FROM PERSONNEL TO
HUMAN RESOURCE MANAGEMENT:

A REVIEW OF AUSTRALIAN
EMPLOYMENT RELATIONS
DEVELOPMENTS DURING
THE 1970S AND 1980S

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Introduction

It has become commonplace within contemporary studies of Australian management to view the decades of the 1970s and 1980s as a period of fundamental change. In terms of employment relations an ever expanding literature has developed in recent years outlining how managers should develop a greater strategic approach to the recruitment, selection, induction, training, communication and reward of employees. Indeed, it has been argued that a greater emphasis on the consistency of these elements of labour management with broader business strategy is essential for organisational survival.

This paper examines how employment relations has developed in Australian enterprises during the last two decades. It begins by examining the personnel management profession during the 1970s, the desire for increased status within the firm, and the rapid but short-lived growth in popularity of employee participation schemes. The remainder of the paper considers developments during the 1980s, in particular the growth of what has come to be known as 'human resource management', and the implications of this approach for personnel practice. This paper forms part of a broader research project into the history of Australian labour management due to be published early in 1995. As a working paper, the author would greatly appreciate any comments or suggestions readers may have.

The 1970s: Personnel Management at the Cross-Roads

By the end of the 1960s personnel management had consolidated a position as an enduring administrative function in many large organisations in Australian industry. However, despite such institutional permanency, the personnel profession remained ill at ease with its position within the management hierarchy. In a review of the IPMA journal since its inception in 1962 to 1980, by far the greatest single topic of discussion was the "personnel function". What did personnel management involve? How should it be defined? What should be the future direction of personnel management? Why isn't personnel accorded the respect and status of other management specialisms? Such "soul-searching" was summed up succinctly by the editor of the Journal as late as 1983 when he stated, "Why do so
many Personnel Managers feel that they are the organisational equivalent of the 'poor cousin'\(^1\).

The Australian personnel profession's concern at its lack of status and direction mirrored developments in personnel management overseas. As Legge has noted, an enduring feature of British personnel management during the 1960s and 1970s was the lack of status accorded it by production and line management. As a result, she argued, personnel managers were trapped in a vicious circle, in which they were provided with insufficient resources, rarely consulted and, because of the resulting ad hoc, 'fire-fighting' approach, were further downgraded in the estimation of managers.\(^2\) In a similar vein, as one Australian observer noted in 1969, the failings of personnel management related to an over-emphasis upon techniques, the low calibre of most personnel functionaries, and the resulting senior management ignorance of the potential role that effective personnel management could play.\(^3\) Statements by employers seemed to support the doubts of the personnel managers. For many executives, the contribution of personnel management was too intangible and not directly related to organisational performance. As the Managing Director of Massey Ferguson (Aust.) told a Victorian IPMA seminar in 1970:

"...I detect a certain preoccupation in your minds regarding your own status in the business world. Gentlemen I think you should become less concerned with status per se and more concerned with your basic function. Personnel management will earn its place in the sun and in the business hierarchy by making a valuable contribution to the objectives of the enterprise... One real problem facing the personnel function is the inherent difficulty in putting a profit price tag on various of its contributions. If personnel executives spent more time thinking about profit, revised methods of reporting, and became more skilled at communicating the profit potential of personnel activities, we could all perhaps advance a little faster."\(^4\)

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The desire for increased status and greater strategic input into organisational decision-making became the obsession of Australian personnel management during the 1970s. While it is difficult to determine to what extent such a goal was actually achieved, there is some evidence to suggest change was occurring.

The growth of personnel management as a distinct profession clearly assisted the drive for increased status. Membership of the IPMA boomed during the 1970s despite declines in the economic fortunes of the manufacturing sector from which it had sprung. From a membership level in 1967 of just over 1,000, by 1975 this had risen to 2,000, and by 1980 there were over 3,700 due paying members. Increasing numbers of personnel managers came from firms in the finance and retail industries as well as government instrumentalities and the public service. As had occurred in the post-war period, the IPMA assisted the professionalisation process through the publication of its monthly journal, conducting seminars and training courses in personnel practices and theory, and seeking input into personnel management education in technical colleges and colleges of advanced education.

The educational qualifications of personnel managers also increased during the 1970s. In a 1967 survey of IPMA members, while many held certificate level qualifications, only 12 per cent held university degrees, and as few as 1 per cent possessed post-graduate qualifications. By 1974, 57 per cent of IPMA members held tertiary qualifications, 8 per cent of whom had post-graduate degrees. By 1980, these figures had increased to 61 and 15 per cent respectively.

In terms of actual practice, personnel management literature throughout the 1970s stressed the need to move away from traditional administrative concerns, such as employment and welfare, and to seek input into executive decision-making and forward planning. Surveys of the membership of the IPMA during the 1970s support such a contention. For example, a comparison of the 1974 and 1980 surveys indicates an increase

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6 Cameron, ibid., p.275; Dredge & Smyth, ibid, p.30.
from 40 to over 50 per cent of personnel managers involved in organisational and manpower planning. Examples of a more strategic, planned approach to the recruitment, selection and maintenance of workforces were provided in the establishment of new mining projects and within multinational subsidiaries during the late 1970s.7

However, the extent of such a change should not be over-estimated. Like the post-war decades the true picture of personnel practice during this period was highly diverse. In some firms, such as the larger multinationals, the personnel function did attain the lofty heights of executive-level planning and strategy formulation. Outside of these personnel innovators however, the vast majority of Australian organisations continued to view personnel as a basic administrative function. In industries which had lagged in the introduction of personnel practices, such as in metal manufacturing, increasing product market pressures, labour disputation and continued high levels of labour turnover resulted in some increase in specialist personnel work. However as the American industrial relations academic, Milton Derber noted in the late 1970s, Australian managers continued to undervalue the contribution of personnel and industrial relations specialists.8

"New" Influences?: Concepts of Employee Participation and the OD Movement

One of the major influences on Australian personnel management during the 1970s was the rapid increase in popularity within management literature of various concepts of employee participation. Far from being a new influence, practices such as Whitley Councils, works councils and joint consultative committees had been used to varying extents by Australian employers throughout the twentieth century. To a large extent the 1970s initiatives continued these trends. However there were differences in the nature of participation proposed and those advocating change.


Practical initiatives in the area of employee participation in Australian industry during the early 1970s can be divided into two areas. The first and in the private sector probably the most numerically significant, was experimentation in work organisation, job redesign and job enrichment. The second area involved the introduction of communication techniques such as joint consultative committees and various group discussion methods. While there was some overlap between these two forms of employee participation (and some instances of organisational change involved both forms), in the discussion that follows major emphasis is placed on the latter group of practices.9

A number of parties advocated the need for employee participation during this period. One of the most prominent of these was a new breed of management consultants from industrial psychology backgrounds who made up what came to be known as the Organisational Development (OD) movement. While industrial psychology had made inroads into personnel practice in the post-war period, particularly in the area of selection testing, the extent of such impact had always been limited. During the early 1970s its impact was broadened as increasing numbers of academically trained psychologists actively advocated a range of techniques to improve productivity and reduce labour turnover.

Like Australian management education generally, local industrial psychologists were highly dependent on overseas theories and research. Two schools of thought were influential here. The first and dominant was the American tradition of human relations and human resource theory, developed by writers such as Mayo, Lewin and Herzberg. The second was the British tradition, symbolised by the work of the Tavistock Institute of Human Relations. Despite differences between these groups, as Carey notes, the distinctive feature of the human relations approach and its later derivations has been the emphasis such researchers placed on the social and emotional needs of workers as opposed to economic considerations as the true source of productivity improvement. Despite fundamental criticism as to its theoretical and methodological validity, human relations theories proved highly influential within Australian management education, and

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9 Job redesign and work reorganisation experiments during the 1970s and 1980s are considering in a forthcoming paper by the author.
during the early 1970s continued to provide a basis for much of the OD experimentation in industry.\textsuperscript{10}

A number of Australian industrial psychology consultants had received overseas training and upon their return actively sought to introduce OD initiatives within local industry. Two of the most prominent individuals in this regard were Fred Emery and Dexter Dunphy. Emery had worked for more than ten years at the Tavistock Institute of Human Relations in London, becoming chairman of the Human Resources Centre of the Institute and was a pioneer in the area of socio-technical systems theory. Upon his return to Australia in 1969 he acted as a consultant to a range of enterprises in the introduction of new forms of work organisation. Dunphy by contrast had taught in American tertiary institutions during the 1960s in the area of behavioural science, and as head of the Department of Behavioural Science at the University of New South Wales during the 1970s was an active advocate and consultant for more participatory forms of work organisation. A number of OD experiments were also implemented by visiting American industrial psychologists. One influential figure in this regard was Professor Hollis Peter, formerly Professor of Management at the State University of New York and President of the Foundation of Research on Human Behaviour, Michigan, who worked with Emery at the Australian National University in the early 1970s and acted as a consultant to organisations such as Shell Petroleum, ICI, Alcoa and ACI. In combination with others, these individuals formed a nucleus of advocates for OD developments in industry.\textsuperscript{11}

Beyond OD consultants, the state in the form of Federal and State governments also played a crucial role in advocating greater employee participation in industry during the early 1970s. In line with its post-war tradition as an advocate of innovation in personnel practice and productivity improvement, the Commonwealth Department of Labor and Immigration actively encouraged the dissemination of employee participation techniques,


the establishment of OD networks, and the publication of a variety of OD literature. During the early 1970s, the Federal Labor Government also introduced limited board-level representation in public sector enterprises such as Australia Post, Qantas Airways, the Reserve Bank and the ABC. In a similar manner, "worker directors" were appointed in some government enterprises by the NSW Labor Government in the later 1970s. More significant initiatives occurred under the Dunstan Labor Government in South Australia. As part of a commitment to the broader principles of industrial democracy, in 1973 the South Australian Government released two commissioned reports outlining the potential advantages of greater employee participation in the private and public sectors. In line with the central recommendations of these reports, a "Unit for Quality of Work Life" (later titled the "Unit For Industrial Democracy") was established within the Department of Labour and Industry to advise and assist employers with the introduction of job enrichment schemes. In its first year of operation about thirty private sector organisations were serviced by the Unit, principally in the area of job enrichment and job redesign, notably under the influence of consultants such as Emery.

Both government and OD consultants argued strongly for greater employee participation in Australian industry. As was the case overseas, advocates of job redesign emphasised the problems of existing forms of work organisation particularly what was termed the "blue-collar blues". Workers, it was argued, were no longer satisfied with mundane, repetitive and authoritarian work. Broader social changes, such as higher levels of education, rising living standards, and a younger workforce questioning traditional authority structures, were cited as factors which demanded changes in the way work was organised and managed. Evidence in support of such an argument included a 1973 "quality of working life" survey of two thousand non-managerial employees, which found nearly half of respondents either apathetic or actively hostile towards their work situation. Later case study research, such as the Jackson Report into manufacturing and research into the

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experience of female, migrant workers also highlighted significant employee hostility to
the work environment and management practice. Violent industrial conflict such as the
1973 Ford Broadmeadows dispute added to the arguments for workplace reform.14

However, for employers the introduction of employee participation had more to do with
the immediate problems of labour supply rather than a concern with job satisfaction.
During the period from 1972 to 1974, economic growth, a decline in unemployment and
cutbacks in the immigration intake resulted in increases in labour turnover, particularly
within labour-intensive manufacturing industries. As had been the case in the post-war
period it was the problem of labour instability that prompted employers to experiment in
the area of employment relations.

Practical initiatives took a variety of forms. Continuing the post-war traditions, a number
of firms introduced joint consultative schemes. In South Australia, for example, a number
of firms made use of the Unit For Industrial Democracy in introducing joint consultative
committees. Like earlier examples, such committees consisted of employer and employee
representatives who met at regular intervals to discuss matters as varied as production
targets, workplace amenities, or the state of the firm's market. Importantly, industrial
relations matters were generally excluded from discussion. In a number of manufacturing
enterprises, emphasis was placed on attempting to improve communications within largely
non-English speaking migrant workforces through the establishment of "migrant advisory
officers" or "ethnic welfare committees".15

In contrast to such structural changes, OD initiatives tended to be aimed more at an
examination and improvement of employee communication and interaction. Examples of
such techniques included the use of attitude surveys and survey feedback programs. At

Work and Matters Influencing Those Attitudes, Canberra, AGPS; Ford,G. et. al. (1975) "A Study of
Human Resources and Industrial Relations at the Plant Level in Seven Selected Industries", in Policies
For the Development of Manufacturing Industry in Australia (The Jackson Report), Vol. IV, Canberra,
AGPS; Storer,D. et. al. (1976) But I Wouldn't Want My Wife To Work Here: A Study of Migrant
Women in Melbourne, Fitzroy, Centre For Urban Research and Action; Anderson (1976), op. cit.,
p.162. Note however the "blue-collar blues" phenomenon has been questioned in American industry,
Industrial Relations, May, pp.101-123.

Shell Australia and ICANZ, the OD consultant carried out a detailed attitude survey of management and shopfloor employees. The findings of the survey were then grouped into specific areas such as performance outcomes, supervision, teamwork, working conditions and management philosophy and the results discussed in workshops led by the consultant in order to plan improvements. A slightly different approach occurred through the use of T-Groups which attempted to develop employees' communication skills and improve group working. Such a system was introduced at Colonial Mutual Life Assurance in 1973, where workshops of managerial and administrative staff were instructed in various forms of inter-personal communication and encouraged to discuss their own ideas about the working environment.16

Like their overseas counterparts, the Australian OD movement inherited a strongly normative and crusading manner. Despite their academic origins, most OD advocates sought to actively change organisational relationships rather than merely observe them. This was reflected in their language. They were "change agents" seeking to "facilitate" new solutions. The prime enemy was the functional bureaucratic organisation which, they argued, stifled creativity and flexibility, and which was viewed as increasingly unsuitable for the "post-industrial" society they believed was evolving. However, the nature of employee participation introduced by consultants was noticeably weak and dominated at the outset by the needs of management. No attempt was made to alter existing authority structures; rather, emphasis was placed on enhancing the effectiveness of organisations and "to achieve staff attitudes which favour efforts in line with the primary objectives of an enterprise".17 In part, this reflected the dominant unitarist perspective of the OD movement. Like their human relations predecessors, an underlying harmony of interests between capital and labour was assumed to exist. However, such an outlook was also a result of the fact that, as paid consultants, changes in the employment relationship had to be non-threatening as well as appealing to their management clients. Perhaps not surprisingly, a number of trade unions saw the OD experience as dangerous and manipulative. Indeed, in South Australia, such was the hostility of trade unions to OD


17 Sweeney (1976), op. cit., p.40.
experimentation, that the State government was forced to intervene, downplaying the previous experimentation and placing greater emphasis on the need for more significant structural changes in worker representation in industry.\textsuperscript{18}

Further, it appears questionable whether the advocacy of employee participation had any widespread impact on general management practice. Like earlier periods, the extent of enterprises involved in employee participation initiatives was quite small and generally represented a minority of larger firms. As one OD consultant noted, survey feedback techniques had been limited to only a few dozen companies, and relatively few had chosen to evaluate such techniques. Once again these tended to be companies with strong overseas links, such as ICIANZ, Shell, Philips Industries, and the American car manufacturers, or large government organisations, such as the ABC, with the resources to invest in such experimentation.\textsuperscript{19}

Many managers also remained sceptical of the merits of OD and industrial psychology. While a few corporate executives such as Roderick Carnegie (CRA) and Gordon Jackson (CSR), publicly expressed views sympathetic to the notions of employee participation, they were exceptions.\textsuperscript{20} As a result, unlike the situation in the United States and Britain, relatively few industrial psychologists were directly employed in Australian industry in this period. In many organisations line management remained strongly resistant to participatory programs that challenged their authority. Trade unions also opposed such programs, seeing them as simply the latest in a long line of management control techniques. Finally, like so many management techniques, participatory experiments in many organisations were relatively short-lived. Despite the claims of consultants, there was little evidence to suggest such experiments had any real long-term effect on productivity, employee morale or labour turnover. Although many firms continued with employee participation initiatives during the later 1970s, in many cases the economic


recession of 1974/5 signalled the end of EP experimentation as labour turnover declined and firms cut back expenditure in an effort to remain economically viable.21

However, while the employee participation initiatives of the early 1970s had a limited impact on management practice, they re-emphasised the possibility of increased managerial control through an emphasis upon the common interests of employer and employee. These ideas were developed more fully during the 1980s.


The decade of the 1980s resulted in significant changes within corporate Australia. Increased product market competition, deregulation of financial markets, reductions in tariff protection and the general opening of the Australian economy to international pressures resulted in significant corporate restructuring. Within the management literature, it has been argued that a new approach to labour management has evolved during the 1980s. This new approach has been termed 'human resource management' (HRM). The remainder of this paper examines the concept of HRM, and the evidence for its existence within Australian industry. Despite the assertions of 'newness', it will be argued there is much about the HRM approach that mirrors previous practice. Further, examination of the practice of HRM raises questions of internal consistency and the extent to which such an approach has actually been applied.

Like many other forms of labour management, the concept of HRM originated in the United States. As early as the 1950s, several American writers had argued for the need to consider 'human resources' as organisational assets. During the 1960s and 1970s, the introduction of a range of government labour legislation; greater product market competition; declining trade union density; and broader structural changes in the economy,

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increased the power and status of American personnel management vis a vis traditional industrial relations functions. By the 1980s, this trend had resulted in the rise of HRM as a recognised management and academic specialism.22

Within the management literature, the normative concept of HRM is linked to several key themes. First, there is an emphasis upon the strategic nature of HRM. The notion of strategy implies changes in the level at which employment relations decisions occur and also the way in which these decisions are made. Unlike traditional personnel specialists who were seen to operate as functions separate from executive management, HR managers are seen as being integrally involved in corporate and business strategy decision-making. The emphasis on strategy also implies a longer-term planning perspective in the management of employment relations, as opposed to the traditional stereotype of personnel as a 'fire-fighting' or reactive function. HRM literature therefore emphasises techniques such as human resource planning and development.23

Closely related to the notion of strategy, a second theme in the HRM literature is the notion of integration. Integration is argued to occur at several levels. First, HRM is seen as integrally linked to broader business strategies. Indeed it is argued that HRM provides a source of competitive advantage by enabling an enterprise to achieve a closer 'fit' between its business objectives and the motivations and behaviour of its employees. The 'Strategic HRM' literature takes this one step further by arguing that various packages of HRM practices fit with particular business strategies. As a result, HRM is seen as a central and core element of organisational decision-making.24 A second level of integration is argued


to occur internally of an HRM approach, in terms of the need for mutually consistent practices. Hence, rather than being seen as separate functions, it is argued employment, training, communications, rewards and industrial relations should be viewed as compatible and reinforcing of the overall goals of the business. A third level of integration is advocated in terms of linking HRM with general management. The argument here is that the implementation of HRM policy should be devolved to line management. Under this view the HRM function is seen more as an internal consultant to advise and assist line management rather than as a separate staff specialism which controls or 'owns' labour management issues.

A third theme that emerges from the HRM literature is an emphasis upon organisational culture. Influenced by management texts such as Peters and Waterman's *In Search of Excellence*, the development of a strong organisational culture which closely links employee behaviour to business strategy is seen as a key element of a successful HRM approach. However, such arguments have not been without their critics. For example, what an organisational culture entails has been the subject of debate. While many have stressed the role of policy, 'mission statements' and attitudes of senior executives, the subjective nature of culture makes it a difficult concept to measure. Further, a number of writers have highlighted the dominant unitarist nature of HRM attempts to strengthen or change culture. In a similar vein to the Human Relations tradition, the HRM literature places great stress upon notions of common interest, consensus and employee cooperation. As a result, the possibility of the workforce having divergent interests from those of the firm is rarely canvassed. Hence, unlike the earlier tradition of personnel management, which in a pluralist sense acknowledged the existence of industrial conflict, collective bargaining and trade unionism, HRM as a normative concept rejects or ignores such phenomena. For a number of writers, it is this emphasis upon creating a unitarist workplace culture that is seen as the most pervasive feature of HRM.

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Beyond such an ideal or normative model, other writers have argued that the concept of HRM can take a variety of forms. Indeed, the notion of contextual fit linking HRM to various business strategies suggests there may be a variety of types of HRM. A distinction that is commonly drawn is between what are termed 'hard' and 'soft' forms of HRM, or 'cost minimisation' and 'quality enhancement' approaches. In the former, employment relations are directed more explicitly towards the maximisation of labour efficiency and the minimisation of labour cost. Employees, like any other resource, are seen in essentially utilitarian and accounting terms. Such a view clearly accords with traditional management views of labour. The 'soft' form, by contrast, is seen as emphasising employees as 'valued assets' in which the enterprise invests as a source of competitive advantage. The emphasis here is upon notions of communication, common interest, motivation and leadership.²⁸

In Australia, the extent to which the HRM approach has been adopted is debateable. During the 1980s, the extent of formalised personnel practice appears to have increased. For example, in a 1983 survey of over one hundred enterprises in Western Sydney, 42 per cent of firms reported the existence of a specialist employee relations function or department. As had been the case during the post-war decades, size of firm appeared a determining influence in such formalisation. Hence, while only 8 per cent of firms with fewer than 100 employees had such an employee relations function, this figure rose to 100 per cent for firms with more than one thousand employees. Other studies support the contention that personnel specialisation was more pronounced in larger, high-profit organisations. For example, in a 1988 survey by Deery and Purcell of 140 of the largest companies in Australia, 90 per cent were found to have a specialist personnel function. However the most comprehensive analysis of the extent of specialist labour managers is provided by the Australian Workplace Industrial Relations Survey (AWIRS) of 1989/1990. In a survey of over 2000 workplaces of varying sizes and industries, 34 per cent reported the existence of a specialist labour manager (see Figure 7.1). Once again size was an important determinant, with only 22 per cent of workplaces with between 20 and

50 employees reporting such a function, as opposed to 87 per cent of workplaces with over 500 employees.²⁹

Figure 7.1 Percentage of Workplaces With Specialist Labour Managers

![Graph showing percentage of specialist labour managers across different sectors.]

SOURCE: Callus et. al., op. cit., p.260.

A variety of reasons have been suggested for the continued growth of personnel management during the 1980s. Some personnel practitioners emphasised the role of government legislation in areas such as affirmative action, equal employment opportunity, taxation and occupational health and safety, which they argued had forced firms to employ specialists to ensure that such legislative requirements were satisfied.³⁰ More commonly though observers argued economic factors underlay the increased emphasis on employment relations. For example, the economic recession of the early 1980s was cited by a number of practitioners as a turning-point for the personnel profession. Here for the first time, they argued, executive-level management began to view labour management as


a strategic variable which could have an important bearing on organisational performance. As a result, companies devoted increasing resources to the personnel function in order to plan retrenchments as part of broader business restructuring. Increasing product market pressures throughout the 1980s reinforced this trend.\textsuperscript{31}

Executive management appeared to concur with such a view. As opposed to the traditional vision of personnel as a low-status, administrative function, chief executives of the larger Australian corporations increasingly spoke of human resources as the key to profitability. In part such statements reflected the impact of changes in management education and the importation of American theories and concepts which stressed the need for a more strategic approach to labour management. Peak employer associations, such as the Business Council of Australia (BCA) and the Australian Institute of Management (AIM), also played a major role in disseminating the idea of labour management as a key contributor to improved organisational performance.\textsuperscript{32} Survey data supports the contention that within large firms the status of specialist labour managers increased during the 1980s. For example, Deery and Purcell found that 46 per cent of their large firm survey had a main director who was wholly or mainly responsible for personnel and/or industrial relations. For organisations of greater than 10,000 employees, this figure rose to 61 per cent (a level almost double that of a comparable British survey). Similarly, a 1988 survey by the National Institute of Labour Studies of 54 BCA member companies also found a marked propensity for higher-level representation, with 72 per cent of firms having corporate-level labour management specialists.\textsuperscript{33}

The increased status of personnel specialists in large organisations was mirrored in the language and education of the personnel profession. The IPMA for example continued to increase in size, rising from 3,700 members in 1980, to over 7,100 in 1990. Personnel


\textsuperscript{33} Deery & Purcell, \textit{ibid.}, p.467; NILS, \textit{op. cit.}, p. 3.
consultants also increased in influence during this period. In 1983 the National Association of Personnel Consultants was formed from various state associations. Like the IPMA, it sought to raise the professional status of personnel consulting and established a code of ethics with the aim of eventually regulating the industry.\(^{34}\) By the early 1990s, 'human resource management' had all but replaced 'personnel management' as the preferred title. Symptomatic of this change, in 1992 the IPMA was renamed the Australian Human Resource Institute (AHRI). Tertiary education also expanded dramatically in this area. By the mid-1980s the number of tertiary personnel courses had expanded ten-fold in the space of ten years. During the late 1980s, courses in HRM became an increasingly common feature in undergraduate teaching.\(^{35}\) Overall then, the 1980s were characterised by an increase in the incidence and status of personnel management, highlighted by the growing popularity of the concept of HRM both in industry and academia. However the question remains to what extent such broad changes actually resulted in changed practice within the enterprise.

\(a\) Employment, Selection and Training

A central theme within the HRM literature has been the emphasis upon employees as a 'resource' requiring investment as opposed to a 'cost' to be minimised. Practical implementation of such a policy suggests firms would seek to develop internal labour markets, by investing in employee training and placing a strong emphasis in career development and planning. Recruitment of new employees from the external labour market would be limited and closely matched to organisational needs.\(^{36}\) Within Australian industry, while there is some evidence to support such a model, the extent of such an approach appears limited to particular groups of employees in larger organisations.

During the 1970s and 1980s, employment practices developed in accordance with the pattern established during the post-war decades. Surveys during the 1970s indicated a

\(^{34}\) Morris, op. cit., pp.88-9.


gradual increase in the extent of application of standard recruitment and selection techniques across industries and amongst medium and smaller organisations. However more advanced practices such as psychological and aptitude testing continued to be limited to a minority of the larger firms, and in the case of the former were applied mostly in the employment of managerial, professional and supervisory employees.  

This pattern continued during the 1980s. For example, the Western Sydney survey found that while standard application forms and written job descriptions were used by a majority of firms across size groups, more advanced techniques such as weighted application forms, interviewer training, and selection testing were far less common, particularly in smaller firms. Moreover only 25 per cent of firms in the survey evaluated their employment practices. Such findings are supported by a later survey conducted by CCH Australia Ltd. and the Australian Graduate School of Management (AGSM) of over 500 enterprises. Despite a bias towards medium and large organisations, only 5 per cent of these were found to use advanced techniques such as psychological testing, weighted application blanks, serial interviews or interview training of selectors. While the majority of firms claimed to undertake some form of workforce planning, only 37 per cent did this on a formal basis, and only 15 per cent linked such planning to the broader corporate planning process.

In some organisations employment practices did change, particularly as part of a broader devolution of personnel issues to line management. For example during the early 1990s Queensland’s Metway Bank, as part of a broader shift towards an HRM approach, devolved responsibility for recruitment and selection of new employees to line managers. This resulted in a change in the role of the Human Resources Department from a central administrator of employment, to essentially an in-house employment consultant. The Department trained managers in recruitment practices and provided job descriptions, advertisements, interviews and skill testing as required. While such a policy increased the control of line managers over the employment process, it also increased their workload and held the potential for short-term and expedient employment decisions.


In terms of training and career development, employers historically had relied upon the external labour market for the provision of most of their labour. Where internal labour markets had developed, these had typically applied to supervisory, technical and managerial employees in the larger firms. A number of writers have argued that, in comparison to other countries, Australian employers had invested relatively little in firm-internal training. Reasons for this, they argue, have included the dominance of occupational labour markets, particularly amongst tradespeople, and the ready availability of large influxes of migrant workers during the post-war decades. As a result, career paths for non-supervisory employees have been uncommon.40

Such a general pattern appears to have continued, although training practices have varied between different groups of employees. At the managerial level, the growth of an HRM approach in some organisations during the 1980s resulted in a greater emphasis on management training both internally and externally of the enterprise. An example of such an approach within the banking industry was Westpac, which, following the deregulation of the finance sector, increased its emphasis upon management training and development through career workshops, residential courses and graduate recruitment programs. By the mid-1980s, 60 people were employed to design and construct its training schemes.41

For workers involved in manual tasks in manufacturing, building and mining, enterprise-level training in most cases continued to be informal and on-the-job; although even here there has been diversity in the forms of such training. In routine assembly-line and packing tasks, some larger employers continued to develop more formalised training schemes based on job analysis and scientific management techniques which aimed to improve manual dexterity and employee performance. However increasing mechanisation of these tasks in many cases removed the need for human intervention altogether. Recurring shortages of skilled tradespeople during the 1970s and 1980s and changing production technologies also spurred larger manufacturers such as BHP and GMH to expand their


apprentice training schemes to supplement technical college training. However, once again such practices were exceptions to the general rule of reliance upon state-funded technical training.42

During the later 1980s a range of factors have been cited as indicative of a shift in the nature of skill formation within Australian enterprises and a greater emphasis upon the creation of internal labour markets. One such factor was a change in government and trade union policy. In 1987, a joint report by the ACTU and the Trade Development Council, Australia Reconstructed, argued that a greater emphasis upon training and skill formation was essential for the future competitiveness of Australian industry. Such a call was echoed in 1988 with the release of a Federal government policy paper on training which argued for the creation of a multi-skilled workforce through the broad-banding of job classifications and the development of career structures under the award restructuring process. The government's desire to improve training and skill formation has also been marked by a more interventionist approach, illustrated by the introduction of the Training Guarantee Act in May 1990. The impact of these initiatives at the enterprise level appears mixed. Examples of enterprise-level training reform under award restructuring have included ICI, which introduced a competency-based training system in several of its plants and BHP's rolling mill at Westernport, Victoria. Employer associations such as the Metal Trades Industry Association (MTIA) have also advocated a greater emphasis on firm-internal training through award restructuring. However, as Gardner and Palmer note, broad-banding of job classifications need not necessarily result in increases in enterprise-level training. Change has been most evident, they argue, within some of the larger manufacturing establishments, however smaller and medium sized organisations have reported little impact of award restructuring on their training policies.43


Changing technologies and methods of work organisation have also been cited by some writers as indicative of a greater need for employee training within enterprises. Examples include, the introduction of new organisational principles such as Just-In-Time and Total Quality Control and new technologies such as computer operated machine tools, which it is argued require multi-skilled employees capable of undertaking a variety of work tasks and exercising greater autonomy than was the case within traditional forms of work organisation. In a similar manner, within the banking and hospitality industries it has been argued that new technologies and the desire to improve customer service have necessitated a greater investment in employee training.\(^\text{44}\)

Survey data suggests that larger employers increased their investment in enterprise-level training during the 1980s. For example a series of CCH/AGSM surveys in 1982, 1986 and 1992 found an increasing proportion of firms using some form of systematic assessment of training needs. Further, there appeared to be an increasing emphasis upon linking corporate and business plans with employee training. Interestingly, these surveys revealed that greatest emphasis was placed on supervisory and managerial training and development, whereas clerical and secretarial training was accorded lowest priority. In the finance industry, the later surveys revealed an emphasis upon sales and customer service training. Similarly, a 1986 survey by researchers from Curtin University of Technology of nearly one hundred high-profit companies, found the vast majority involved in training and career development as part of a broader human resource planning process. However, much training has continued to be of an informal, on-the-job nature. For example, the AWIRS found that once on-the-job, conference attendance and apprentice training was excluded, only 58 per cent of workplaces provided formal training programs. Once again there were marked differences between industries and different sized firms. Formalised training was more common amongst public sector workplaces (71 per cent) than private sector (52 per cent). As can be seen from Figure 7.2, workplaces in recreation and personal services and manufacturing industries were least likely to provide such training, in contrast to workplaces in public administration. Further, larger workplaces more


**Figure 7.2  Percentage of Workplaces Providing Formal Training**

![Diagram showing percentage of workplaces providing formal training across various sectors.]

**SOURCE:** Callus et. al., \textit{op. cit.}, p.303.

Case-study research also suggests that, where changes have occurred in employment and training, the implications are far from straight-forward. For example, a study by Deery and Nash of one metal manufacturing firm during the later 1980s found that the introduction of new production systems did result in greater management investment in employee training, multi-skilling of employees, and the development of an internal labour market based upon firm-specific skills. However, such new production systems also resulted in major reductions of the workforce in the order of 40 to 50 per cent. Further, the Company's employment strategies shifted towards the early retirement of older workers who were reluctant to adopt changed work practices, toward a greater emphasis on younger employees who were considered more amenable to new work systems. In a study of the automotive industry, Bramble has argued that there has been a tendency towards the reduction of average skill levels and that award restructuring initiatives, such as multi-
skilling, have resulted in the replacement of tradespersons by production workers possessing "a narrow range of industry-specific competencies".46

Further, despite arguments in favour of a greater emphasis on employee development, skill formation and internal labour markets, there is a variety of evidence which suggests countervailing trends. Corporate restructuring and the recessions of the early 1980s and 1990s have resulted in significant reductions in employment. In terms of managerial and professional employees for example, the rapid growth in the number of recruitment consultants during the 1980s highlighted a broader movement towards the breakdown of internal labour market arrangements and the increasing recruitment of managerial employees from the external labour market.47

The 1980s also witnessed a trend towards the greater use of contract employment. An example of this has been the increasing use by employers of agency workers provided by private placement and employment agencies. Such employees are used primarily as short-term, replacement staff or to fill gaps where there is a sudden increase in work. The advantages for employers include avoiding the costs of selection and training, increased flexibility to changes in demand, and the fact that many agencies guarantee the quality and performance standards of their staff. While pronounced in secretarial and clerical areas, employment agencies were also established in the manufacturing and building industries. One prominent example during the 1980s was 'Troubleshooters Available', which provided contract labour in the building industry.48

Within many small firms the use of sub-contractors, outworkers and other 'non-typical' employees became an increasingly popular practice during the recessions of the mid-


1970s, early 1980s and early 1990s. The use of sub-contractors for example became a popular means for small employers to maintain competitiveness by avoiding payroll tax, leave loading and workers compensation and only paying for productive work. In larger firms contract employees provided numerical flexibility in an increasingly volatile and uncertain product market environment. In the metal manufacturing industry, for example, Bramble noted that some companies adopted a policy of segmenting their workforces into a core workgroup, who enjoyed guarantees of job security, and a peripheral group of contract employees who lacked such guarantees. In some cases, such contract employees amounted to as much as 25 per cent of the total workforce. Such an approach, it was argued, maximised the benefits of a high-trust relationship for core employees, while at the same time providing short-term labour flexibility in case of variations in demand. Economic recession and high levels of unemployment also led to an increase in outworking or home-working in industries such as clothing, catering and word-processing. In addition to savings in rent, power and equipment costs, employers could pay below-award rates of pay (commonly piece-rates) with little chance of detection. Other employment practices, such as 'sweetheart deals' and cash-in-hand payments, also appeared to increase in frequency with rising unemployment. However, the dubious legal nature of many of these practices and the desire to avoid trade unions prevent accurate estimates of their true extent.

Of wider impact has been the rapid growth during the 1970s and 1980s in part-time and casual employment (see Table 7.1). Such a trend has been most pronounced in the retail industry. In 1970, union estimates of part-time and casual employees were less than 30 per cent of employees in the industry, by the mid 1980s this had grown to near 70 per cent. As a result, part-time work has become an integral feature of the industry. A number of reasons underlie such a change. Growing feminisation of the retail workforce and extension of shopping hours in the late 1970s led employers to rely increasingly on part-time (married females with children) and casual (students and juniors) employees and restrict full-time (predominantly male) work to managerial and administrative functions.


Part-time and casual work not only allowed retail employers the flexibility to respond to predictable daily and seasonal changes in customer flow but also permitted them to respond to the extension of trading hours. Deskilling of retail work, through the introduction of self-service sales in large department stores and supermarkets, and technological change have further aided the drive towards part-time work, in that employees no longer require specialist product knowledge. Such a trend has been pronounced within the multinational fast-food chains such as McDonalds where junior, casual employees form the basis of a flexible, low labour cost industry.51

Table 7.1  Part-Time Employees as a Percentage of Total Employees, 1966-1992

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry etc.</td>
<td>9.7</td>
<td>10.7</td>
<td>12.6</td>
<td>16.4</td>
<td>17.6</td>
<td>19.5</td>
<td>20.6</td>
<td>22.6</td>
</tr>
<tr>
<td>Mining</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>3.1</td>
<td>3.9</td>
<td>5.3</td>
<td>5.6</td>
<td>5.8</td>
<td>6.9</td>
<td>8.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Food, beverages &amp; tobacco</td>
<td>6.7</td>
<td>6.8</td>
<td>9.7</td>
<td>9.7</td>
<td>9.7</td>
<td>11.4</td>
<td>13.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Metal products</td>
<td>3</td>
<td>1.7</td>
<td>3.2</td>
<td>2.7</td>
<td>5.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other manufacturing</td>
<td>5.5</td>
<td>5.9</td>
<td>5.7</td>
<td>7.1</td>
<td>8.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity, gas &amp; water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.8</td>
<td>1.6</td>
</tr>
<tr>
<td>Construction</td>
<td>2.9</td>
<td>4.1</td>
<td>4.6</td>
<td>8.8</td>
<td>10.2</td>
<td>10</td>
<td>10.8</td>
<td>14.4</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade</td>
<td>10.8</td>
<td>13</td>
<td>16.8</td>
<td>20.1</td>
<td>21.3</td>
<td>23.8</td>
<td>29.7</td>
<td>31.3</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7.9</td>
<td>8.9</td>
<td>8.9</td>
<td>8.9</td>
<td></td>
<td>12.9</td>
<td></td>
<td>14.1</td>
</tr>
<tr>
<td>Retail trade</td>
<td>21</td>
<td>25.7</td>
<td>26.7</td>
<td>30</td>
<td>36.8</td>
<td></td>
<td></td>
<td>38.5</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>5.5</td>
<td>6</td>
<td>7.8</td>
<td>7.3</td>
<td>7.6</td>
<td>8.2</td>
<td>10.3</td>
<td>12.6</td>
</tr>
<tr>
<td>Communication</td>
<td>5.5</td>
<td>6.5</td>
<td>6.7</td>
<td>5.9</td>
<td>5.6</td>
<td>7.5</td>
<td>7.7</td>
<td></td>
</tr>
<tr>
<td>Finance, property &amp; business services</td>
<td>9.3</td>
<td>11.6</td>
<td>11.5</td>
<td>16.2</td>
<td>15.1</td>
<td>16</td>
<td>17.6</td>
<td>21</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>3.9</td>
<td>3.8</td>
<td>5.1</td>
<td>5.5</td>
<td>6.3</td>
<td>7.2</td>
<td>9.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Community services</td>
<td>29.2</td>
<td>22.7</td>
<td>17.5</td>
<td>21.4</td>
<td>23.4</td>
<td>25.7</td>
<td>28.2</td>
<td>29.9</td>
</tr>
<tr>
<td>Recreation, personal &amp; other services</td>
<td>27.2</td>
<td>30.7</td>
<td>34.9</td>
<td>38</td>
<td>38</td>
<td>38.6</td>
<td>39.1</td>
<td>40.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9.8</td>
<td>10.6</td>
<td>12.4</td>
<td>14.9</td>
<td>15.5</td>
<td>17.4</td>
<td>20.4</td>
<td>22.6</td>
</tr>
</tbody>
</table>


More general indications of the extent of part-time employment are provided by the AWIRS data. While the majority of workplaces in various industries were found to employ fewer than 10 per cent of their workforce as part-timers, by far the highest percentages of part-time employees were found in recreation, personal and other services (54 per cent), community services (32 per cent), and wholesale and retail trade (29 per cent). Part-time employment was also found to be more common amongst smaller workplaces, particularly those with less than 50 employees, and those workplaces with high numbers of women workers.\textsuperscript{52}

Overall then, a variety of evidence suggests that Australian management's employment and training policies continue to be highly diverse. In some enterprises, an emphasis upon workforce planning, HRM concepts of devolution of responsibility, changing government and trade union policies and the implications of new technologies have resulted in a greater emphasis on the development of internal labour markets. However such a trend appears far from common and needs to be weighed against evidence suggesting a break-up of traditional full-time employment, and the growth of part-time, casual, contract and other "non-typical" types of work.

\textit{(b) Management-Employee Communications}

As was noted earlier in the paper, a critical theme in much of the HRM literature has been an emphasis upon changing the culture of the organisation as a means of obtaining a closer fit between employee behaviour and business strategy. In line with such thinking, during the 1980s Australian employers placed increasing emphasis on the role of communications between management and employees as a means of improving quality and productivity. Such initiatives have resulted in a resurgence in employer interest in notions of employee participation and involvement.

A variety of factors led to the renewed interest in employee participation. As was the case during the early 1970s, at a macro level the Commonwealth government provided an environment amenable to greater consultation between employers and employees.

\textsuperscript{52} Callus et. al., \textit{op. cit.}, pp.31-2.
Examples of this included: the implementation of the ACTU/ALP Accord, the establishment of the Australian Manufacturing Council and various tripartite industry councils, and legislative changes in areas such as occupational health and safety, affirmative action and equal employment opportunity which required management-employee consultation. In the mid 1980s, as part of an Accord commitment to industrial democracy, the government prepared a policy discussion paper on the subject and sponsored research into the current state of industrial democracy in Australian industry. Such support was reinforced in the later 1980s through an emphasis upon the need for consultation within the award restructuring process.53

Changes in trade union attitudes also assisted the growth of employee participation in industry. Unlike the 1970s, in which unions had viewed employer initiatives in this area as attempts at worker incorporation, the increasing involvement of the ACTU and key unions such as the AMWU in economic and industry restructuring resulted in a more accommodating attitude to employee participation schemes. During the later 1980s, a growing consensus had emerged between trade unions and employer associations on the efficacy of participative and consultative practices. This was signified in 1988 with the release of a joint ACTU/CAI statement on participation, which argued that such schemes provided not only a means of improving industry efficiency and competitiveness but also the quality of working life. Support for consultative committees as part of the award restructuring process re-emphasised the trade union movement's commitment to employee participation.54

A distinguishing feature of more recent initiatives when compared to those of the 1970s, has been the key role that many executive managers have played as advocates of improved communications and employee participation within the enterprise. Typically, these have been the heads of subsidiaries of foreign multinationals, where overseas concepts of 'participative management' have been widely disseminated. Examples have included executives such as Bill Dix (Ford), Ivan Deveson (Mitsubishi), Michael Deeley (ICI) and


Dick Warburton (Du Pont), who have all publicly advocated the need for a greater emphasis upon employee participation in industry. Employer associations such as the AIM and BCA also became strong advocates for the greater use of employee communications and involvement schemes. For many employers, support for employee participation resulted from increasing product market and competitive pressures. At the heart of such employer advocacy has been the belief that such schemes will encourage greater employee identification with the goals of improved quality and productivity, and as a result, improve enterprise performance.55

As was the case post-war, the strongest examples of attempts to promote a common-interest culture occurred in subsidiaries of foreign multinationals. Leaders in this field included computer firms such as Hewlett-Packard and IBM, which placed a strong emphasis on internal communications, an 'open-door' grievance policy and common status facilities. In some companies the emphasis upon a unifying culture resulted in changes in job titles. For example, within the pet food manufacturer Uncle Ben (a subsidiary of the American Mars group of companies), beyond more traditional techniques such as regular management-worker meetings, bonuses and a universal pension plan, all employees were titled 'associates'.56

Reflecting the dominance of multinationals as innovators in this area, one of the most extensive programs of employee involvement during the 1980s occurred in the vehicle industry as manufacturers faced with tariff cuts, increasing foreign competition and a history of labour disputation, sought to improve product quality and productivity. As Bramble and Lever-Tracy have noted, the industry leader in this respect was Ford, which in 1982 reached agreement with the Vehicle Builders Employees' Federation (VBEF) for the introduction of what was termed the Employee Involvement (EI) program. The driving influence behind the program was the Company's Managing Director, Bill Dix, who had been strongly influenced by consultation techniques such as quality circles in the Japanese


vehicle industry. The basis of the program involved weekly problem solving meetings at which groups of employees could raise and help to solve work related problems. Although initially limited to Ford's Sydney assembly plant, by the mid-1980s the EI program had been accepted Company-wide, with over 300 such groups established. Other car manufacturers followed a similar route. At Nissan, employee participation was based upon the creation of a variety of joint consultative groups at various levels within the Company. These included: the formation of a joint employee participation working party to oversee the process; different "stakeholder" groups representing management, supervisors, production workers and unions; a variety of task groups devoted to issues such as communications, environment, involvement, training and education and technology; and mini shopfloor working groups intended to deal with production problems. Similar processes occurred at Mitsubishi, Toyota and GMH. As a result, employee participation had become a common feature within the vehicle industry by the end of the decade. By 1992, the Automotive Industry Authority estimated 27 per cent of employees in assembly plants were involved in such schemes.\textsuperscript{57}

Nor have employee involvement schemes been limited to the manufacturing sector. For example, in a case study of changing HRM policies in one of Australia's fastest growing hotel chains, Frenkel and Shaw noted how management's desire to increase the quality of customer service resulted in the introduction of a modified suggestion scheme. Known as the 'Quality Action' program, the scheme entailed a confidential employee questionnaire intended to provide employees with an opportunity to comment on work problems and suggest ways of improving quality. Such a system was supplemented by an employee handbook and a fortnightly newsletter which aimed to disseminate the Company 'creed and culture' of quality customer service.\textsuperscript{58}

However, while employee participation initiatives in the vehicle and hospitality industries were recent developments, in many establishments pre-existing forms of employee participation continued and were expanded to meet the demands of increased product


market competition and legislative requirements. At the clothing manufacturer Stafford Ellinson, a joint consultative works council had been established in the early 1970s and continued to provide a venue for employee participation. Like earlier examples, the works council consisted of management and elected employee representatives and met throughout the year to discuss issues such as amenities, working conditions, work methods, production targets and suggestions for production improvements. Monthly lunchtime meetings were also introduced by management to assist consultation. In the mid-1980s, the introduction of government legislation requiring employee involvement in matters of occupational health and safety resulted in a broadening of the works councils agenda. Echoing earlier notions of welfarism, the general manager of the Company noted the advantages of such an approach:

"First and foremost it's communication, and the works council works wonderfully well as a means of communication. Through communication we get better understanding, and better understanding leads to a greater level of tolerance. Once you have achieved that, you get acceptance, and instead of having a "we" and "they" attitude, it is simply an "us" feeling. That engenders a wonderful family feeling in the organisation."59

As a result, it is questionable to what extent these initiatives represented a fundamental change from previous practice. In a review of the AWIRS data, Marchington has argued that figures on the introduction and discontinuation of various forms of employee involvement suggest that during the later 1980s there was a growth in the use of such techniques. However as can be seen from Table 7.2 the AWIRS data also demonstrates that as had occurred historically, only a minority of private sector workplaces made use of formal communication methods, the majority relying on more informal techniques such as meetings, social functions, newsletters, or daily 'walk arounds'. The most pervasive formal means of consultation amongst private sector workplaces were occupational health and safety committees which were introduced in compliance with state and federal legislation. Indeed, the AWIRS researchers noted that the existence of formal joint consultative committees was far more common within large, public sector workplaces with a strong trade union presence, suggesting the existence of formal consultation mechanisms may be related more to the pressures of workplace bargaining. Nor did managers appear likely to consult with employees over changes within the enterprise. In a review of the degree of

employee notification over major workplace changes only 32 per cent of workplaces consulted employees over changes, 45 per cent informed them of change, and 23 per cent failed to inform them at all. Moreover, an examination of workplace changes in the five years prior to the survey revealed that employers placed much greater attention on the introduction of productivity and efficiency measures, such as staff appraisal, training and job redesign than they did on communication techniques.60

Table 7.2  Percentage of Workplaces With Various Communication Methods

<table>
<thead>
<tr>
<th>Method of Communication</th>
<th>% of workplaces</th>
<th>% of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>Formal Committees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational Health &amp; Safety</td>
<td>35</td>
<td>55</td>
</tr>
<tr>
<td>Joint Consultative</td>
<td>9</td>
<td>28</td>
</tr>
<tr>
<td>Task force, ad hoc</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>Quality circles</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Employee representative on management board</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Regular, less formal meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With senior management</td>
<td>65</td>
<td>78</td>
</tr>
<tr>
<td>With supervisors/line managers</td>
<td>58</td>
<td>72</td>
</tr>
<tr>
<td>Social functions</td>
<td>46</td>
<td>59</td>
</tr>
<tr>
<td>Other methods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newsletter/staff bulletin</td>
<td>45</td>
<td>66</td>
</tr>
<tr>
<td>Suggestion scheme</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>Daily &quot;walk around&quot;</td>
<td>86</td>
<td>72</td>
</tr>
<tr>
<td>None of the above</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

SOURCE: Callus et. al., op. cit., p.125

Beyond the limited application, one can also question the degree to which such communication affected workplace relations. Like earlier examples, employee participation initiatives during the 1980s had little significant impact on existing power relations. In most cases, such systems were aimed at changing employee behaviour to fit more comfortably with corporate business goals, particularly improved productivity and quality. Even in cases where the initiative for the introduction of consultative machinery came from outside the enterprise, for example via the arbitration tribunals and/or trade unions, in many cases their effectiveness as a means of power-sharing was limited. In the clothing industry for example, while the award restructuring process resulted in arbitral support for the establishment of consultative committees to negotiate Structural Efficiency changes at workplace level, the real power of these committees remained minimal. As the manager of one firm noted, such committees were seen as an avenue through which grievances could be vented and information communicated rather than exercising any decision-making powers.\textsuperscript{61}

In addition, the success of such systems in heightening common interest or improving productivity appeared mixed. For example, as Frenkel and Shaw noted of the hotel chain, the introduction of staff questionnaires had the unintended effect of creating a low trust atmosphere, as employees perceived the system as a form of management surveillance. Line management also resented the scheme, which they saw as a threat to their authority. As a result after a relatively short existence the system was abandoned. Failure of consultative approaches led some organisations to re-emphasise a more traditional authoritarian approach. For example, a series of recent case studies of organisational change strategies in service and manufacturing enterprises suggests a trend away from consultation towards a more directive management style. At the aluminium manufacturer Comalco, the failure of a 'bottom-up' quality improvement program to alter the Company's performance resulted in a shift back to a 'top-down', dictatorial, cost-cutting approach.\textsuperscript{62}


The limited application of employee participation highlights once again the historical precedents of such techniques. While the economic and political background had changed, the dominant motivation behind management's use of such techniques continued to be a desire to foster employee-management common interest as a means of improving labour productivity. Like earlier initiatives, employee participation during the 1980s resulted in little if any change in the distribution of power within the organisation, and continued to be based upon a unitarist vision of the enterprise. In a number of cases such experimentation was short-lived, highlighting the cyclical nature of management's interest in employee participation.

(c) Performance and Rewards

Perhaps the dominant facet of the shift towards a HRM approach in Australia during the 1980s was the emphasis upon ways of assessing and improving employee performance. Unlike the earlier personnel management tradition, which ceded responsibility for employee performance to line management or production specialisms such as industrial engineering, HRM has sought to regain control over this area. Such a change in approach can in part be explained by the need for improvements in organisational performance in increasingly volatile economic conditions. Beyond this however, the desire by human resource specialists to emphasise their involvement in this area can be interpreted as a conscious attempt to highlight their central role in strategy formulation within the organisation.

At a general level, the HRM emphasis on employee performance has been seen as part of a more strategic approach to 'performance management'. Such a model is presented by Dunphy and Stace who argue that the creation of a performance management system, based upon organisational goals and business plans, is essential for survival in the competitive environment of the 1980s and 1990s. Evidence of the implementation of such a strategic approach can be found within the finance industry, particularly through the introduction of 'Management By Objectives' type techniques. For example, during the late 1980s, Metway Bank introduced an action planning system, which sought to link the Bank's overall corporate plans to departmental and eventually individual employee

63 Dunphy & Stace, *op.cit.*, pp.50-1.
performance. A similar system was introduced at Westpac in the late 1980s, under the title of 'Managing For Results', whereby the traditional paternalistic approach of management was replaced by an emphasis upon the objectives of corporate and divisional plans.

Such 'performance management' has involved changes in traditional means of monitoring employee performance. During the post-war period, merit rating techniques had relied upon supervisors' assessments of general factors, such as an employee's quality or speed of work, or personal characteristics and behavioural traits. While such practices were limited in manual production settings, in service sector organisations, the lack of identifiable outputs meant some form of staff appraisal had been a traditional form of performance assessment. The reliance of such systems upon subjective interpretations made them unreliable and open to abuse. However, as part of the drive to link individual employee performance to broader organisational goals, a key change in performance assessment during the 1980s has been the more explicit emphasis upon job-specific criteria or 'key results' as a basis for appraisal. Performance appraisal has also been applied to professional and managerial staff. In banking for example, a branch manager may be assessed upon his/her ability to achieve results in areas such as control over finance, levels of deposits and lending, the levels of customer service in the branch and the management of subordinate employees. Beyond the monitoring of performance, such appraisal techniques have increasingly formed the basis for decisions regarding the allocation of training and career development.

Related to the reassessment of performance appraisal, a second element of the 'performance management' approach in many Australian organisations during the later 1980s has been a reawakening of management interest in linking performance to remuneration. Again, the notion of performance pay has been a long-term element of Australian labour management practice, particularly in the manufacturing sector. However, a distinguishing feature of recent initiatives has been the application of

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67 Kramar (1989), op.cit., pp.266-8;
performance pay schemes to white-collar and managerial employees as part of a total performance management system. Again such a perspective has been pronounced within the finance industry. At the Commonwealth Bank for example, wage negotiations in 1987 provided the opportunity for management to introduce a performance payment system in which individual employees gained a yearly bonus based on their performance appraisal scores. In later years the performance pay system was refined, pay scales reassessed via job evaluation and the performance component of remuneration increased. Such a system was seen by management as merely one element in a broader performance cycle which entailed the establishment, monitoring and achievement of strategic corporate goals. Similar systems have been introduced in a number of other Australian banks.68

Nor have such schemes been limited to financial institutions. Within an environment of increased product market competition, the drive for improved productivity has resulted in increasing interest in performance payment across a number of industry sectors. Survey data, such as the AWIRS suggests the extent of performance based payment is significant in a number of industries. As can be seen from Figure 7.3, 39 per cent of workplaces were found to operate some performance based payment scheme for non-managerial employees. Such payment systems were most common in wholesale and retail trade (61 per cent), finance, property and business services (52 per cent), mining (46 per cent), and manufacturing (40 per cent).69

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69 Callus et. al., op. cit., pp.44-46.
Management interest in performance payment during this period was assisted by the advocacy by both government and arbitration tribunals of a closer link between productivity and wages. This was demonstrated by changes in national wage determination principles which emphasised productivity trade-offs as a pre-requisite to wage increases. Within such a productivity-bargaining environment, an increasing number of enterprises introduced performance related pay schemes. Examples included the NSW Environmental Protection Authority, which introduced a system of salary progression based on annual performance assessment, and the Melbourne based department store Daimaru, which in an enterprise agreement with trade unions sought to link pay rises to group work performance as well as introducing a system of profit-sharing.\textsuperscript{70}

In the manufacturing sector, many employers had begun to do away with traditional, output-based incentive payment systems during the later 1960s and 1970s, although these schemes continued to be widespread in industries such as clothing manufacture. During

the later 1980s, some employers introduced new payment systems based on multi-factor or general organisational performance indicators. One example of such a trend was BHP's steel production centres which, as part of broader negotiations with trade unions to improve organisational productivity during the early 1990s, negotiated a new group performance payment system which provided quarterly bonuses to employees based on improvements in costs, delivery performance, quality and yield. Such a system marked a break with the industry tradition of bonus payments based on simple output measures of tonnage of steel produced.\(^\text{71}\)

Other firms have sought to introduce productivity or gain-sharing schemes. Developed in American industry during the 1930s and 1940s, gain-sharing incentive schemes provided for a sharing between capital and labour of financial benefits that accrued from improvements in organisational performance beyond a set target. Such improvements might be measured by the ratio of labour costs to the sales value of production, or more simply a measure of overall corporate performance such as return on equity. While introduced to a small extent as part of the employee participation movement of the 1970s, more recently employer associations such as the AIM have actively advocated gain-sharing, and several firms in the metal manufacturing and banking industries have introduced such schemes.\(^\text{72}\)

More general profit-sharing schemes have continued as a popular topic within the management literature, and there is some evidence to suggest that larger firms have introduced such systems as a way of increasing employee loyalty and performance. However, as was the case in the post-war decades, the extent of use of profit-sharing overall has remained extremely limited. While examples of overseas subsidiaries such as

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Hewlett-Packard are cited by advocates as demonstrating the advantages of profit-sharing arrangements, these appear exceptional to general management practice. The AWIRS for example found only 8 per cent of workplaces with more than twenty employees had such schemes.\(^{73}\)

The increased role of HR managers in performance management also suggests a trend away from the more traditional personnel role of welfare administration. A number of studies have highlighted that the shift towards a 'results' orientation has led to the demise of traditional welfarist practices. For example, at CSR the devolution of personnel management to individual business units during the 1980s, resulted in the abolition of the staff welfare department and a reassessment of financial assistance to managerial employees.\(^{74}\) However the pattern of Australian management practice in this area is complex. Survey data suggests the demise of welfarist practices is far from universal. The Western Sydney survey during the early 1980s for example, found that while formal welfare schemes were relatively uncommon, staff social clubs, credit unions and discount schemes were widely used, particularly amongst larger, manufacturing firms. Indeed, as companies such as the Japanese subsidiary, Yazaki demonstrated, the role of various employee benefits appears likely to continue as part of the 'soft' HRM approach which seeks to stress long-term mutual commitment between the enterprise and employees. Recent employer discussion of the potential role of employee share ownership schemes has also stressed such a goal.\(^{75}\)

Nor is the emphasis upon employee performance during the 1980s without contradictions. While managers in their emphasis upon a more 'results' oriented performance appraisal approach have acknowledged the problems of subjectivity and the need for assessment

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73 Recent examples of advocacy of profit-share arrangements include, Martin,B. (1987) "Companies Warm To Employee Shares", BRW, March 20, pp.21-2, 24 , 27 & Shann,E. (1991) "Another Road To Enterprise Bargaining, BRW, April 26, p.41; Sheehan, op. cit.; Callus, et. al., op. cit., p.244.


training and employee feedback, the potential for victimisation or favouritism remains. As has been recognised in the literature, such issues can become greatly magnified when using such assessment as a basis for remuneration. As was the case with incentive schemes in manufacturing firms during the post-war decades, perceived inequalities in assessment and earnings may result in reductions in employee morale and disputation. While many managers intrinsically believe the linking of pay to performance improves labour productivity by motivating employees to higher levels of job performance, few attempts have been made in Australia to assess the validity of such claims. A recent review of the AWIRS data found little if any difference in industrial relations or performance outcomes between workplaces with and without performance pay schemes. Case studies of performance payment systems also raise doubts about the impact of such systems on employee performance, particularly where methods of assessment and distribution are complex.\(^\text{76}\) However, management's introduction of a performance management system may be aimed at more immediate goals than overall productivity improvement, such as altering the organisational culture, or increasing individual worker identification with corporate goals as a means of weakening trade unionism and collective bargaining.

**Personnel: From Welfarism To Strategic Management Function?**

The decades of the 1970s and 1980s resulted in a number of changes in the way Australian employers structured employment relations. Indications of the direction of change were apparent during the 1970s, as personnel managers sought increased status as a profession and strategic input within the organisation. The growth in interest in employee participation also highlighted the role of new influences such as the OD movement. While these trends were limited in their impact, during the 1980s increased competitive pressures and government legislation forced companies to reassess their labour management practices. During the later 1980s many observers have cited the growing popularity of concepts such as HRM as indicative of such change. To what extent has this been the case?

Clearly, the sophistication of much personnel practice has increased, particularly in large organisations. As various survey data revealed, the extent of application of various

\(^\text{76}\) Wright, Callus & Kitay, *op. cit.*
personnel practices increased. Further, executive level management has become increasingly aware of the potential contribution of the personnel function to organisational performance. In many enterprises, this resulted in increased status and greater strategic input for personnel managers. However, the move towards a more strategic approach to employment relations also appears to have been limited to certain industry sectors and types of firms. Major examples of change have included the finance and hospitality industries, computer companies and some manufacturers. Such an approach has also been more apparent amongst larger employers, subsidiaries of foreign multinationals and high profit enterprises. However, even here there have been differences in approach between firms and also between different groups of employees. Hence, rather than there being a single form of HRM, firms which have adopted a more strategic approach to employment relations have varied in the way in which employment, training, communication and rewards are applied.

In part this reflects the indeterminant and contradictory nature of HRM as a concept. Despite the emphasis within the HRM literature upon the development of a strong common interest culture between employer and employees, and long-term commitment to job security and career development (‘soft’ HRM), in Australian industry the closer linking of personnel considerations to business strategy has resulted in a far greater emphasis upon notions of efficiency, ‘downsizing’ and the monitoring of employee performance (‘hard’ HRM). This raises the question of the ability of the HRM function to implement long-term, strategic planning if business strategies stress a need to contain costs in order to maintain corporate survival. Added to this, changes in the structure of firms, particularly the growth of multi-divisional corporations which emphasise financial controls through the creation of separate business units or profit centres, may make the implementation of common corporate HRM policies more difficult. Indeed some writers have argued that such trends may further fragment employment relations within the enterprise and result in greater reactivity to financial pressures.77

Nor has the implementation of policy been unproblematic. For example, in a study of HRM policies for managerial employees in three large organisations from the finance, manufacturing and retail industries during the 1980s, Kramar found a variety of reasons

for differences between the policy and the actual practice of HRM. A major factor in this regard was the continued influence of previous practice. Hence, despite a policy change towards merit based employment, selection and rewards, pre-existing notions of seniority continued to prevail. Formal policies in the areas of recruitment and selection were also ignored because of the need for flexibility and short-term demands. Further a range of informal workplace factors also limited the impact of HRM policies. Examples here included: the role of social networks which commonly circumvented employment and promotion policies; personal dynamics between employees and their superiors which affected the implementation of performance appraisals; perceptions of senior management attitudes which resulted in different emphases given to various policies; and prevailing social attitudes which had a negative impact in terms of the implementation of affirmative action policies. Clearly then managerial and employee attitudes and values remain as important limiting factors upon the implementation of policy. As proposed by much of the HRM literature, further devolution of responsibility for personnel issues to line managers may well exacerbate these trends.78

Further, despite evidence of change, much contemporary personnel practice continued historical trends. Examples included the resurgence in interest in employee participation and involvement schemes and performance related pay and profit sharing. The HRM emphasis upon developing a common interest culture also related to the 1970s initiatives of the OD movement, as well as the earlier tradition of welfarism. Indeed, as Legge has argued, the distinction between a normative model of HRM and actual personnel practice overstates the differences between the two. As an ideal, personnel management also stressed the importance of integrating employment relations with organisational goals, matching available labour to the needs of the business, improving line management's ability to undertake labour management directly, and emphasising the idea of employees as assets to be invested in order to maximise commitment and common interest.79 As a result, while the management of employment relations increased in sophistication in many organisations, its questionable to what extent contemporary personnel practice represents a break with the past. For the majority of enterprises the differences between HRM and earlier personnel traditions appear less pronounced than is commonly supposed.
