HUMAN RESOURCE MANAGEMENT:
PROSPECTS FOR THE 1990'S

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This paper considers and speculates on the development of human resource management issues during the 1980's and the 1990's, in Australia. During the 1980's the term human resource management became widely used by academics and practitioners. The term however, is imprecise, and has been used in two major ways. It has been applied first, to all policies regulating employment, and second, to a very specific type of employment philosophy and strategy which explicitly links employment policies with business strategy and investment in the training of employees. In this paper human resource management is defined in a general way. It refers to "all management decisions that affect the nature of the relationship between the organization and employees – its human resources" (Beer, Spector, Lawrence, Mills and Walton 1984:1). It therefore refers to all those policies which cover both the individual and collective relationships between management and all types of employees.

Consideration of past trends and speculation about emergent trends in human resource management depend on the frames of reference brought to the analysis and on the identification of recent trends. What is seen as the existing and emergent human resource management issues will depend on the concepts and theoretical constructs brought to the analysis. The most popular way of identifying scenarios for future developments in organisational policy, including human resource management, is to consider the impact of acknowledged economic, technological, regulatory, demographic and social trends on policy development in organisations (Strauss 1982, 1987; Gowler and Legge 1986; Sisson 1989). This approach is not a 'neutral' best guess, but an approach based on a consensus image of the future of human resource management; it reflects the shared functionalist perspective of its proponents. Speculations based on alternative paradigms give rise to different images of the future of human resource management. Three paradigms which either
take into account the social processes within the organisation and the subjective meanings of the organisational participants, or use concepts drawn from Marxist analysis, provide different images of the future scenarios for human resource management.

Whichever paradigm is used, developments in the 1980's in Australia indicate the management of the employment relationship has come under increasing pressure to change. The main sources of pressure have been the current account deficit and its implications for a favourable balance of payments, the pressure of the product market which requires transforming manufacturing industries, the introduction of new technology which requires different forms of work organisation, a 'corporatist' national system of management, an expansion of legislation regulating the conduct of employee management, and the changing characteristics of the population. Together these economic, technological, legislative, social and political developments have had a major impact on the labour market, particularly the wage and salary determination process, employer policy and practice, trade union policy and behaviour, and government policies and initiatives.

The three paradigms interpret these changes in different ways and when applied to an analysis of developments in the 1990's they provide different possible pictures of the major issues which will concern human resource practitioners. The Functionalist perspective suggests that despite a growing emphasis on employees as resources through the award restructuring and strategic human resource management approach to labour management policies, the reality of employees being a 'cost of production' will be made explicit during difficult economic times. The Interpretative perspective suggests that although major changes in labour management policies might have formally occurred, in practice the implementation of these policies does not occur to the extent suggested by formal policy, because of the influence of previous behaviour patterns and the maintenance of policies consistent with
previous employment strategies. Finally, the Marxist perspective suggests attempts will be made to remove constraints on the development of human resource management policies; constraints such as legislation and trade union representation.

The paper is divided into four parts. The first part examines the changing context of human resource management and the pressures created by these changes. The second part considers the employer and organisational responses to these changes and pressures, paying particular attention to the changes in organisational forms, the adoption of a strategic human resource management approach to employee management and the rise of strategic unionism. The third part, briefly speculates on human resource management in the 1990's using three paradigms and the final part concludes.


**The Economic Context**

Australia has a mixed, but essentially a market–oriented economy which is involved in competitive markets. However, in recent years, the nature and intensity of this competition has changed as the result of the intensification of international competition. This has occurred because of the development of manufacturing in Asian countries, such as Taiwan, Malaysia and South Korea, where a supply of relatively cheap labour and the application of new technology provides a competitive advantage. In addition, deregulation in the finance industry, the proposed removal of tariffs (e.g. in the clothing and textiles industry) encouraged the intensification of competition in these industries.

Other economic developments pose similar challenges. The Australian economy recorded a relatively poor medium and long term performance with regard to
economic growth. Australia "lost ground relative to the U.S., West Germany and France, and (that) countries such as Japan, Singapore, Taiwan and Malaysia will, if past trends continue, overtake us in the not too distant future" (EPAC 1986:2-3). The potential for improved economic and productive growth is constrained by factors such as an unfavourable debt situation, a weak balance of payments, capital productivity and investment and real unit labour costs. In addition, the economic environment is characterised by increased economic uncertainty created by relatively high unemployment and inflation levels.

During the 1980’s, all parties operating in the labour market recognised that when reductions in real unit labour costs are accompanied by productivity growth, real wages can be maintained. This concern with improving efficiency and productivity in the labour market is one of the keys to understanding the human resource strategies of the 1990’s and is explored in the second part of the paper.

A further change in the economic context concerned the changes in the industrial and occupational structure of the labour market. During the 1980’s employment in the service sector of the economy continued to increase at the expense of employment in the manufacturing, construction and primary production sectors. Between 1980 and 1989 employment in the service sector increased from 73% to 79%, while employment in manufacturing and primary production decreased from 20% and 6.5% to 16% and 5% respectively (Australian Bureau of Statistics 1980:17 and 1989:26). Consistent with this development was an increase in employment in professional, administrative and technical occupations from 20% to 29% and a decline in production process workers and tradesmen from 31% to 24% of the workforce. (ibid)

The areas of employment growth were not highly unionised and they consist of workers which have traditionally had low rates of unionisation, eg women, private

sector and managerial employees. Australian union density fell from 51.1% in 1976 to 41.6% in 1988 (Peetz 1990:198). Since 1982 structural changes resulting from developments in the mix of industries, sectors and occupations made substantial contributions to the decline in union density. Peetz (1990:221) estimated that about half of the decline in union density was the result of these changes, while a reduction in the propensity of employees to belong to unions contributed to the rest of the decline. He suggests this decline in propensity to unionize was the result of unfavourable legislative environments in the states and the lagged impact of a deterioration in general attitudes to trade unions (ibid).

The Technological Context

The 1980's was a period of substantial technological innovation. Lansbury and Davis report technological change occurred more rapidly and on a broader scale in mining, manufacturing and the service sector (Lansbury and Davis 1989:110). The application of micro electronic technologies in manufacturing increasingly replaced mass production techniques, and in the service sector the application of these technologies was also widespread (ibid). In the retail and wholesale trade area two technological innovations became increasingly common. First, scanning provided faster and more accurate checkout operations and improved sales data for stock ordering and control, and second, electronic funds transfer terminals allowed for the automatic deductions of supermarket bills from bank accounts. In the finance industry, investment in technology was immense, with the establishment of electronic networks consisting of automatic teller machines, point of sale terminals, telephone and home banking (Kramar 1989:270; 418).

It has been argued that the implementation of these new technologies has implications for the design and organisation of work. Mathews (1989:181–2) argues much of the new technology depends on highly motivated, skilled and responsible workers, which requires a redistribution of skills and decision making power between
jobs. The process also provides an opportunity for the trade unions to be involved in the process of change. The Australian government has explicitly sought to involve unions and this is expressed in the federal government’s Industry Statement of 12 March 1991 and Industry Plans which emphasise the need to establish consultation and negotiation between industry, unions and government regarding the introduction of technology. However, on the whole, employers have been able to resist any intrusion into areas such as the right to organise and structure the way work is performed through arbitration. Unions have, however, been given the right to be consulted on retrenchment, through the principles established in the "Termination, Change and Redundancy" case, about the introduction of major changes in production methods or structures of companies. Deery (1986) reports, however, this could change as unions develop expertise in the areas of technological innovation. This is occurring in telecommunications, clerical and metal industries where unions are allocating greater resources to developing expertise in technological assessments and union intervention. Similarly the ACTU has recognised the role unions can play in restructuring work as a result of technological innovation in its document, *Future Strategies for the Trade Union Movement* (ACTU 1978).

**The Political and Legislative Context**

The election of the Hawke government in 1983 brought about a radical change in the political context. The previous Liberal–National Party Coalition government regarded trade unions as too powerful and considered measures should be taken to curb their influence (Lansbury and Davis 1989:102). In comparison, the Labor government had a firm commitment to consultation and co-operation between the government and trade unions. This commitment was made in the Statement of Accord between the Australian Labour Party (ALP) and the Australian Council of Trade Unions (ACTU) and it formed the basis of a consensus approach to labour management in Australia during the 1980’s. Trade union representatives were integrated into decision making at the national level through representation on tripartite committees such as the
Economic Planning Advisory Council (EPAC) and the Advisory Committee on Prices and Incomes.

There was a reaffirmation of a commitment to a centralised system of wage determination following the Review of Australian Industrial Relations, chaired by Professor Keith Hancock and the enactment of the Industrial Relations Act in 1988. Yet, within this framework, policies providing for greater flexibility were developed. The principles adopted by the Australian Conciliation and Arbitration Commission in March 1987 provided for productivity bargaining. The restructuring and efficiency principle provided for in the second tier of this decision was a first step toward the establishment of an effective trade-off principle. By its nature, the trade-off principle provided for variation between awards and industries. This was a major step towards providing for flexibility in the use of labour and conditions of employment, as well as for the introduction of dispute settling procedures into awards.

The August 1988 National Wage Case decision developed the productivity bargaining process further by introducing the Structural Efficiency Principle. This principle allowed for unions to gain wage increases for their members if they agreed to co-operate in a review of their awards with a view to implementing measures to improve the efficiency of industry and provide workers with more varied, fulfilling and better paid jobs. The August 1989 decision developed the process even further by providing that wage increases should only be awarded when the structural efficiency principle was effective, i.e. when it increased flexibility by changing employment conditions, work patterns, employment mobility, education and training. The Commission regarded the successful application of the structural efficiency principle as an essential step towards institutional reform and the introduction of a more flexible system of wage fixation.
At the same time the federal government expressed a strong commitment to the operation of certain social principles in the labour market. Principles such as equal employment opportunity, anti-discrimination, industrial democracy and occupational health and safety were backed up either by the enactment of legislation, or the establishment of policies which facilitated the implementation of these principles. In addition, the federal government sought to increase the skills of the labour force through restructuring the higher education system and enacting legislation, as in the case of the Training Guarantee Act, which required employers to spend 1.0% of their payroll on training. The endorsement of these principles through legislation and supporting policies prescribed the scope of managerial employment policy.

Decisions at common law, as well as decisions of the industrial and anti-discrimination tribunals also further prescribed human resource management policies during the 1980's. These decisions sought the application of the social values of equity, democracy and safety in the implementation of training, performance appraisal, retrenchment and recruitment policies. Decisions in these areas were significant because they were based on an assessment of the way the policies operated. For instance, in the Boral case in 1986, it was found employers had a legal requirement to ensure employees were effectively trained. It was not sufficient to provide the training and assume those undertaking the training understood the information. The Commissioner considered this approach "to be a very passive attitude on the part of management to staff training, particularly in so far as safety is concerned" (Smith and Delahaye 1988: 118).

In cases before the anti-discrimination tribunals, employers were found to be accountable for both the formal human resource policies and the behaviours of those employees implementing these policies. This was most clearly shown with regard to cases involving selection, performance assessment and retrenchment policies (Decisions of the New South Wales Anti-Discrimination Board, D. Harrison v

Decisions relating to the industrial arena also further limited 'managerial prerogative' in employment matters. For instance, in the Manufacturing Grocers' Case (Re Manufacturing Grocers' Employees Federation: Ex Parte Australian Chamber of Manufacturers, ALJR 347, 1986) the High Court determined superannuation was an industrial issue. While, in a case involving the issue of hiring (Re Cram: ex parte the NSW Colliery Proprietors Association and ors, 61 ALJR 40, 1987), the High Court rejected the idea that there were managerial decisions which "stand wholly outside the area of industrial disputes and industrial matters". The earlier decision of the Australian Conciliation and Arbitration Commission in 1984 in the Termination, Change and Redundancy Case, 1984 (Print F6230), had also reduced the discretion of employers to make unilateral decisions regarding redundancies and dismissals.

Finally, governments have undertaken major reforms in public sector employment, seeking to cut costs and increase efficiency throughout the economy. Most notable were the major reforms in the Australian Public Service (APS) during the 1980's which sought to improve the efficiency, responsiveness and accountability of the Australian Public Service (Reforming the Australian Public Service, AGPS, Canberra, 1983:1). "Specific changes in personnel management have been made with the object of equipping management with the necessary tools and flexibility to achieve the Government's policy objectives" (Enfield 1989:24).

These changes involved improving the quality and experience of senior public sector managers, and restructuring the administrative arrangements for the conduct of human resource management and industrial relations. In 1984, a Senior Executive Service (SES) was established, and with it, a number of policies which provided for greater employment flexibility. These included the establishment of policies which
provided for the more flexible use of senior executives, the handling of poor performing and excess executive staff. Later reforms in 1986 instituted arrangements which provided for the more flexible use of staff below executive level. In addition, substantial restructuring of human resource management responsibilities occurred in 1986 and 1987. These responsibilities were devolved from the central Public Service Board (which was abolished in 1987) to departments.

As a result of the devolution of management functions, departments assumed responsibility for management improvement, implementation of equal employment opportunity, industrial democracy and occupational safety and health, and nearly all the operational aspects of personnel management and staff development, including recruitment, promotion, redeployment and retirement of their own staff (Enfield 1989:20).

The Demographic and Social Contexts

There were also substantial demographic changes during the 1980's. The population was aging, as a consequence of lower birthrates and longer life expectancy. It was predicted the effect will be an increase in the number of middle aged and elderly people with fewer active workers in proportion to the aged" (Brooks 1990:4). At the same time there were greater pressures on the family unit to earn more income. In 1988, more than half of Australian families, 51% had two or more bread winners (Building Workers Industrial Union 1989:13). These demographic and social changes resulted in more women being available for employment.

Summary

Substantial changes in the environmental contexts occurred during the 1980's in Australia. These changes provided the opportunity for the development of greater diversity and a redistribution of power within the workplace. Both the demand for
and supply of labour changed, and as a result, the composition of the workforce became less homogeneous and employment structures became more varied. More women were engaged in employment and technological innovation provided the potential for a redistribution of skills and decision-making within the workplace. Changes in the political and legislative arenas also promoted the protection of principles such as equity, the enhancement of employee rights in the workplace and in the decision making process at the national level.


Three main developments in the structure of work, the approach to the management of employees and the role of trade unions in the employment relationship can be identified, during the 1980's. Given the changes identified above, it is likely these changes will continue in the 1990's. The three developments were the introduction of flexible forms of work organisation, the implementation of a strategic approach to the management of employees, and the development of strategic unionism.

Development of Flexible and Adaptable Organisations

During the 1980's organisational structures and work arrangements which facilitated the flexible operation of organisations were introduced. These took two forms: first, the separation of the enterprise into quasi-independent units; and second, the introduction of more flexible employment arrangements.

In many large multi-establishment organisations, the separation of enterprises into semi-independent units replaced highly centralized, functional structures. The new arrangements emphasized the separation of strategic from operating management, the reorganisation of the enterprise into divisions and business units which were the
prime focus of the organisation, and the decentralization of responsibility for day-to-day operations within the confines of the corporate strategy. In these structures, the administrative control systems of centralized head office rules and procedures are out of place, and were either abandoned or considerably weakened (Kramar 1989). In the private sector, this involved the introduction of differential policies applying to salaried employees and considered to be most suited to the achievement of business plans in different business units. The emphasis of human resource management policies at the divisional and business unit level was prescribed in terms of enhancing productivity and organisational efficiency. Consequently, the policies sought to promote salaried employee behaviour which was consistent with managerial objectives, and there was less concern with the way these employees achieved these results (Kramar 1989). Although there was a trend to this human resource management style, the paternalistic, centralist approach featuring a procedures/precedent style continued to be used in some organisations (Stace and Dunphy 1989).

As mentioned earlier similar developments occurred in the public sector. In the APS a series of reforms after 1984 progressively delegated responsibilities to departments and line managers in an attempt to create "a more responsive and accountable administration". The most far reaching reform took place in 1987, when the three person Public Service Board (PSB) was abolished and replaced by a Public Service Commissioner (Commissioner). The Commissioner became responsible for policy aspects of recruitment, promotion, mobility, discipline and retirement, and for monitoring progress in equal employment opportunity. Responsibility for the day to day management of employees and the implementation of organisational change programs such as equal employment opportunity and industrial democracy were transferred to departments. It is reported these changes have resulted in the more flexible use of labour in areas such as vacancies being filled more quickly and meeting peak work loads (Enfield 1989:16–20).
Innovations with regard to employment arrangements were also introduced. Studies in the service sector, specifically in the banking, insurance, computing, retail, hospitality and community services reveal a growth in the employment of 'mobile', low skilled, part-time and casual workers conforming to a 'contingent' workforce or secondary labour market. These workers were found to have little access to either training or career paths, and to be predominantly women. These new forms of labour market segmentation are "conditioned by assumptions about the sexual division of labour, and about women as workers" (McDermott 1990:3).

From Personnel Management to Human Resource Management

A second major trend was the introduction of the strategic approach to salaried employee management. At the corporate level this involved the linking of human resource policies with strategic corporate planning and the establishment of general principles for the formulation of human resource management policies. Key aspects of this approach to human resource management involved the identification of senior managers as a corporate resource and the introduction of policies which sought to link the financial and career rewards of salaried employees to their performance (Dunphy 1987; Stace and Dunphy 1989; Kramar 1989). Formal performance appraisals were introduced as part of this approach, and by 1990, 83% of Australian organisations had introduced formal performance appraisal systems (CCH Australia Ltd, 1991:12–70). It also stressed the inter-relationships between human resource policies, with performance appraisals providing information for decisions in areas such as remuneration, training and career planning (Kramar 1989).

This approach to employee management represented a proactive approach to management which required a long term, rather than a short term, operational view (Collins 1988). It was based on neo–human relations view of employee motivation, and therefore emphasised teamwork, commitment and individual initiative. Although
individual employees were provided with the opportunity for limited participation in decisions about their employment through the performance appraisal process, this strategic approach provided trade union with little or no formal role. Rewards were linked to performance and job size, rather than seniority. The approach represents an ideological position on the regulation of the employment relationship, with regulation depending on economic factors and returns, rather than on loyalty and employer responsibility for the welfare of their employees.

A further development in this area was the attempt by some employers to limit the role of trade unions in regulating the employment relationship. This was most evident in the disputes involving the South East Queensland Electricity Board, Mudginberri, Robe River, and Dollar Sweets in which employers sought to split the leadership and membership of unions involved in disputes, and to make use of common law remedies to cripple the union (Dabscheck 1989:122–124). This belief was expressed in the extreme position of the H.R. Nichols Society which believed a co-operative relationship at work would occur if unions and industrial tribunals were not involved in the regulation of employment. Costa and Duffy (1990:29) claim small businesses and primary sector businesses which employ small numbers of employees and seek maximum flexibility adopt this approach. This approach represented a pro-active approach, rather than a reactive approach to labour management and it challenged the existing regulatory arrangements.

**Strategic Unionism**

During the 1980's the ACTU sought to develop a strategy for the trade union movement within the umbrella of the Accord. The three documents, *Australia Reconstructed* (1987), *Future Strategies for the Trade Union Movement* (1987) and *Can Unions Survive?* (1989), represent key components in this strategy (Costa and Duffy 1990:3). In the document, *Australia Reconstructed*, the notion of strategic unionism is identified as trade union policies which are "comprehensive, integrated
and framed ...to achieve longterm goals and are not used simply as short term responses" (ACTU 1987:169). Strategic unionism involves tripartism, strong local and workplace organisations, comprehensive education, training and research services, and as a consequence trade union structures and high membership rates which provide for a high degree of expenditure on education and research (ACTU 1987:175). This model of trade unionism was based on the models of trade unionism in Scandinavian countries, and it was seen as an appropriate model for Australia in the future (ACTU 1987). This model requires the restructuring of Australian trade unions from a predominantly occupationally based structure to an industry based structure.

During the 1980's it was stated, "..the leadership of the movement see the development of strategies to reverse the decline in trade union participation rate as the key challenge facing the union movement" (Costa and Duffy 1990:7). Trade union representatives were present on tripartite bodies at the national level and were also involved at the workplace through joint consultation mechanisms concerning issues such as affirmative action, and occupational safety and health. This involvement at the workplace was strengthened by the federal government's support of the development of industrial democracy arrangements at the workplace.

**Summary**

During the 1980's parties operating in the labour market increasingly took the initiative with regard to the development of human resource policy. Employers developed policies which empowered a small number of employees through providing them with skills, knowledge and the potential for intra-firm and inter-firm mobility, but at the same time they introduced other policies which reduced the labour market power of employees by reducing employment security and conditions. Trade unions at the national level also took the initiative and like some employers developed a long term view about their role and the role of human resource policy in
enhancing organizational effectiveness. The ACTU broadened the scope of union objectives beyond wages to acknowledge the changing structure of the economy and employment. However, the complexity of developments suggests the potential for empowering the workforce and the creation of equality and democracy has been limited by the development of flexible employment policies and a concern to cut costs.


On the basis of the information contained in the previous two sections, this section examines human resource management in Australia in the 1990's from three different perspectives: the functionalist, interpretative and Marxist perspectives.

The Functionalist Perspective

A functionalist perspective assumes organisations are systems which adjust to internal and external contingencies. Human resource management policies are concerned with facilitating the adjustment of the organisation to these contingencies so the organisation achieves its objectives (Collins 1988; Gowler and Legge 1986:229). Gowler and Legge (1986:229–230) indicate this perspective can produce two very different views of the future of human resource management. First, employees can be viewed as a cost, a view consistent with Purcell's 'commodity status' approach to human resource management (Purcell 1987:537). Emphasis is on cost minimisation, and a short term view of labour utilization is used. The second view is consistent with Purcell's resource status approach to human resource management (Purcell 1987:536). This approach emphasises employees as an essential long term resource. Career management, investment in training, careful selection and intensive socialisation in corporate values are key human resource management activities.
Rather than being competing or alternative forms of human resource policy, Collins (1988:43–46) suggests these two approaches are appropriate in different circumstance. The first approach, the commodity status approach is appropriate in circumstances where standard, no-frills high volume products are produced, and where organisational structures are inflexible and geared to efficiency (Miller 1986:239–43). Collins claims in this situation human resource management policies emphasise conformity, stability, and slow promotion. However, it is also possible in this circumstance, the policies will not be concerned with providing career opportunities, but will focus on providing short term rewards for peripheral employees. This approach will therefore be used for employees with low skill levels and in industries where production or service provision is standardised, as is the case of McDonalds Family Restaurants. In contrast, the second approach is appropriate in circumstances where labour is highly skilled and where products and services are diverse, and have short life cycles, and the organisation is characterised by innovation and entrepreneurship. Employees critical in these organisations include the top management team, marketers and research and development groups and because task priorities change rapidly they are characterised by high tolerance for ambiguity and uncertainty. In this situation Collins (1988:45–46) states "appraisal and performance management are more likely to be considered processes rather than annual events ... rewards need to be linked to critical behaviours and competencies, for example teamwork and information sharing, as well as performance outputs".

Although the distinction between the 'commodity status' and 'resource status' approaches to human resource management provides a way of categorizing styles of human resource policies, recent developments in Australia suggest both styles are based on similar views of employees ie that labour is a cost, and a cost which can be cut when economic circumstances are difficult. Some organisations, such as
established banks and airlines which implemented policies consistent with the 'resource status' approach to employee management have recently retrenched employees in whom considerable investment in training had taken place. These employees include managerial and professional employees who were retrenched in an attempt to cut costs during the recession (Green 1991:1–2). This development suggests that if difficult economic circumstances continue in Australia, the implicit view of labour as a cost embodied in the 'resource status' style of management will be further exposed as employees are retrenched rather than kept on for the period of the recession as the 'resource status' style would predict. It therefore suggests policies designed to deal with 'surplus' employees such as retrenchment packages will be given more attention and training provision reassessed.

Similarly, the adoption of a management style which focuses on the reduction of costs could limit the development of innovative affirmative action and training programs provided for under the Affirmative Action and Training Guarantee legislation. Organisations could seek to merely comply 'formally' with the legislation rather than in spirit. They could seek to do this by only developing systems which assess the cost of their existing training arrangements, without reviewing the nature and effectiveness of training policies and by interpreting affirmative action programs in a very narrow way, for instance by merely removing direct discrimination from employment policies, rather than implementing policies which limit the influence of indirect discrimination and by devoting even less resources to the development and implementation of equal employment opportunity programs. There are indications this is already occurring because of the recession. "Equal employment opportunity (EEO) programs are being slashed across New South Wales as companies buckle under the recession ... Many programs were being wound down extensively" (Lumby 1991:10). The challenge for the federal government in the 1990's will be to amend the Affirmative Action and Training Guarantee legislation so it requires employers more fully to comply with the spirit of the legislation.
A functionalist perspective suggests that despite the institutional requirements and management strategies which emphasise employee development and equity, economic constraints will have a major impact on human resource management policies. As a consequence, attempts will be made to deal with the immediate economic demands and as a result policies designed to reduce the costs of employment will be introduced.

**An Interpretative Perspective**

Formal human resource management policies, however, do not represent the processes occurring in organisations. Numerous studies reveal that much organisational life and interaction is not directly related to organisational objectives. This discrepancy between formal objectives and behaviour derives from a number of sources including the meanings people bring to organisational life (Silverman 1979:141), the operations of coalitions of competing groups often with interests different from those of stated organisational objectives (Dalton 1950, 1959; Pettigrew 1973; Gowler and Legge 1975), the competing social interests and power relations of groups in the social structure (Salaman 1981), the nature of the process of decision making which is not a rational exercise of wisdom, judgement and expertise, but one in which managers act out of habit (Marshall and Stewart 1981:274; Anthony 1977:62; Winkler 1974:210) and also the nature of the implementation of policy involves the creation and maintenance of informal, social networks based on doing favours, nurturing professional reputations and controlling resources and information (Kotter 1982:69–70).

Therefore an alternative perspective of human resource management in the 1990's is one which attempts to identify the processes which regulate employment, rather than the formal policies. Recent research (Kramar 1989) indicates that although organisations might have formally implemented a strategic approach to employee
management, in practice, the policies associated with this approach were not being put into practice. There were a variety of reasons policies were not always implemented, including the influence of past policy on employment decisions, the use of informal rather than formal management techniques and the influence of social decisions on employment decisions. In addition, inconsistencies between policies occurred because of the maintenance of certain aspects of the previous personnel management approach to employee management, the tension created between short term and long term needs such as cost cutting and maintaining a trained workforce.

In terms of this perspective, although human resource management policies in the 1990's might formally change quite dramatically, in practice these changes will take some time to be implemented. Employees implementing revised or new policies will require time to change their "old habits" and to change their behaviour. When their behaviour changes, their attitudes towards the new policies are likely to change. In addition, the revised human resource management strategy will operate in conjunction with aspects of an earlier approach to employee management. For instance, some policies associated with a previous paternalistic approach are likely to be maintained for some employees, even though a strategic human resource management approach has been implemented. The result would be a hybrid of the new policy and the old policy.

**Marxist Perspective**

When a Marxist perspective of the future of employment regulation is taken the focus will be on the contradictions operating in human resource management policies. According to this view organisations are viewed as "instruments of domination" which are controlled by those who dominate other sectors of the society in pursuit of their own ends. In terms of this perspective, emphasis will be given to the ways in which employment policies can achieve improved organisational effectiveness and
competitiveness through reducing unit labour costs and maintaining a flexible workforce. A key issue will be overcoming institutional constraints which inhibit the flexible use of labour. This can involve avoiding unionisation among employees as has been the case in the USA, or reducing the power of trade unions by either integrating them into the organisation by developing enterprise level unions, or moving to locations where there is no union presence, or attacking institutional arrangements which support unionisation eg closed shop agreements. It could also involve shifting the emphasis in the payment of employees to rewards which optimise cost effectiveness and individual contribution to production or which are based on individual or group contracts for payment. This would require techniques to measure the contribution eg the introduction of policies such as performance appraisal and merit pay.

In Australia the need to overcome institutional constraints governing employee management is held by many employers, by governments and trade unions in Australia. The Business Council of Australia’s (BCA) support and promotion through sponsorship of training programs of an enterprise approach to employee management which emphasises trust, individualism and flexibility (Business Council of Australia 1989:5) at the workplace. The application of the BCA’s approach to wage employees could result in employers introducing performance related rewards outside the award structure in conjunction with performance appraisal policies. The award restructuring process has resulted in the introduction of performance appraisals into some organisations eg an insurance company in Victoria (Rimmer and Verevis 1990:65), and it could be expected similar developments will occur in some other industries. The enactment of the Industrial Arbitration (Enterprise Agreements) Amendment Act 1990 in New South Wales provides the opportunity for employers and their employees to reach an agreement on the terms and conditions to apply at their own enterprise and is a further example of the way institutional barriers further could be overcome in the 1990’s. However, developments providing
for the removal of institutional barriers which inhibit flexibility will occur within the context of a labour market which is still regulated by legislation and common law providing for the establishment of minimum standards of employment policy.

This perspective would also emphasize the adoption of policies which facilitated numerical flexibility through restructuring employment by the adoption of part-time and casual work arrangements, the use of contract labour, and the subcontracting of work to outside organisations, which probably did not have a unionised workforce. Gowler and Legge (1986:229) also point out that attacks on trade unions in the United Kingdom would continue the trend to the demise of trade unions. A similar scenario is possible in Australia, where it has been estimated by the year 2000, the unionisation rate will be at best 30% and could be as low as 25% (Building Workers Industrial Union 1989:19). One of the consequences of this decline, would be the creation of a situation in which workforce interests were represented on national tripartite bodies through unions which represent only a small proportion of the workforce.

Conclusion

The management of the employment relationship came under great pressure to change during the 1980's as a result of significant economic, technological and social change which required the implementation of policies facilitating both economic adjustment and greater labour productivity, but at the same time embodied the social principles of equal employment opportunity, industrial democracy and safety at work. Some employers became particularly concerned with increasing the efficiency of the use of labour and introduced policies such as decentralising the responsibility for the operation of human resource management, adopting a strategic approach to labour management which linked human resource policies to strategic corporate planning, developing more flexible forms of employment which was usually low skilled and casual on part-time, and in a few cases seeking to limit the role of
trade unions. Although trade unions were an integral part of decision making at the national level, their membership rate was declining and they acknowledged the need to reverse the decline.

The scenarios for the 1990's developed in terms of the functionalist, interpretative and Marxist perspective emphasise different aspects of these developments. The first perspective suggests organisations will adjust by adopting one of two approaches to labour management, either a 'resource status' or a 'commodity status' approach. Developments in the 1980's indicate even in cases where the 'resource status' approach has been adopted, this could change to reduce costs. The second perspective indicates that even when formal human resource management policies dramatically changed, these new policies could not operate in practice. The third perspective suggests employers attempts to limit the constraints on human resource management policies and seek to further introduce policies facilitating the flexible use of labour.
References


