. The percentage of employers with approved AWAs as at end of February 2000 is as follows: Private sector (80.6 per cent), Public sector (9.6 per cent), and Non-Profit (9.8 per cent).

In the survey some 35 per cent of organisations had 19 employees or fewer, with nearly half of those organisations employing one and five employees[11]. The most frequent response come from organisations employing between 100 or more employees representing some 37 per cent of respondents[12]. The respondents to the survey reflect the general size distribution of employers with AWAs.

2.2   Industry and occupational trends

The AWA survey is broadly representative of those organisations/employers in industries who have approved AWAs, with the most frequent responses from transport and storage (15 per cent), manufacturing (13 per cent), health and community services (13 per cent), followed by accommodation, cafes, restaurants (8 per cent), government administration and defence (7 per cent), construction (6 per cent), retail trade (6 per cent), cultural and recreational services (6 per cent), personal and other services (5 per cent), mining (4 per cent), property and business services (3 per cent), wholesale trade (3 per cent), agriculture, forestry and fishing (3 per cent), electricity, gas, water supply (3 per cent), education (3 per cent), finance and insurance (2 per cent), and communication services (1 per cent). These are broadly representative of those organisations on the OEA database (those organisations with approved AWAs). In addition 69 per cent of organisations were in the private sector, 17 per cent in the public sector and 14 were non-profit organisations.

2.3   Ownership and level of competition

2.3.1   Ownership

87 per cent of organisations having approved AWAs were wholly Australian owned. Around four per cent had up to 50 per cent foreign ownership and ten per cent had over 50 per cent foreign

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[9] The difference between the number of AWAs approved (1899) and the number of surveys sent to employers (2066) is a result of a small number of employers receiving more than one survey and some employers having multiple work sites. That is, where an employer has multiple work sites each site would have received a survey.

[10] In addition, 1,397 AWAs have been refused by the OEA.

[11] This represents 237 organisations. To our knowledge, this is one of the largest surveys undertaken of organisations with less than 20 employees in Australia. Previous surveys into individual agreement making have normally covered *workplaces* with 20 or more employees. Although the Wooden (1999) suggested that some workplaces with less than 20 but greater than five employees were included at a later date. Our sample covers *organisations* that have approved AWAs, including some 35 per cent of organisations employing less than 20 employees (half of these have five or less employees). This is broadly representative for all organisations which have approved AWAs on the OEA database. As such we believe that this survey can be seen as more representative than other similar surveys into AWAs.

[12] Organisations with 1000 employees or more represented only 6 per cent of respondents.

ownership. This would seem to indicate that the AWA process is mainly used by Australian organisations rather than initiatives driven by foreign companies with anti-union strategies.

According to the Australian Bureau of Statistics (ABS) the percentage of Australian companies with a level of foreign ownership as at the end of June 1999 was 28 per cent (ABS, *Balance of Payments and International Investment Position – 5302*, September 1999).

Table 2.1   Characteristics of Organisations with Australian Workplace Agreements

Organisational Characteristics	AWA Survey (% of respondents)	NILS Survey[13] (% of workplaces with individual agreements – formal and informal)	OEA[14] (% of all employers with approved AWAs)
Sector (employers)			
Private	68	29	81
Non-profit/non-commercial	14	-	10
Public	17	34	10
Organisational size (number of employees)			
1-5	15		
6-10	9		
11-19	11		
Less than 20 (<20)	*35*	*-*	*41*
20-99	28	41	28
100+	37	59	31
Industry (employers)			
Accommodation, cafes, restaurants	8.1	9.8	3.8
Agriculture, forestry and	2.9	0.2	1.5

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[13] The NILS Survey consisted on an effective sample size of 1477 workplaces. There were 463 valid questionnaires returned for coding, representing a response rate of approximately 31 per cent. These workplaces were chosen using three methods: nomination of workplaces by managers who were trustees of the Committee for the Economic Development of Australia (CEDA), one sponsor of the study; random selection from the *Business Who's Who of Australia* and *The Government Who's Who of Australia*; and random selection from the Yellow Pages directory available on the internet. The NILS survey was restricted to workplaces with 20 or more employees (though responses from workplaces where the number of current employees was less than 20, but greater than five, were subsequently included). In addition, the scope of the NILS Survey was restricted to businesses operating on a commercial basis (that is, for a profit) (Wooden, 1999: 8-9). These results also suggests a greater proportion of larger workplaces/organisations in the NILS survey then those organisations represented in the AWA survey or those contained in the OEA database. For these reasons the NILS survey representativeness is questionable for reviewing formalised individual agreements (including AWAs).
Note: Care needs to be taken in comparing the NILS Survey based on 'workplaces and the AWA Survey based on 'organisations'.
[14] As of the end of February 2000.

fishing			
Communication services	0.6	1.7	0.8
Construction	6.4	5.7	2.9
Cultural and recreational services	5.5	1.5	6.4
Education	2.6	0.7	1.3
Electricity, gas, water supply	2.8	2.2	1.8
Finance and insurance	2.0	7.6	1.7
Government administration and defence	6.7	0.4	7.9
Health and community services	12.6	1.7	9.5
Manufacturing	12.6	30.1	8.8
Mining	3.9	4.6	3.3
Personal and other services	5.1	2.4	4.4
Property and business services	3.3	13.5	12.9
Retail trade	6.0	7.0	14.4
Transport and storage	14.5	4.4	12.4
Wholesale trade	3.1	5.9	6.2
Ownership			*(No data available)*
Wholly Australian owned	87	26	
Up to 50 per cent foreign owned	4	40	
Over 50 per cent foreign owned	10	42	
	N=688 (33% response rate)	N=463 (31% response rate)	N=1,899 (Total number of organisations with approved AWAs as of 29th of February, 2000)

2.4   Operation arrangements

2.4.1   Years of operation

Over 62 per cent of organisations were established for ten years or more. 23 per cent of organisations have been in operation for five years or less, and just over 14 per cent of organisations have been operating for five to ten years. This would suggest that these organisations are not necessarily new organisations, but are in fact, established businesses trying to achieve other objectives. Only 17 per cent of organisations stated that when they initially offered AWAs to their employees, their business was a new operation or establishment (Greenfield site)[15].

According to the ABS, 23 per cent of all business had been in operation less than 5 years, 27 per cent of all businesses had been operating for between 5 to 10 years, and 50 per cent of businesses

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[15] This is referring to the operation or establishment, not necessarily the company or organisation, which could be already established.

had been operating for 10 years or more (ABS, *Employer Training Practices – 6356*, February 1997).

2.4.2 Operating hours and days

In regards to operating hours per day, there was a high proportion of businesses operating between 8 and 11 hours (45 per cent), and 17 and 24 hours (29 per cent) a day. This may indicate that the businesses have utilised AWAs to increase flexibility and change working time arrangements, and overcome the award's restraints such as those in relation to hours of work and penalties. This may not mean changing actual provisions but reducing complex arrangements for overtime (shiftwork etc.) which can add to administration cost and time. It may also suggest formalisation of pre-existing informal arrangements regarding working time.

Again in regards to days a week, the highest proportion of organisations in the survey operate a seven day week (45 per cent), followed by those organisations working five days a week (39 per cent). These figures would suggest that business working under a five-day or seven-day operation seem to have utilised AWAs for increasing the working week.

2.4.3 Competition

Relatively few organisations (18 per cent) face import competition in their sector or industry. In addition, relatively few organisations (17 per cent) export 'all' or 'some' of their product or services overseas. However, only 30 per cent of organisations had less than five competitors in their product or service market. A high proportion (over 70 per cent) of respondents to the survey indicated that they have six or more competitors in their sector or market. In fact some 39 per cent suggested that they have more then 21 competitors in their market. This would seem to indicate that the introducing of AWAs is primary driven by internal environmental conditions in Australia rather then external exposure from overseas markets[16].

2.5 AWAs and Awards/Certified Agreements

Over 62 per cent of AWAs totally replaced Awards and/or Certified Agreement and only 38 per cent of employers who respondent to the survey suggested that their AWAs replaced a particular section or clause of the Award or Certified Agreement. Of those employers that replaced an Award or Certified Agreement, most (over 50 per cent) were covered by two to five Awards and/or Certified Agreement(s) and some 22 per cent were covered by six or more Awards and/or Certified Agreement(s). In total 72 per cent of organisations who had an AWA were previously covered by two or more Awards and/or Certified Agreement(s), which suggest that a prime motivation of introducing AWAs was to simplify the formal agreement making process by having one employment instrument (ie AWAs) replacing and covering all conditions of employment.

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[16] These results are in contrast to findings from the NILS Survey into individual agreements, which stated that the extent of product market competition, as represented by the number of competitors, is not related in any systematic way to the use of individual agreements (Wooden, 1999:17). However, the NILS Survey results did suggested that individual agreements was more common and more extensive among firms selling into foreign markets. Furthermore, Wooden (1999) suggests that this association reflects differences in ownership rather than the forces of competition. These findings are not supported by our survey into AWAs progresses.

Table 2.2 Characteristics of organisations with Australian Workplace Agreements

	AWA Survey (percentage)
Facing import competition	
Yes	18
No	83
Export product/service	
No	83
Some exports	15
All exports	3
Operating hours per day	
Less than 8 hours	10
8-11 hours	45
12-16 hours	16
17-24 hours	29
Operating days per week	
1 to 4 days	<1
5 days	39
6 days	15
7 days	45
Organisation a new operation or establishment (Greenfield site)	
Yes	17
No	83
Years of operation	
0 to 1 year	3
1 to 3 years	13
3 to 5 years	7
5 to 10 years	14
10 or more years	62
Percentage of variable costs direct labour costs	
Up 5 per cent	3
6 – 25 per cent	22
26 – 50 per cent	40
51 – 70 per cent	23
Over 70 per cent	13

2.6 Industrial relations climate

2.6.1 *Union presence*

Just over half of all respondents have no union presence at all in their organisation, while three-quarters have no union delegates. This suggests that far from being primarily used as a vehicle to undermine union influence or collective bargaining, AWAs are in many cases filling a void in the representation gap[17]. In addition, few organisations (14 per cent) were subjected to industrial action in the preceding 12 months. This perhaps reflects most organisations having little active or no union presence.

Table 2.3   Union presence and activity

Union presence	AWA Survey	NILS Survey
No union presence	51	44
Union presence but no delegate(s)	22	29
Union and delegate(s)	27	19

Table 2.4   Industrial action

Industrial action in the last 12 months	AWA Survey (percentage)
Yes	14
No	86

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[17] This represents some 499 organisations with no union presence or has union presence but no delegate(s) thus little active union involvement. From our knowledge this represents one of the largest surveys to examine the non-union sector in Australia.

3 Motivating and Inhibiting Factors

3.1 Motivating factors for introducing AWAs

3.1.1 Attitudes to the Award system

About a third of respondents were satisfied or very satisfied with the Award system. A similar number (31 per cent) of employers stated they were dissatisfied with the Award system. While acknowledging the different methodology adopted in AWIRS95, there does seem to be a greater level of dissatisfaction with the Award system among those organisations with AWAs than among the management respondents in AWIRS95[18].

Table 3.1   Satisfaction with the Award system

	AWA Survey	[19]AWIRS95
Dissatisfied	31	18
Neutral	33	23
Satisfied	28	43
Very satisfied	7	16

3.1.2 Other factors for introducing AWAs

Almost half of employers stated that the main reason for introducing AWAs was to increase flexibility of hours (45 per cent). Other significant issues included; simplification of employment conditions (42 per cent), to obtain better organisational outcomes (40 per cent), management strategy (39 per cent), and to improve employee-management relations (36 per cent). Low on the list were direct cost considerations (such as containment of labour costs – 18 per cent, and reduced administration cost – 12 per cent), industrial relations issues (limitations of collective bargaining and/or agreements – 16 per cent), and competitive pressures (matching arrangements of competitors – 7 per cent). These figures would suggest that AWAs are being introduced by many employers as part of a total change process within the organisations, rather than as a result of a 'slash and burn' cost-driven agenda[20].

3.2 Inhibiting factors

There were few factors that were inhibiting employers from introducing AWAs with the exception of union opposition (24 per cent) and the lack of interest and/or opposition from employees (19 per cent). Lesser importance was given to industrial relations legislation (7 per cent), lack of management skills (6 per cent), management commitment (3 per cent), middle management

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[18] AWIRS95 was based on *workplaces* with 20 or more employees, as opposed to *organisations*. There were also slight differences in question terminology (Morehead, A. *et al*., 1997).

[19] AWIRS95 – Award system has worked well – Agree, Neither Agree or Disagree, Disagree, Strongly disagree.

[20] The Employment Advocate has suggested, '... Individual contracts can be a very effective vehicle to assist in establishing a more direct relationship between employer and employee. One way of thinking about this is that an AWA, far more than a certified agreement can be used to bring together traditional HRM considerations together with straight out pay and conditions issues. Thus an AWA can be used to spell out clearly the employer's expectations of a particular employee – eg. in relation to personal conduct, duty statement, performance standards etc. while at the same time also dealing with issues such as pay and hours of work' (Hamberger,2000:4).

and/or supervisor opposition (3 per cent), other legislative impediments (2 per cent), prohibitive costs (2 per cent), and inconsistent with organisational policy (2 per cent).

Table 3.2   Reasons and inhibiting factors in the introduction of AWAs (in order of most frequent response)

Most frequent response	What were the reasons for introducing AWAs in your organisation? (per cent)	Were there any inhibiting factors in the introduction of AWAs at your organisation? (per cent)
1	Flexibility of hours (45)	Union opposition (24)
2	Simplification of employment conditions (42)	Lack of interests and/or opposition from employees (19)
3	To obtain better organisational outcomes (40)	Other (9)[21]
4	Management preferences/strategy (39)	Industrial Relations legislation (7)
5	To improve employee-management relations (36)	Lack of management skills (6)
6	Changing the nature of the employment relationship (30)	Management commitment (3)
7	Formalisation of existing informal employment arrangements (27)	Middle management and/or Supervisor opposition (3)
8	Inadequate award conditions (25)	Other Legislative impediments (2)
9	Reduced scope for third party intervention (23)	Prohibitive costs (2)
10	Retention of staff (21)	In consistent with organisational policy (2)
11	Employee preferences (18)	-
12	Containment of labour costs (18)	-
13	Limitations of collective bargaining and/or agreements (16)	-
14	Increased competitive pressures (13)	-
15	Reduced administration cost (12)	-
16	To match arrangements of competitors (7)	-

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[21] 'Other' inhibiting factors in the introduction of AWAs included: too time consuming; paperwork involved (administrative overload), lengthy approval process, fear of change from employees, lack of knowledge, experienced difficulty filling out the forms, steep learning curve in initial round, the use of EBAs; referral to AIRC with additional cost to employer, and lack of support from employer organisation.

4 Impact and Outcomes of Australian Workplace Agreements

4.1 Organisational outcomes and the impact of AWAs

The survey findings give us some indication as to whether employers have been successful in achieving their objectives through the use of AWAs. Two out of three employers (66 per cent) indicated that the ability to introduce change had improved, compared to just one per cent who said it had got worse. A similar proportion (64 per cent) reported that management-employee relations had improved or greatly improved, compared to three per cent who felt they had worsened. 58 per cent of employers reported that labour productivity had improved or greatly improved as a result of the introduction of AWAs, as opposed to one per cent who felt it had got worse. Employee commitment had improved or greatly improved in 55 per cent of enterprises, and declined in one per cent. Employee turnover had fallen in 28 per cent of firms in the survey, compared to an increase in one per cent. Even in relation to administrative overheads – one area that deters some employers from introducing AWA arrangements – over twice as many employers felt that AWAs had improved or greatly improved their situation than had worsened it (32 per cent compared to 15 per cent).

Only in one area – union relations - was there a slightly larger number of employers who thought that there had been a decline. 13 per cent believed they had worsened as a result of the introduction of AWAs compared to just under 8 per cent who thought that they had improved or greatly improved (interestingly just over 3 per cent – or 17 employers – thought they had 'greatly improved'). The remaining 79 per cent thought they had not changed.

Table 4.1   The impact and outcomes from AWAs (all organisations)

	Worse	No change	Improved	Greatly improved
Workplace profitability (590)	1	55	39	4
Labour productivity (602)	1	42	52	6
Output quality (583)	1	57	40	3
Employee skill levels (586)	1	62	32	5
Management - employee relations (601)	3	34	55	9
Ability to implement change (594)	1	32	54	12
Employee job security (600)	2	49	40	10
Employee turnover (593)	1	71	21	7
Union relations (540)	13	79	4	3
Employee commitment (595)	1	44	50	5
Administrative overheads (591)	15	53	28	4
Performance compared to others in industry (560)	<1	58	38	4

Workplace safety (583)	1	75	21	3

Table 4.2   On the basis of those respondents indicating 'improved' and 'greatly improved' the following had the greatest impact (in order of importance)

Most frequent response	What do you think the impact of AWAs has been?
1	Ability to implement change (66 per cent)
2	Management-employee relations (64 per cent)
3	Labour productivity (57 per cent)
4	Employee commitment (55 per cent)
5	Employee job security (50 per cent)
6	Workplace profitability (44 per cent)
7	Output quality (42 per cent)
8	Performance compared to others in industry (42 per cent)
9	Employee skill levels (37 per cent)
10	Administrative overheads (33 per cent)
11	Employee turnover (28 per cent)
12	Workplace safety (24 per cent)
13	Union relations (8 per cent)

4.2   Workplace outcomes and methods of communication

The survey analysis also reveals significant variations in organisational outcomes according to the types of communication methods employed when conveying information about AWAs. Contrary to management perceptions over the effectiveness of the various methods of communicating information about AWAs, initial results would suggest that more collective participation mechanisms *may* yield greater organisational outcomes, when examining the actual outcomes from employers who stated that these had 'improved' or 'greatly improved' are examined.

It appears from the analysis that in the relatively small number of cases where alternative communication methods (see table 4.3) were used, they were associated with a higher incidence of better outcomes. As an example, it appears that the use of employee surveys, suggestion schemes, and semi- or fully autonomous work groups and quality circles were considered to be a factor in the improvement in workplace profitability. In addition, employers who made use of JCCs or works committees were significantly more likely to have had an improvement in labour productivity. Interestingly, the use of elected non-union representatives and union delegate(s) were also deemed to be a factor in relation to the improvement of labour productivity.

The improvement in management and employee relations outcomes also seemed associated with the use of JCCs (or works committees) and elected non-union representatives. Task forces or *ad hoc* joint committees, and employee surveys also seemed to be contributors to increased improvement. The ability to implement change was also considered to be influenced by JCCs (or works committees), elected non-union representatives, and task forces. In addition, the figures also suggest that lower employee turnover may also be influenced by the use of JCCs or works committees, and the use of task forces.

A range of participation methods were considered factors in the improvement of employee commitment. These included (in order of importance), suggestion schemes, regular newsletters, elected non-union delegate(s), employee surveys, and JCCs (or works committees). As expected, the improvement in union relations was highly influenced by the use of union delegates. Interestingly, the use of JCCs or works committees was not considered important in relation to better union relations by the vast majority of employers.

However, while the use of these communication methods show improved organisational outcomes, it must be noted that in almost all cases these methods and techniques were used in addition to face to face meetings.

Table 4.3 **Methods or channels used in communicating to employees about AWAs and those respondents that indicated that organisation outcomes 'improved' or 'greatly improved'.**

	Workplace profitability % (count)	Labour productivity % (count)	Output quality % (count)	Employee skill levels % (count)	Management – employee relations % (count)	Ability to implement change % (count)
E-mail	37 (77)	54 (80)	44 (79)	37 (77)	64 (79)	68 (78)
Intranet	46 (37)	60 (40)	44(39)	35 (37)	67 (39)	72 (39)
Employee surveys	55 (58)	70 (60)	51 (57)	54 (56)	75 (58)	74 (57)
Suggestion schemes	55 (47)	66 (47)	48 (46)	42 (46)	70 (47)	74 (47)
JCCs, Works Committees	44 (53)	78 (57)	61(55)	42 (54)	75 (56)	82 (55)
Regular formal meetings between managers and employees	47 (330)	61 (336)	49 (325)	39 (327)	67 (334)	72 (331)
Bulletin boards	52 (110)	62 (110)	49 (103)	44 (106)	68 (107)	70 (109)
Regular newsletters	48 (56)	66 (59)	48 (57)	39 (56)	69 (58)	74 (57)
Television or video addresses (+)	- (3)	- (3)	- (3)	- (3)	- (3)	- (3)
Elected non-union representatives/delegates	44 (41)	73 (44)	48 (42)	34 (42)	77 (42)	83 (42)
Union representatives/delegates	29 (21)	70 (23)	61 (23)	40 (22)	71 (24)	75 (24)
Task forces or ad hoc joint committees	48 (27)	64 (28)	41 (27)	46 (28)	77 (27)	80 (25)
Semi- or fully autonomous work groups, Quality circles	55 (29)	67 (30)	54 (28)	51 (29)	63 (30)	69 (29)
Individual employee discussions	42 (508)	57 (515)	43 (499)	37 (500)	64 (514)	66 (507)
Other	48 (50)	48 (50)	39 (49)	34 (50)	52 (50)	61 (49)
	Employee job security % (count)	Employee turnover % (count)	Union relations % (count)	Employee commitment % (count)	Administrative overheads % (count)	Performance compared to others in industry % (count)
E-mail	28 (79)	28 (79)	6 (76)	49 (78)	26 (78)	39 (73)
Intranet	16 (40)	23 (40)	3 (39)	54 (39)	26 (39)	38 (37)
Employee surveys	50 (57)	23 (55)	13 (54)	66 (57)	43 (57)	58 (52)
Suggestion schemes	58 (47)	30 (47)	7 (43)	68 (46)	37 (46)	63 (44)
JCCs, Works	51 (55)	34 (53)	6 (53)	60 (55)	36 (54)	50 (52)

Committees						
Regular formal meetings between managers and employees	52 (337)	28 (330)	8 (305)	58 (331)	36 (331)	47 (315)
Bulletin boards	53 (108)	28 (109)	12 (103)	59 (108)	43 (107)	49 (103)
Regular newsletters	48 (58)	32 (57)	5 (56)	67 (57)	26 (57)	50 (55)
Television or video addresses (+)	- (3)	- (3)	- (3)	- (3)	- (3)	- (3)
Elected non-union representatives/delegates	40 (42)	27 (41)	12 (42)	67 (42)	34 (41)	35 (40)
Union representatives/delegates	26 (23)	25 (24)	18 (22)	58 (24)	29 (24)	37 (22)
Task forces or ad hoc joint committees	48 (27)	37 (27)	4 (25)	58 (26)	28 (28)	46 (24)
Semi- or fully autonomous work groups, Quality circles	63 (30)	32 (28)	15 (27)	51 (29)	46 (30)	50 (28)
Individual employee discussions	50 (515)	29 (507)	7 (461)	55 (510)	33 (506)	42 (479)
Other	38 (50)	28 (51)	6 (47)	47 (51)	28 (51)	44 (47)

(+ Television or video low cell count)

These findings suggest that while regular formal meetings between managers and employees, and individual employee discussions are the most frequently used channels of communication, as well as being perceived as the most effective methods of communication, when supplemented with other forms of communication they were even more likely to achieve greater improvement in a range of organisation outcomes.

Table 4.4   Those who indicated outcomes had 'improved' or 'greatly improved' according to methods of communication in deciding to use and communicate information about AWAs.

	Employee surveys % (count)	JCCs, Works Committees % (count)	Regular formal meetings between managers and employees % (count)	Elected non-union representatives/ delegates % (count)	Individual employee discussions % (count)
Workplace profitability	55 (58)	44 (53)	46 (330)	44 (41)	42 (508)
Labour productivity	70 (60)	77 (57)	61 (336)	73 (44)	57 (515)
Output quality	51 (57)	60 (55)	48 (325)	48 (42)	43 (499)
Employee skill levels	54 (56)	42 (54)	39 (327)	34 (42)	37 (500)
Management - employee relations	76 (58)	75 (56)	67 (334)	77 (42)	64 (514)
Ability to implement change	74 (57)	82 (55)	72 (331)	83 (42)	66 (507)
Employee job security	50 (57)	51 (55)	52 (337)	40 (42)	50 (515)
Employee turnover	33 (55)	34 (53)	28 (330)	27 (41)	29 (507)
Union relations	13 (54)	6 (53)	8 (305)	12 (42)	7 (461)
Employee	66 (57)	60 (55)	58 (331)	66 (42)	55 (510)

commitment					
Administrative overheads	44 (57)	36 (54)	36 (331)	34 (41)	33 (506)
Performance compared to others in industry	58 (52)	50 (52)	47 (315)	35 (40)	42 (419)
Workplace safety	36 (56)	23 (54)	26 (330)	22 (41)	23 (501)

5 Channels of Communication, AWAs and Human Resource Management Practices

5.1 Communication methods used in organisations

In general, the most common communication methods used when communicating with the workforce were individual employee (one to one) discussions (73 per cent) and regular formal meetings between managers and employees (71 per cent). These were followed by bulletin boards (52 per cent), E-mail (35 per cent), regular newsletters (33 per cent), employee surveys (25 per cent), suggestion schemes and JCCs (21 per cent), Intranet (17 per cent), union representatives (15 per cent), task forces and ad hoc joint committees (15 per cent), semi- or fully autonomous work groups (including quality circles) (11 per cent), elected non-union representatives (11 per cent), and television or video addresses (2 per cent). Some 8 per cent used some other form of communication.

5.2 Channels used in communicating AWAs

The vast majority of employers communicate in relation to AWAs through individual employee discussions between managers and employees (83 per cent), or through regular formal meetings between managers and employees (53 per cent). Over 70 per cent of employers thought these forms of direct face to face meetings were the most effective method to use in communicating information about AWAs (see below). Others channels of communication included (in order of use), bulletin boards (17 per cent), E-mail (13 per cent), employee surveys (10 per cent), regular newsletters (9 per cent), JCCs and works committees (9 per cent), and other methods (8 per cent). Lower on the list are suggestion schemes (7 per cent), elected non-union representatives (7 per cent), Intranet (7 per cent), task forces or ad hoc joint committees (5 per cent), semi- or fully autonomous work groups/quality circles (5 per cent), union representatives (4 per cent), and television or video addresses (less than one per cent or only 3 cases).

Table 5.1   Communication methods in order of usage (All organisations)

Most frequent response	What methods does your organisation use in communicating with the workforce?	What methods does your organisation use in communicating with the workforce about AWAs?
1	Individual Employee discussions	Individual Employee discussions
2	Regular formal meetings between managers and employees	Regular formal meetings between managers and employees
3	Bulletin Boards	Bulletin Boards
4	E-mail	E-mail
5	Regular newsletters	Employee surveys
6	Employee surveys	Regular newsletters
7	JCCs, Works Committees; Suggestion schemes	JCCs, Works Committees
8	Intranet	Other[22]
9	Union representatives/delegates	Suggestion schemes

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[22] 'Other' methods/channels in order of response included: informal meetings between management and staff (20); memos to staff; information seminars; material from OEA; as part of the recruitment process; engaged IR consultants to talk to all staff; and mail outs.

10	Task forces or ad hoc joint committees	Elected non-union representatives/delegates
11	Semi- or fully autonomous work groups, QC	Intranet
12	Elected non-union representatives/delegates	Task forces or ad hoc joint committees
13	Other [23]	Semi- or fully autonomous work groups, QC
14	Television or video addresses	Union representatives/delegates
15		Television or video addresses

Table 5.2   Comparing methods of communication and those used in communicating with the workforce about AWAs

Form of communication (All organisations)	What methods does your organisation use in communicating with the workforce?		What methods does your organisation use in communicating with the workforce about AWAs?	
	(count)	(per cent)	(count)	(per cent)
Email	240	35	89	13
Intranet	122	18	45	7
Employee surveys	170	25	66	10
Suggestion schemes	146	21	51	7
JCCs works committees	146	21	63	9
Regular formal meetings b/n managers and employees	490	71	366	53
Bulletin boards	356	52	121	17
Regular newsletters	231	33	65	9
Television or Video	10	2	4	<1
Elected non-union representatives/delegates	74	11	48	7
Union representative/delegate	101	15	29	4
Task force or ad hoc joint committee	100	15	34	5
Semi or fully autonomous work groups, quality circles	76	11	32	5
Individual employee discussions	503	73	571	83
Other	57	8	56	8

5.3   Different methods of communication

Around 15 per cent of respondents indicated that they employed different methods of consultation for different occupational groups in their organisations. This suggests that 84 per cent of organisations utilise a comprehensive single communication approach when introducing AWAs.

5.4   Communication methods and organisational size

In those organisations with less than 20 employees, individual employee discussions, regular formal meetings between managers and employees, and bulletin boards would seem to be the

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[23] 'Other' methods included in order of response: informal meetings between management and employees; ad-hoc newsletters, notices, mail-outs, circulars, meetings with all staff; constant interaction between management and staff; group discussions, team briefs, 'open door'; and training sessions.

most popular both in terms of generally communicating with the workforce and in terms of communication related to the AWA. There also seemed to be a high level of consistency in many respondents utilising both methods in ordinary communication, and when communicating in relation to AWAs with 72 per cent of organisations using individual employee discussions, 43 per cent using regular formalised meetings between employees and managers, and nearly 9 per cent using bulletin boards.

Similar patterns were found with organisations employing 20 or more employees, with individual employee discussions, regular formal meetings between managers and employees, and bulletin boards most popular in terms of generally communicating with the workforce and in terms of communication related to AWAs. Again many using both for AWAs and communication in general. However, unlike smaller organisations, larger organisations were more likely to use new forms of communication such as e-mail and the Intranet both in terms of general communication and communication related to AWAs. For these organisations, employees surveys, JCCs and works committees and regular newsletters were also more likely to be used in communicating with the workforce generally, and in communication related to AWAs, than they were in smaller organisations.

Table 5.3   Comparing methods of communication and those used in communicating with the workforce about AWAs according to organisational size

How many employees does your organisation have? <20 employees	What methods does your organisation use in communicating with the workforce? (percentage)	What methods does your organisation use in communicating with the workforce about AWAs? (percentage)	Respondents utilising both methods in ordinary communication and when communicating in relation to AWAs (percentage)
Email	10	3	3
intranet	8	2	2
Employee surveys	10	6	3
Suggestion schemes	12	8	3
JCCs works committees	5	2	2
Regular formal meetings b/n managers and employees	61	4	43
Bulletin boards	22	11	9
Regular newsletters	10	5	3
Television or Video	0	0	0
Elected non-union representatives/delegates	2	3	2
Union representative/delegate	1	1	1
Task force or ad hoc joint committee	5	3	3
Semi or fully autonomous work groups, quality circles	5	3	3
Individual employee discussions	73	83	72
Other	7	4	3

Form of communication >20 employees	What methods does your organisation use in communicating with the workforce? (percentage)	What methods does your organisation use in communicating with the workforce about AWAs? (percentage)	Respondents utilising both methods in ordinary communication and when communicating in relation to AWAs (percentage)
Email	49	20	19
intranet	25	13	13
Employee surveys	33	12	6
Suggestion schemes	25	7	7
JCCs works committees	31	13	11
Regular formal meetings between managers and employees	77	58	49
Bulletin boards	67	20	19
Regular newsletters	47	12	11
Television or Video	2	1	1
Elected non-union representatives/delegates	17	10	6
Union representative/delegate	24	6	5
Task force or ad hoc joint committee	20	7	3
Semi or fully autonomous work groups, quality circles	14	6	3
Individual employee discussions	73	86	66
Other	8	10	4

5.5 Perceptions of the effectiveness of communication methods

Most employers suggested that the most 'effective' methods of communicating information about an AWA are individual employee discussions (38 per cent) and regular formal meetings between managers and employees (35 per cent). These were also the most used methods relating to discussions about AWAs (see above). Other methods identified were E-mail (7 per cent) and employee surveys (7 per cent). Low on the list were JCCs and works committees (4 per cent), suggestion schemes (2 per cent) and elected non-union representatives (2 per cent). Other methods which were identified by only one per cent of respondents included, Intranet, bulletin boards, semi- or fully autonomous work groups and quality circles, and task forces.

Table 5.4   Perceptions of the most effective communication method conveying information about an AWA (in order of importance)

Most frequent response	Communication Method	Percentage
1	Individual Employee discussions	36
2	Regular formal meetings between managers	35

	and employees	
3	Employee surveys	7
4	E-mail	7
5	JCCs, Works Committees	4
6	Suggestion schemes	2
7	Elected non-union representatives/delegates	2
8	Intranet	1
9	Bulletin Boards	1
10	Semi- or fully autonomous work groups, QC	<1
11	Task forces or ad hoc joint committees	<1
12	Union representatives/delegates; Regular newsletters	<1

5.6   Types of HRM practices

5.6.1   Human Resource Management practices and AWAs

Overall the most popular HRM practices were performance appraisals (60 per cent) and multi-skilling (54 per cent). Other HRM practices included: performance related pay (40 per cent), annualised salaries (37 per cent), competency based training (29 per cent), outsourcing (23 per cent), benchmarking (21 per cent), job sharing (20 per cent), and human resource information systems (HRIS) (20 per cent). Less frequent practices included: self-managing work teams (17 per cent), customer service programs (17 per cent), computer-based training (16 per cent), profit sharing (9 per cent), work-life balance programmes (8 per cent), and psychological recruitment strategies (8 per cent).

Table 5.5   Human Resource Management practices in AWAs according to size

Does your organisation use any of the following provisions within your AWAs?	Respondents with less than 20 employees		Respondents with more than 20 employees		All respondents	
	(count)	(per cent)	(count)	(per cent)	(count)	(per cent)
Performance related pay	65	27	211	47	276	40
Performance appraisal	76	35	324	75	415	60
Self managing work teams	33	15	83	19	120	17
Multi-skilling	81	37	280	65	373	54
Benchmarking	11	5	127	30	143	21
Annualised salaries	44	20	203	47	256	37
Profit sharing	13	6	47	11	63	9
Customer service programs	24	11	90	21	117	17
Outsourcing	18	8	131	30	155	23
Work-life balance programs	11	5	45	10	56	8
Job sharing	30	14	101	23	137	20
Competency based training	23	11	172	40	201	29
Psychological recruitment strategies	1	<1	52	12	55	8
Computer based training	15	7	92	21	111	16
HR Information Systems	11	5	121	28	136	20
	N=337		N=451		N=688	

(Including Greenfield Sites)

Overall, smaller organisations (less than 20 employees) were far less likely to use HRM practices than larger organisations (20 employees or more), with on average, twice as many larger organisations using such practices. However, for smaller and larger organisations performance appraisal (75 per cent of larger organisations and 35 per cent of smaller organisations) and multi-skilling (65 per cent of larger organisations and over 37 per cent of smaller organisations) were by far the most popular, followed by performance related pay (47 per cent of larger organisations and 28 per cent of smaller organisations), and annualised salaries (47 per cent of larger organisations and 20 per cent of smaller organisations). Interestingly, self managing work teams seem to be relatively more popular in smaller organisations than in larger organisations with it being the fifth most popular practice for smaller organisations compared to eleventh place for larger organisations. However, self-managing work teams are still used by over 19 per cent of larger organisations compared to 15 per cent of smaller organisations. Other popular practices for larger organisations include competency based training (40 per cent), outsourcing and benchmarking (30 per cent), HR information systems (28 per cent), computer based training (over 21 per cent), and customer service programs (21 per cent).

Table 5.6   The application of Human Resource Management practices (as percentage)

	AWA Survey
Performance related pay	40
Performance appraisals	60
Self-managing work teams	17
Multi-skilling	54
Benchmarking	20
Annualised salaries	37
Profit sharing	9
Customer service programs	17
Outsourcing	23
Work-life balance programmes	8
Job sharing	20
Competency based training	29
Psychological recruitment strategies	8
Computer-based training	16
Human Resource Information Systems (HRIS)	20
	N=688 Organisations

6 Process leading to Australian Workplace Agreements

6.1 Introduction of AWAs

6.1.1 Employees offered AWAs

The survey reveals a growth in the spread of AWAs since 1997, with 21 per cent of organisations introducing AWAs in 1997 (first year operation) to some 40 per cent 1999. According to the survey the most frequent occupation to be offered AWAs are managers and administrators (36 per cent). This was followed by tradespersons and related workers (32 per cent), labourers and related workers (28 per cent), intermediate clerical, sales and service workers (25 per cent), advanced clerical and service workers (23 per cent), elementary clerical, sales and service workers (21 per cent), professionals (19 per cent), intermediate production and transport workers (18 per cent), and finally associate professionals (9 per cent). This would suggest that AWAs are most likely to be offered to highly skilled employees.

There seems two strategies are employed by organisations wishing to introduce AWAs. One is focused on a small group or employees (between one to nine per cent of the workforce - ie management and administration employees - 29 per cent), and the other strategy used by organisations is to transform the organisation and the management/employee relationship by offering AWAs to the majority (over 70 per cent) of employees (over 43 per cent). Only 30 per cent of employers offered AWAs to between 10 to 69 per cent of their workforce.

Table 6.1   AWAs offered to employees by occupation (in descending order)

Occupation	(percentage)
Managers and Administrators	36
Tradespersons and Related Workers	32
Labourers and Related Workers	28
Intermediate Clerical, Sales and Service Workers	25
Advanced Clerical and Service Workers	23
Elementary Clerical, Sales and Service Workers	21
Professionals	19
Intermediate Production and Transport Workers	18
Associate Professionals	9

6.1.2 New employees

Over 70 per cent of organisations stated that none or only some employees were new at the time of signing the AWAs. Only 25 per cent of organisations stated that 'all' or a 'majority' of their employees were new to their organisation when signing the AWA. Thus it can be suggested that most employees were already employed in the organisation thus subject to the provisions under the *Workplace Relations Act 1996*.

6.2 Discussions with employees

6.2.1 Commencement of discussions

Overall, the majority of employers (65 per cent) held discussions with their employees before commencing the drafting of their AWAs. Other employers held discussions with employees after drafting had commenced. In 59 per cent of all cases, discussions led employers to make changes to the contents of the AWAs. Only 17 per cent of employers did not hold any discussions prior to drafting the AWA and/or did not change the content of the AWA after discussions with employees over the draft of the AWA. In other words, over eight out of ten employers either consulted their employees before starting to draft their AWAs and/or made changes after showing the draft AWA to their employees.

While these figures do not show the 'success' of such discussions, it nevertheless indicates that in the vast majority of organisations there is some degree of consultation with and input from employees when drafting AWAs. That their contents had changed after such consultation suggests that employees may have a degree of influence in drafting the AWA.

Table 6.2   Contents of AWA change after discussions with employees and commencement of discussions

Did you commence drafting the AWA after discussions with employees?	Contents *changed* after discussions with the employees		Contents *did not change* after discussions with the employees	
	Count	Percentage	Count	Percentage
Yes	272	42	152	24
No	113	17	111	17

(Not including Greenfield sites)

There were variations according to organisational size. On average some 71 per cent of smaller organisations (<20 employees) commenced drafting AWAs after discussions with employees and 42 per cent changed the contents of the AWA after discussions with employees. 71 per cent of medium size organisations (20 to 99 employees) also commenced drafting the AWAs after discussions with employees, although a higher percentage (70 per cent) changed the contents of the AWA after discussions with employees. In larger organisations (>100 employees) a lower percentage (56 per cent) of respondents commence drafting the AWAs after discussions with employees, although 67 per cent changed the contents of the AWA after discussions with employees. Overall 65 per cent of organisations commenced drafting the AWAs after discussions with employees and 59 per cent changed the contents of the AWA after discussions with employees.

Table 6.3   Commence drafting the AWA after discussions with employees by organisational size

Organisational size	Commence drafting the AWA after discussions with employees (percentage)
1-19 employees in organisation	
Yes	71

No	29
20-99 employees in organisation	
Yes	71
No	29
100 + employees in organisation	
Yes	56
No	44
All organisations	
Yes	65
No	35

(n=654)

Table 6.4   Did contents of the AWA changed after discussions with employees by organisational size

Organisational size	Did contents *change* after discussions with the employees (percentage)
1-19 employees in organisation	
Yes	42
No	58
20-99 employees in organisation	
Yes	70
No	30
100 + employees in organisation	
Yes	67
No	33
All organisations	
Yes	59
No	41

(n=652)

Those employers who made changes to the content of AWAs following discussions with employees were more likely to see an improvement in organisational outcomes as those who did not. The highest overall improvement for those organisations was the ability to implement change (71 per cent) and management-employee relations (69 per cent). These issues were also the most important objectives of implementing AWAs in the first place.

The largest difference in organisational outcomes between those respondents who indicated that contents of the AWAs had changed after discussions with employees and those that had not, were the differences in improvements towards labour productivity (22 per cent). Other differences in outcomes were also important. These included significant differences of 13 per cent relating to management-employee relations, employee commitment, workplace profitability and output quality. In addition, there was a 12 per cent difference in the ability to implement change and a four per cent different in employee turnover.

Table 6.5 **Contents of AWA change after discussions with employees and respondents indicating that the below organisational outcomes *improved* or *greatly improved***

	All respondents that indicated that organisational outcomes *improved* or *greatly improved* and the contents of the AWA had *changed* after discussions with the employees (percentage)	All respondents that indicated that organisational outcomes *improved* or *greatly improved* and the contents of the AWA had *not change* after discussions with the employees (percentage)	All respondents indicating that organisational outcomes *improved* or *greatly improved* Percentage	All respondents indicating that organisational outcomes *improved* or *greatly improved* Count	Total Count
Employee turnover	30	26	28	164	581
Employee commitment	60	47	55	321	583
Workplace profitability	49	36	44	253	579
Labour productivity	66	44	57	339	590
Output quality	48	35	43	244	572
Management-Employee relations	69	56	64	375	589
Ability to implement change	71	59	67	388	583

Testing the hypothesis that those workers in less skilled occupations (ie labouring and trades etc) were less likely to be able to successfully bargain at the individual level. While the survey does not measure the level of their success at bargaining, it does show the proportion of those that were successful in having their AWAs changed through some form of negotiation/bargaining.

Across all industries, the occupations which had been more successful in changing the content of the AWA during drafting were professionals and associated professionals, and advanced clerical workers. Those least successful in changing the contents of AWAs were elementary clerical workers and tradespersons.

Table 6.6 **Proportion of respondents by occupation (ASCO) and industry (ANZSIC) who stated that in the drafting the AWA the content of the AWA had changed after discussions with employees (most frequent industry responses)**

	Manufacturing (percentage)	*Accommodation (percentage)*	*Transport (percentage)*	*Health (percentage)*	*All Industries Average (percentage)*
Managers	58	50	50	65	64
Professionals	75	50	67	71	74
Associated Professionals	100	-	17	27	75
Tradespersons	52	63	50	71	59
Advance Clerical	73	64	60	78	71
Intermediate Clerical	56	47	58	74	69
Intermediate Production	67	-	61	-	64

Element. Clerical	55	53	73	47	58
Labourers	71	42	67	60	62
Average of all occupations	67	53	56	62	66

Table 6.7 also suggests that across all occupations, a higher proportion of employees within the public sector were able to change the content of the AWA compared to the private sector.

Table 6.7   Contents change after discussions with employees by occupation and sector

Occupation	*Sector*	*Contents changed (count)*	*Contents changed (percentage)*	*Contents did not change (count)*	*Contents did not change (percentage)*
Managers & Administrators	Private	44	53	39	47
	Public	53	82	12	18
	Non-Profit	38	70	16	30
Professionals	Private	27	68	13	32
	Public	37	80	9	20
	Non-Profit	21	72	8	28
Associate Professionals	Private	15	71	6	29
	Public	16	73	6	27
	Non-Profit	9	100	0	0
Tradespersons & Related Workers	Private	84	61	54	39
	Public	16	70	7	30
	Non-Profit	10	63	6	37
Advanced Clerical & Service	Private	39	66	20	34
	Public	27	84	5	16
	Non-Profit	26	74	9	26
Intermediate Clerical, Sales & Service	Private	52	61	33	39
	Public	22	85	4	15
	Non-Profit	18	75	6	25
Intermediate Production & Transport	Private	14	58	10	42
	Public	50	63	30	37
	Non-Profit	10	83	2	17
Elementary Clerical, Sales & Service	Private	39	57	30	43
	Public	18	75	6	25
	Non-Profit	8	62	5	38
Labours & Related Workers	Private	76	66	40	34
	Public	15	79	4	21
	Non-Profit	5	50	5	50

6.3   Assistance in drafting AWAs

6.3.1   Assistance and resources

The majority of employers (53 per cent) consulted OEA when drafting AWAs. Two out of five employers (40 per cent) went to their employer association for assistance, 27 per cent got help from a consultant, 19 per cent got help from a lawyer, and five per cent from an accountant.

Interestingly, three per cent of respondents (17 cases) used union representatives/delegate(s) to help draft AWAs.

Table 6.8   Assistance and resources utilise in drafting the AWAs (in order of most frequent response)

Most frequent response	Assistance and resources	Percentage
1	Consultation with the OEA	53
2	Employer association	40
3	HR Manager/Staff	26
4	Consultant	27
5	Lawyer	19
6	Information from other employers	17
7	Conferences	6
8	Training first-line managers in employee relations	6
9	Accountant	5
10	Union representatives	3

6.4   AWAs and Awards/Certified Agreements

Our survey results indicate that in fact nearly one half of all respondents who have made AWAs have actually offered agreements to less than 50 per cent of their employees. However, nearly two-thirds of organisations with AWAs (62 per cent) totally replaced Awards or Certified Agreements compared to 38 per cent which replaced particular conditions or clauses. Our findings would seem to support the thesis that while AWAs are often used for niche groups, unlike CAs, most are comprehensive, that is they replace the award and/or collective agreement in total rather than only changing a small number of conditions.

7   The future of AWAs

In total sixty three percent of respondents indicated that they intend to increase their use of AWAs over the next two years[24]. Those employers who stated that AWAs would increase in the next two years cited increased flexibility and the benefits of all employees being under one type of industrial relations instrument (including new employees) as the primary reasons[25].

Only 23 per cent of employers in the survey stated they would make changes in the way they had made AWAs in the past. Some of these changes were: more workforce consultation and better communication and greater involvement of and input from staff in the agreement-making process prior to drafting; quicker processing and simplifying the administration of the forms[26]; to include more detailed focused and comprehensive clauses; allow for more conditions to be negotiated; introduce performance-based outcomes and bonus schemes after negotiations with staff; ask employees for feedback on the AWA to see if they wanted changes; and use more options in the area of flex- and holiday arrangements.

To reconfirm these findings, there has also been a gradual increase over the last three years in the numbers of employers introducing AWAs. Of those employers responding to the survey, some 21 per cent started introducing AWAs in 1997, 37 per cent began in 1998, and 40 per cent first introduced them in 1999.

A further indication of the future use of AWAs can be seen in the percentage of employees who have been offered AWAs in organisations, and that of employers believing AWAs will increase in their organisations in the following two years. 68 per cent of those employers who had offered AWAs to between 10 and 19 per cent of their workforce believe they will increase in the following two years. 60 per cent of those businesses which have at least 70 per cent of their employees currently under approved AWAs believe that they will increase in the next two years[27]. This perception may be due to new employees being offered AWAs in the future, or slowly rolling out AWAs to the small percentage of workers currently not under AWAs, with the intention that AWAs will flow to all employees over time.

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[24] This is reinforced by the finding that only six per cent of employers who have made AWAs since their introduction no longer have any in their workplace.

[25] Those respondents stating they will increase the use of AWAs cited a number of issues. These included: to provide increased flexibility; to cover more or all staff; to offer all new employees AWAs; to cover more staff by AWAs as they realise their potential benefits; a better understanding and a closer relationship between both parties; to provide flexibility and the ability to remove penalty rates/hours; more user friendly and each employer has ownership of the process; increase productivity and financial stability; and because of unions' reluctance to accept annualised salaries and performance management for low income employees.

[26] As one respondent suggested, 'Cut out all the red tape you make an employer go through – it is nothing short of a joke!'.

[27] Those organisations with all their employees on AWAs may be suggesting that new employees will also be offered AWAs.

Table 7.1   Percentage of employees who have been offered AWAs in organisations and employers who believe that AWAs will increase in their organisations over the next two years

Percentage of employees who have been offered AWAs in organisations	Do you believe the use of AWAs will increase in your organisation over the next two years? (per cent)	
	Yes	**No**
1 to 9 per cent	60	40
10 to 19 per cent	68	32
20 to 49 per cent	61	39
50 to 69 per cent	79	21
70 to 100 per cent	60	40
Total	63	37

8   Conclusions and future research

One in three organisations in the survey employed 19 employees or fewer, with nearly half of those organisations employing between one and five employees. Overall, nearly half of the organisations were located in four industries: transport and storage, manufacturing, health and community services, and accommodation, cafes and restaurants. Over two-thirds of organisations represented in the survey were in the private sector. Almost nine out of ten organisations were wholly Australian-owned with nearly three quarters of organisations having little or no union presence.

A high proportion of businesses in the survey operated more than eight hours a day and nearly half of businesses worked seven days a week. It could be argued that such businesses are utilising AWAs to increase flexibility and change working time arrangements to better suit organisational needs. This factor seemed to be confirmed by the findings that many employers stated the main reasons for introducing AWAs for many employers was to increase flexibility of hours, simplify employment conditions, obtain better organisational outcomes, implement management strategy and improve the employee-management relations. Low on the list were direct cost considerations (such as containment of labour costs and reduced administration cost), industrial relations issues (limitations of collective bargaining) and competitive pressures. These figures indicate that AWAs are being introduced by many employers as part of a process of cultural change within the organisation, rather a 'slash and burn' costs-driven agenda.

In addition, respondents also seem to be very positive about the future of AWAs, with a significant majority indicating that AWAs will increase over the next two years. Some 40 per cent of the respondents introduce AWAs in 1999. Only six per cent of employers who have made AWAs since their introduction no longer have any in their workplace.

According to the Employment Advocate (Hamberger, 2000) one of the attractions of AWAs as opposed to certified agreements (CAs) for many employers (especially larger organisations), is that they can be used to deal with issues concerning particular groups of employees. Thus, many employers have the option of using certified agreements for the bulk of their employees, and using AWAs to supplement employment conditions for the other employees. The rationale for this approach is that AWAs could allow more flexible arrangements to be made with particular groups of employees who may be more willing to embrace change rather than having to gain the support of a clear majority of employees within a particular enterprise. According to the Employment Advocate 'collective agreements, by contrast, tend to reflect a lowest common denominator approach, where the pace of change is dictated by those most relucted to embrace it' (Hamberger, 2000:2).

Our survey results indicate that in fact nearly one half of all respondents who have made AWAs have actually offered agreements to less than 50 per cent of their employees. However, nearly two thirds of organisations with AWAs (62 per cent) totally replace Awards or Certified Agreements compared to 38 per cent replacing particular conditions or clauses. Our findings would seem to support the thesis that while AWAs are often used for niche groups, unlike CAs, most are comprehensive, that is they replace the award and/or collective agreement in total rather than only changing a small number of conditions.

Given these findings, it could be argued that these results are consistent with the proposition that AWAs being more likely than CAs to significantly differ from the award, and AWAs are often introduced as part of a significant change in the employment relationship, rather than just varying specific conditions of employment.

Moreover, the survey also reveals two main strategies employed by organisations wishing to introduce AWAs. One is focusing on a small group of employees (less than 10 per cent of the workforce) often concentrating on management and administration employees. The other strategy is to transform the employer and employee relationship by offering AWAs to the vast majority of employees.

Overall, the vast majority of employers drafted AWAs after discussions with employees. In the majority of cases, the content of the AWA changed after such discussions. Across all occupations and industries, a higher proportion of employees within the public sector were able to change the content of the AWA compared to their counterparts in the private sector. Only 13 per cent of employers did not hold discussion prior to drafting the AWA and/or did not change the content of the AWA after discussions with employees over the initial draft. While these figures do not show the 'success' of such discussions, they do indicate that in the vast majority of cases, there is a degree of consultation with and input from employees when drafting AWAs. In addition, many respondents said that the content had changed after such consultation, suggesting employees may have a degree of influence in drafting the AWA.

The survey suggests that those employers who made changes to the content of AWAs following discussions with employees were more likely to see an improvement in organisational outcomes as those who did not. These outcomes included: lower employee turnover, improved employee commitment, greater workplace profitability, increased labour productivity, improved management-employee relations and a greater ability to implement change. The greatest improvement was reported to be in management-employee relations and the ability to implement change. These issues were also the most important objectives of implementing AWAs in the first place.

The survey analysis also reveals significant variations in organisational outcomes according to the types of communication methods employed when conveying information about AWAs. Contrary to management perceptions on the effectiveness of various methods of communicating information about AWAs, initial results would suggest that more collective participation mechanisms *may* yield greatly improved organisational outcomes. In particular, the data suggest that, while regular formal meetings between managers and employees and individual employee discussions are the most frequently used channels of communication, as well as being perceived to be the most effective methods of communication, when supplemented with other forms of communication, firms are even more likely to have greater improvement in organisational outcomes. However, it is important to acknowledge that these other forms of communication were used in addition to more individual face to face arrangements.

Overall, the survey findings appear to reveal positive outcomes for the majority of employers who have introduced AWAs. These outcomes have been further enhanced by consultation with employees and especially making changes after such consultation. Consultation appears to increase further the likelihood of more positive outcomes relating to improved productivity, improved management-employee relations, increased ability to implement change, reduced employee turnover and increased employee commitment.

Future Research

While we have endeavoured to comprehensively review current arrangements and processes leading to AWAs, further research would require an examination of employee responses for a more complete review of current AWA arrangements, processes and outcomes. Given the positive findings of the AWA survey, a review of employee responses may provide greater clarification of the most important issues and focus on the strategies that lead to more positive and productive outcomes from AWAs for both employers and employees.

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Appendix A - Tables

Table A6.1   **Methods and channels and 'improved' or 'greatly improved' organisation outcomes in order of significance.**

	Workplace profitability % (count)	Labour productivity % (count)	Output quality % (count)	Employee skill levels % (count)	Management – employee relations % (count)	Ability to implement change % (count)
E-mail	8	11	=6	=8	=8	9
Intranet	5	9	=6	9	=7	=6
Employee surveys	=1	=3	3	1	=2	=5
Suggestion schemes	=1	=5	=5	=5	4	=5
JCCs, Works Committees	=6	1	=1	=5	=2	2
Regular formal meetings between managers and employees	4	8	=4	=7	=7	=6
Bulletin boards	2	7	=4	4	6	7
Regular newsletters	=3	=5	=5	=7	5	=5
Television or video addresses (++)	-	-	-	-	-	-
Elected non-union representatives/delegates	=6	2	=5	=10	=1	1
Union representatives/delegates	9	=3	=1	6	3	4
Task forces or ad hoc joint committees	=3	6	8	3	=1	3
Semi- or fully autonomous work groups, Quality circles	=1	4	2	2	7	8
Individual employee discussions	7	10	7	=8	8	10
Other	=3	12	9	=10	9	11
	Employee job security % (count)	Employee turnover % (count)	Union relations % (count)	**Employee commitment** % (count)	Administrative overheads % (count)	Performance compared to others in industry % (count)
E-mail	10	=6	=7	9	=9	9
Intranet	12	=9	10	8	=9	10
Employee surveys	=6	=9	3	3	=2	2
Suggestion schemes	2	4	=6	1	3	1
JCCs, Works Committees	5	2	=7	4	=4	=3
Regular	4	=6	5	=6	=4	5

formal meetings between managers and employees						
Bulletin boards	3	=6	=4	5	=2	4
Regular newsletters	=7	=3	8	=2	=9	=3
Television or video addresses	-	-	-	-	-	-
Elected non-union representatives/delegates	8	7	=4	=2	5	12
Union representatives/delegates	11	8	1	=6	7	11
Task forces or ad hoc joint committees	=7	1	9	=6	=8	6
Semi- or fully autonomous work groups, Quality circles	1	=3	2	8	1	=3
Individual employee discussions	=6	5	=6	7	6	8
Other	9	=6	=7	10	=8	7

Table A6.2   **Those who indicated outcomes had 'improved' or 'greatly improved' according to methods of communication in deciding to use and communicate information about AWAs in order of significance.**

	Employee surveys	*JCCs, Works Committees*	*Regular formal meetings between managers and employees*	*Elected non-union representatives*	*Individual employee discussions*
Workplace profitability	6	7	8	6	=7
Labour productivity	3	2	3	3	3
Output quality	8	=4	6	5	6
Employee skill levels	7	8	9	=9	8
Management - employee relations	1	3	2	2	2
Ability to implement change	2	1	1	1	1
Employee job security	9	5	5	7	5
Employee turnover	12	10	11	10	10
Union relations	13	12	12	12	12
Employee commitment	4	=4	4	4	4
Administrative overheads	10	9	10	=9	9
Performance compared to others in industry	5	9	7	8	=7
Workplace safety	11	11	12	11	11