



CENTRE FOR
WORKPLACE
LEADERSHIP

The productive workplaces.

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“The role of industrial relations in unlocking productivity improvement was recognised by all parties 25 years ago with the shift to enterprise bargaining, yet the last decade has seen constant upheaval in the regulation of workplace relations. What is the current wisdom on productivity in the workplace, and what have we learned from the experience of both the Work Choices and Fair Work regimes?”

The “holy grail” in organisational research

- ▶ What makes for a “high performance workplace”?
- ▶ This has also been a concern in economics of the firms, HRM/IR, management and organisational studies.
- ▶ And of practical interest to businesses.

- ▶ Good institutions matter for workplace productivity.

- ▶ But you cannot regulate for a high performance workplace culture.

- ▶ Three areas requiring action:
 1. **Workforce capabilities**
 2. **Management & leadership**
 3. **Regulatory reform.**

- ▶ The structure and dynamics of the economy.
 - Composition of industry & employment
 - The structure of factor and product markets
 - Globalised production & supply chains.
 - Technology-driven innovation



- ▶ **Disrupting established business models.**
- ▶ **Changing labour markets.**
- ▶ **Reshaping workplaces & disrupting employment systems.**
- ▶ **Pressures for regulatory reform.**

“How can we create the conditions for productive workplaces in the context of a globalised, dynamic economic environment, which is increasingly characterised by disruptive technology changes and economic shocks that transmit across industries and national borders?”

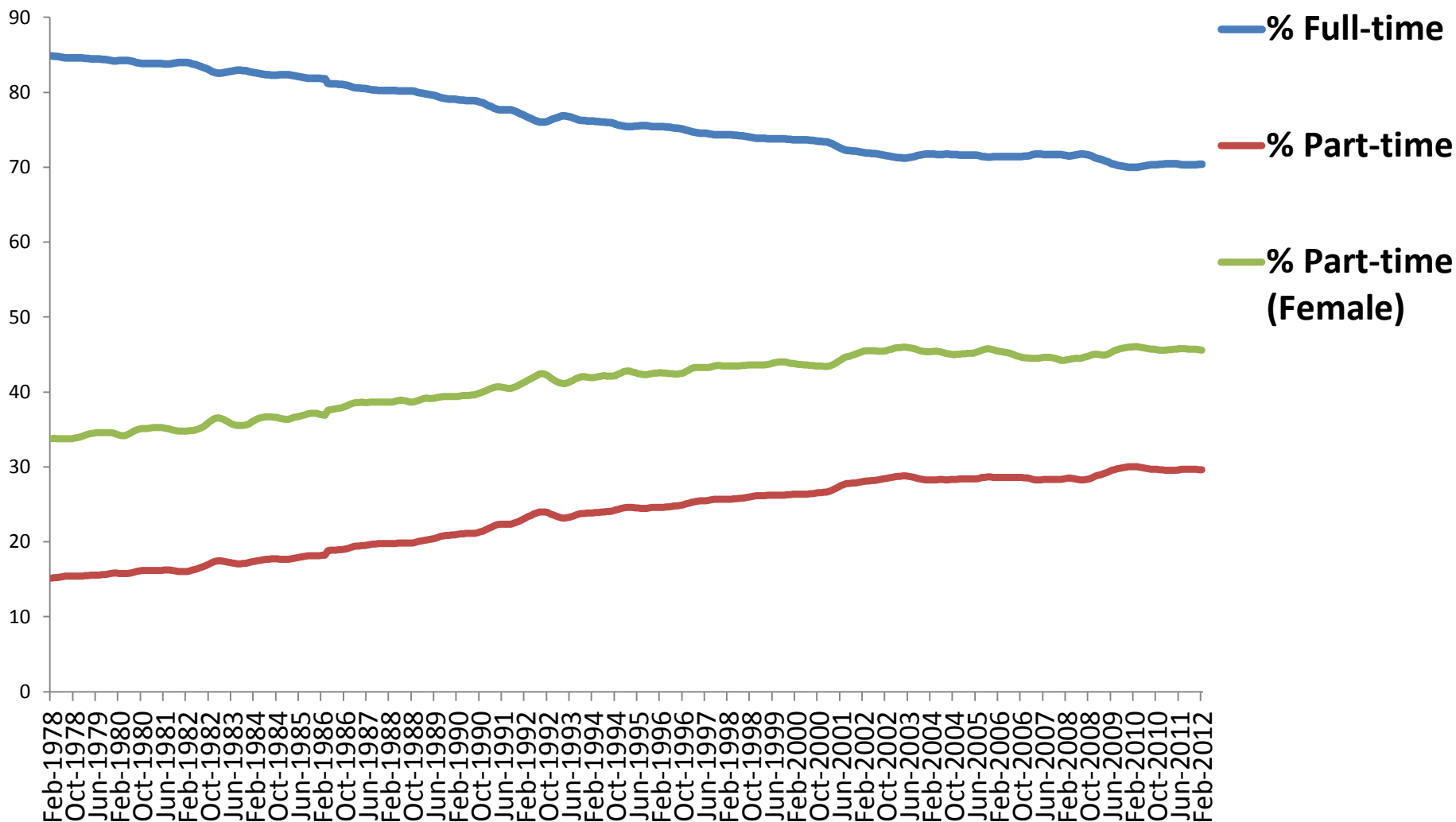
- ▶ The economic environment in which business decisions are made is increasingly volatile and uncertain.
 - **Disruptive technologies**
 - **Globalisation**
 - **Transparency**

- ▶ Since 1980 the volatility of operating margins (of publicly listed firms) has doubled.
- ▶ The widening performance gap.
- ▶ Increasingly dynamic sectors.
- ▶ Weakening relationship between market leadership and profitability.

- ▶ The ubiquity of “turnaround” or “transformation” pressures.
 - Where are the next sources of disruption of growth coming from?
 - The need to experiment – new products, new business models, new markets.
 - The need to up skill managers to deal with more complex markets and organisational environments.
 - How to execute large –scale workplace and business change.

- ▶ Employment – from good to services.
- ▶ Skill-biased technological change – knowledge-based jobs.
- ▶ Patterns of labour force participation over the life course – transitional labour markets.
- ▶ The decline of “typical” work arrangements – to part-time, casual, fixed-term, contractors, owner managers (see **next slide**).
- ▶ The structural decline in union presence.
- ▶ **The decline of traditional “internal labour markets”.**

AUSTRALIAN LABOUR FORCE, 1978-2012



▶ Major IR law reforms, 1988-2014

1988 – Industrial Relations Act.

1992 – Industrial Relations Legislation Amendment Act.

1993 – Industrial Relations Reform Act.

1996 – Workplace Relations and Other Legislation Amendment Act.

2005 – Workplace Relations Amendment (Work Choices) Act.

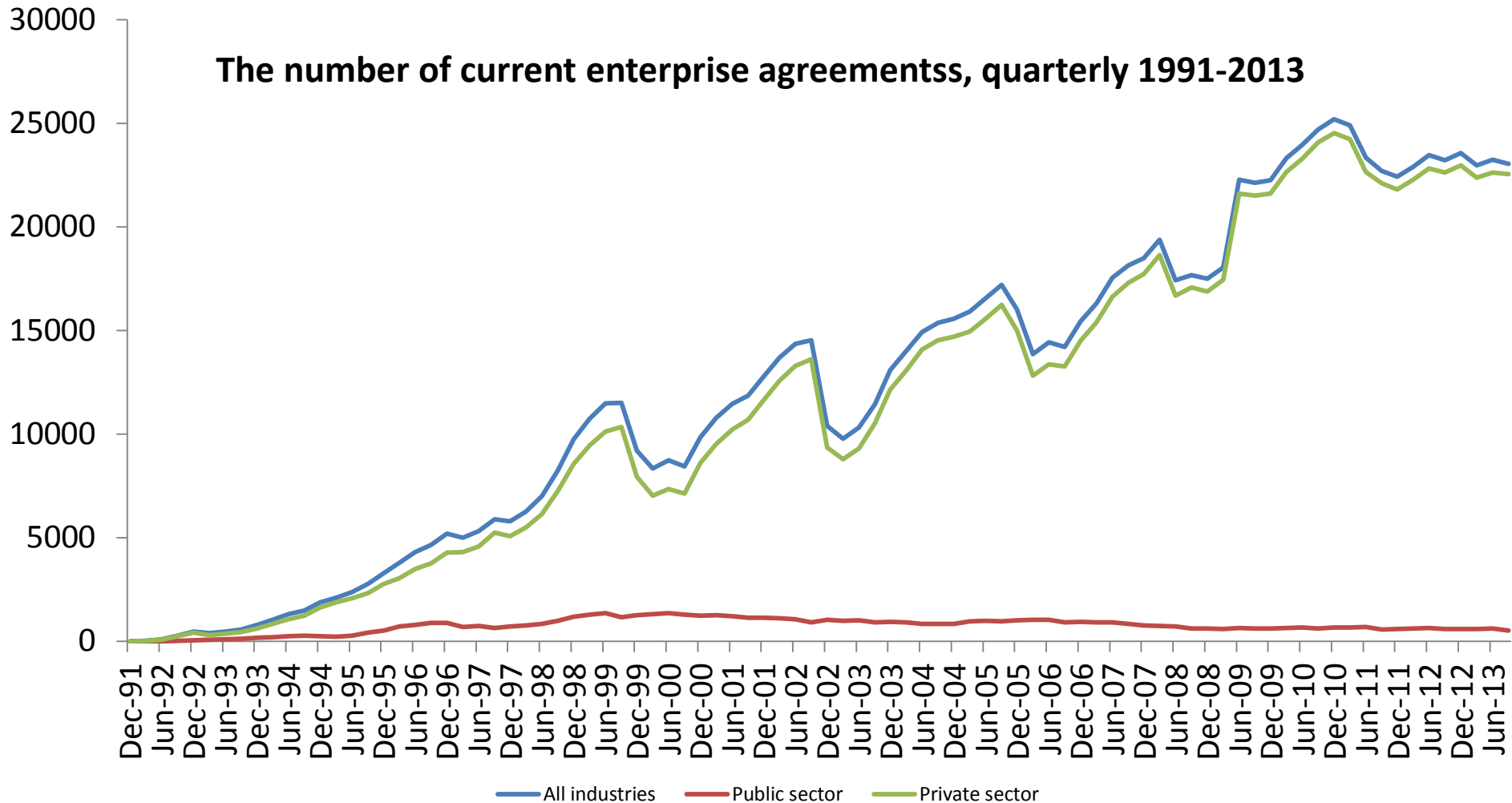
2007 - Workplace Relations Amendment (A Stronger Safety Net) Act

2009 – Fair Work Act.



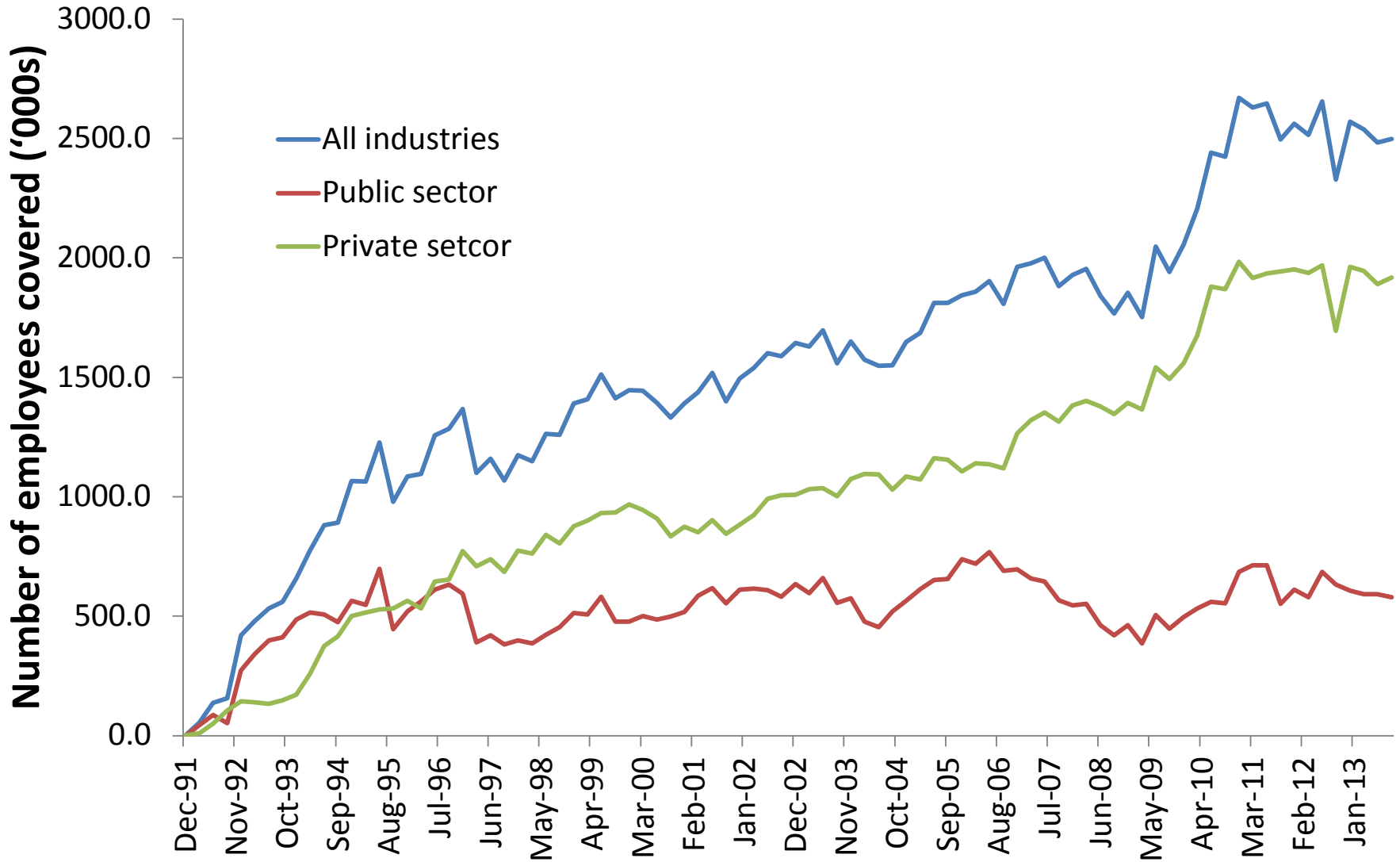
THE RISE AND RISE OF ENTERPRISE BARGAINING

The number of current enterprise agreements, quarterly 1991-2013





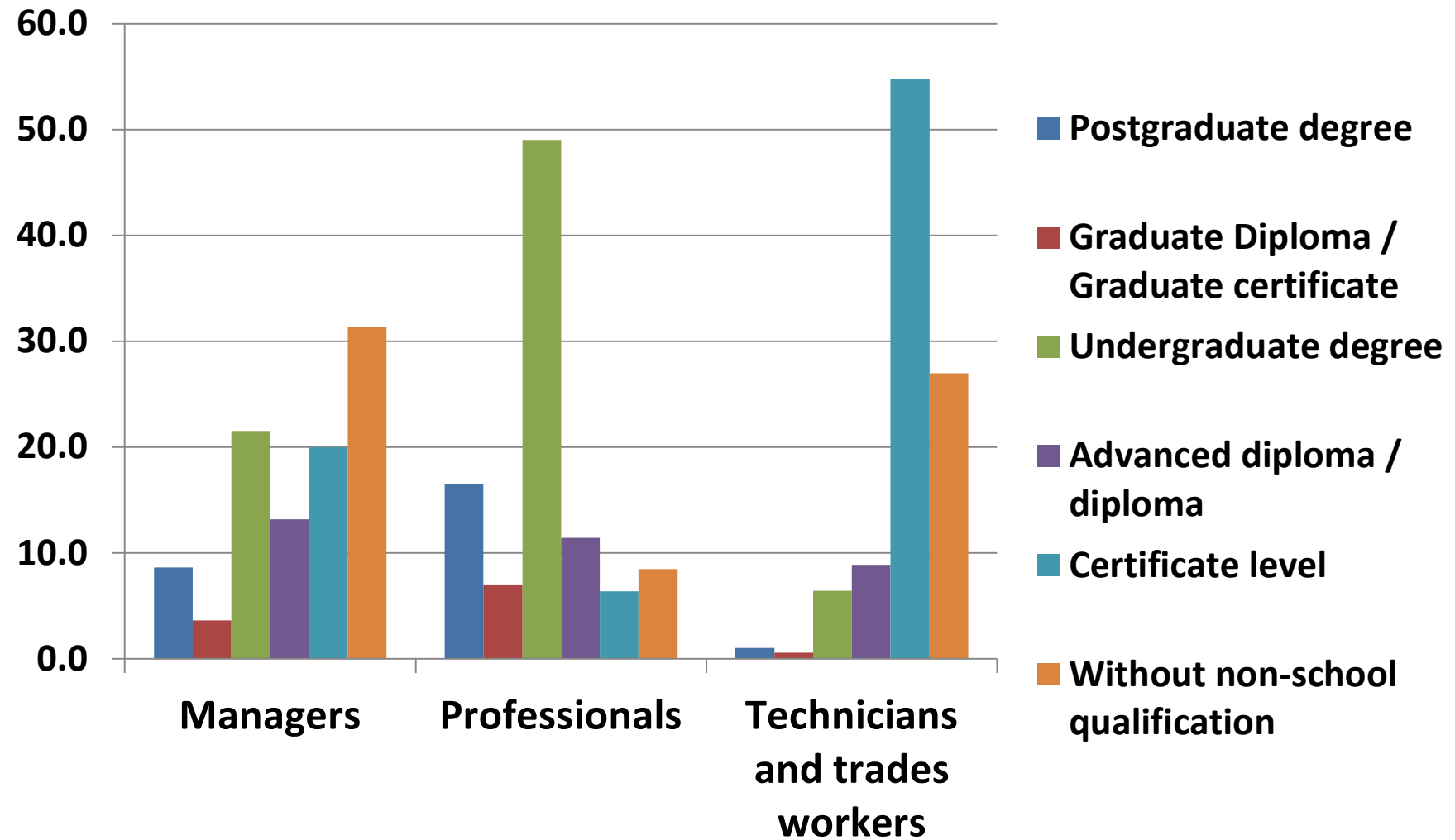
COVERAGE OF ENTERPRISE AGREEMENTS



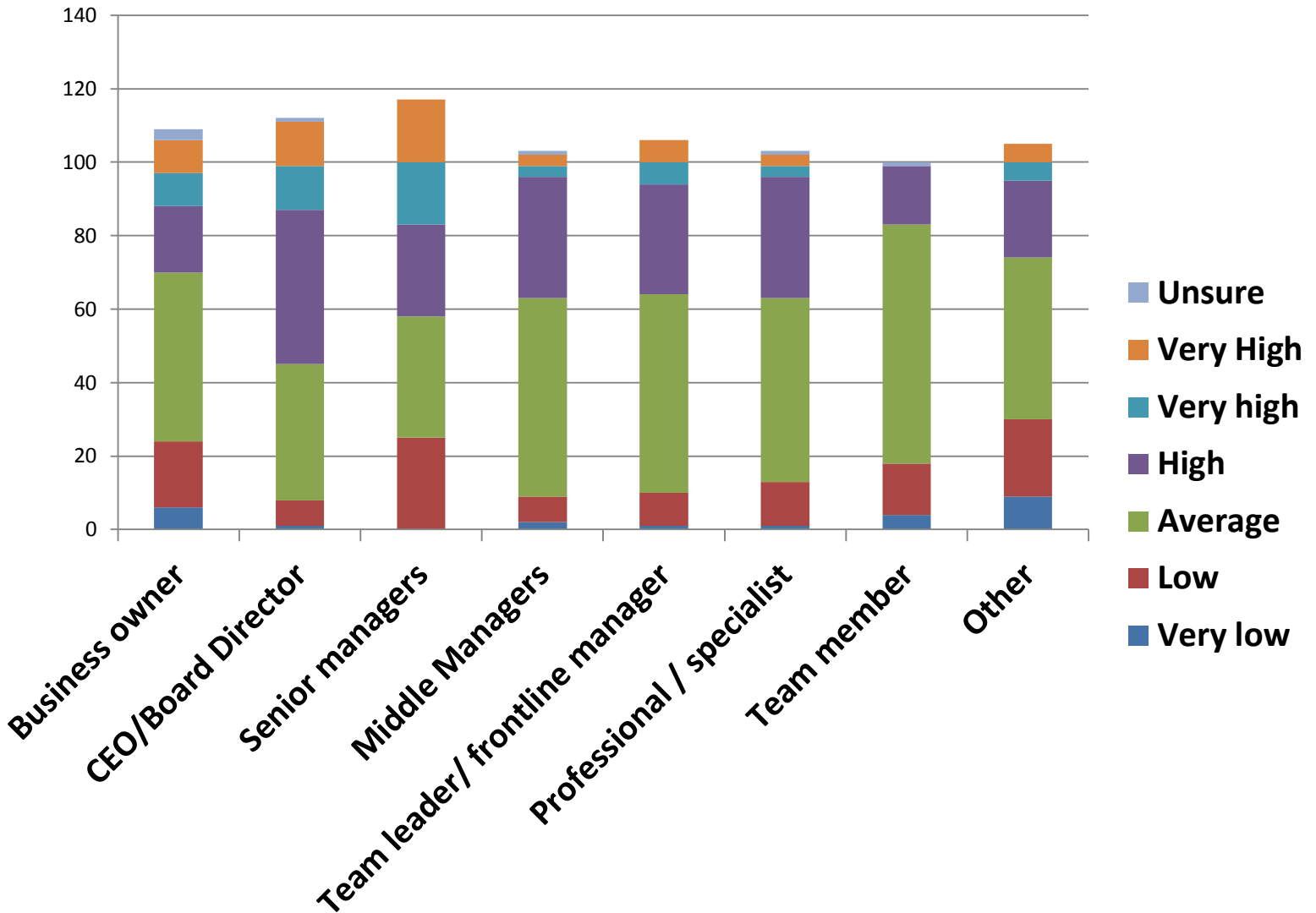
- ▶ The skill needs of complex jobs.
- ▶ Negotiating labour market transitions.
- ▶ Negotiating organisational change.
- ▶ Understanding the drivers of productivity and business performance (business literacy).
- ▶ Policies that support profit sharing, gain-sharing, share-ownership schemes

- ▶ Basic management skills and capabilities.
- ▶ AiM survey of middle managers capabilities and skills required to do the job.
- ▶ Managers' understanding the strategic links between drivers of growth in their own business

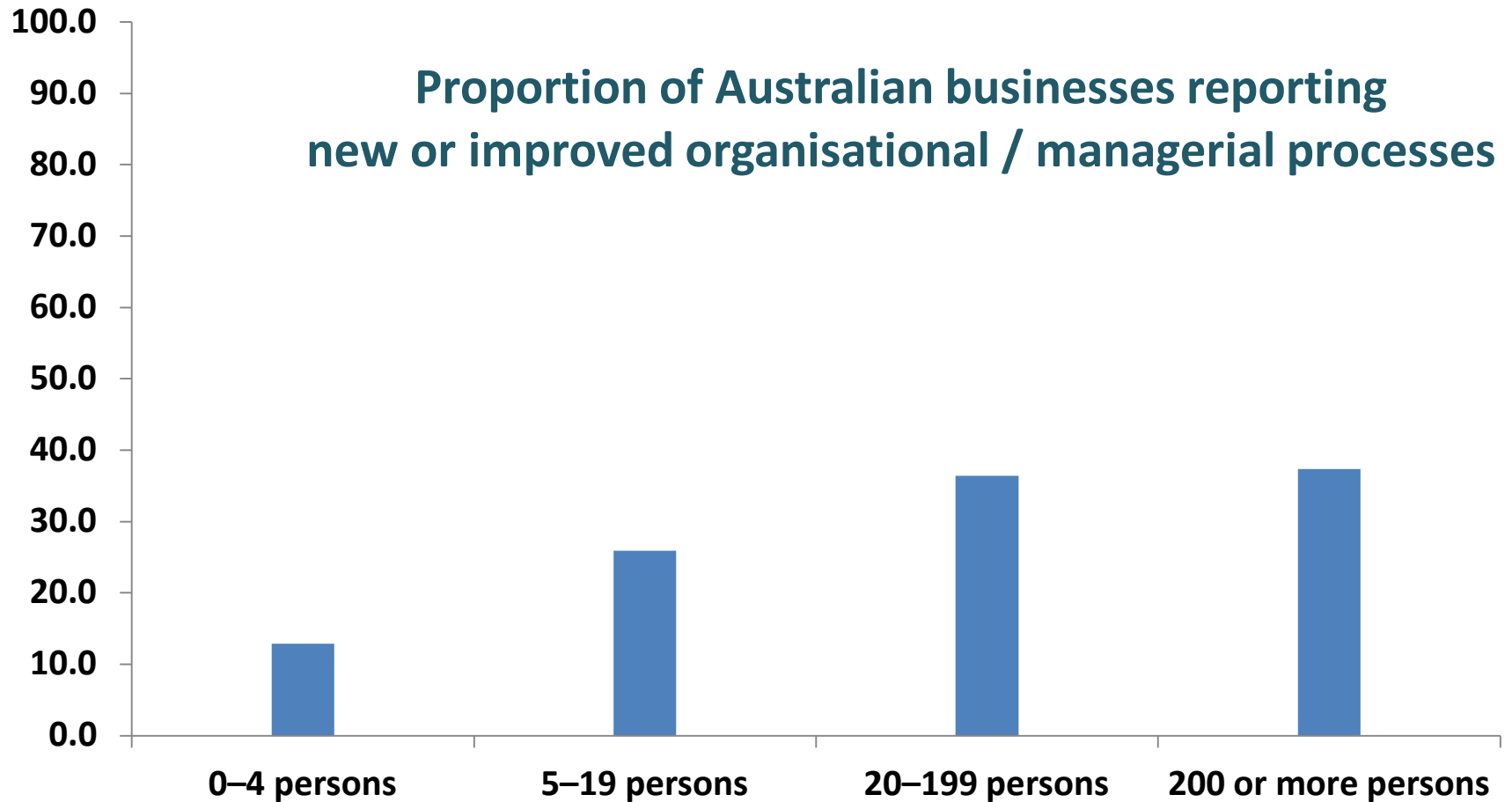
Qualifications by occupational group



How would you rate the leadership capabilities of middle managers within your organisation?



Source: Australian Institute of Management (2014)



- ▶ Its now 20 years since the last major review of Australian business leadership.
 - The Karpin Report focused on business leadership in the Australian Century

- ▶ Time for Karpin 2.0?
 - Emerging challenges
 - Implications for leadership.
 - Leadership and business performance

- ▶ High performance is associated with 'bundles' of HR/IR practices.
 - HPWS bundle consists of practices which:
 1. Provide employee discretion & involvement
 2. Invest in skill
 3. Motivation & engagement employee

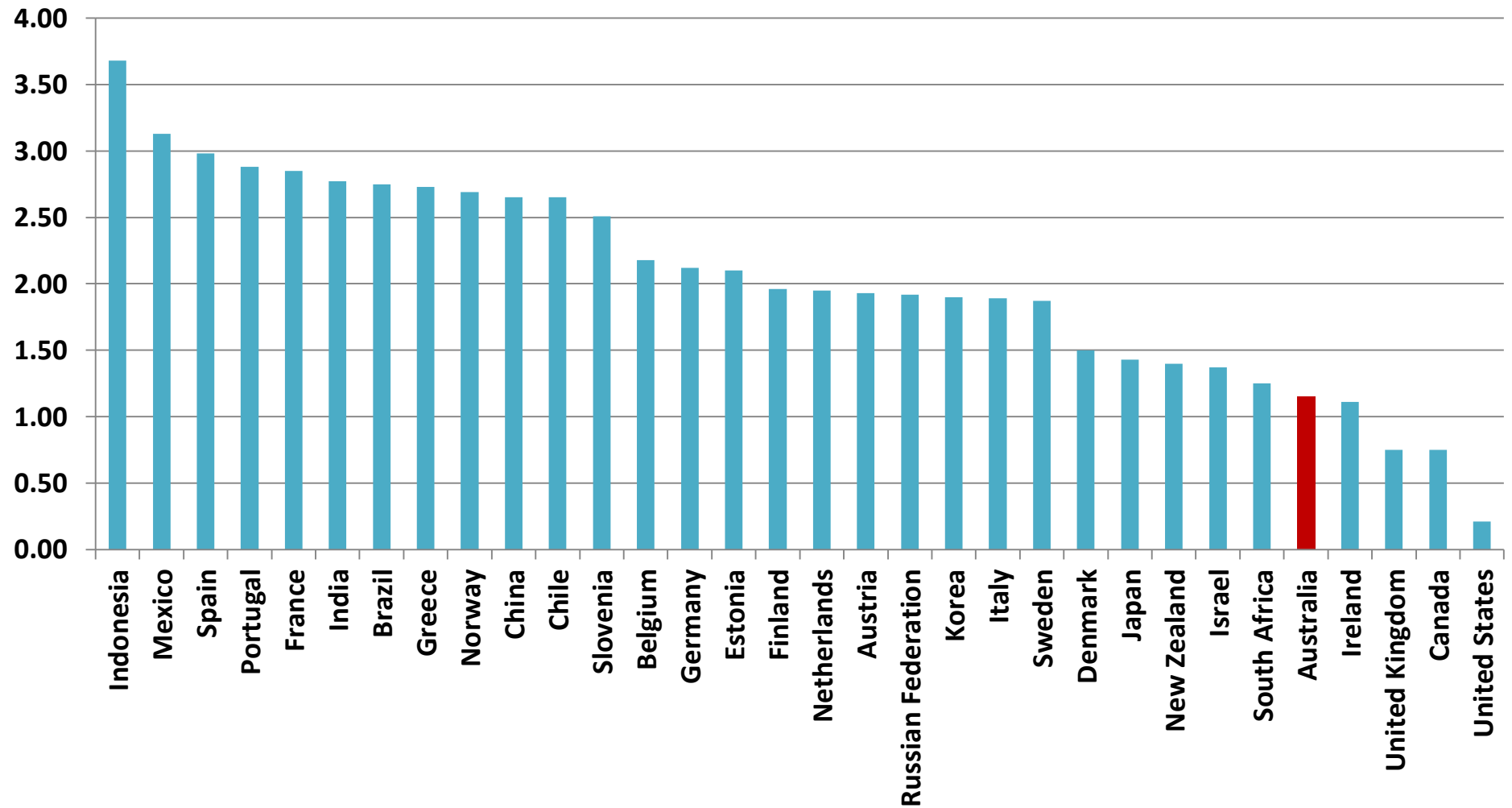
- ▶ Evidence links HR/IR to a range of performance outcomes:
 - Turnover & absenteeism
 - Productivity
 - Customer satisfaction
 - Sales per employee
 - Profitability
 - Innovation

- ▶ *If HPWS yield significant economic benefits for organisations, why do so few firms adopt them?*

- ▶ The challenge for labour market reform – balance flexibility and security.
- ▶ Reforms that focus on one and the expense of the other are not stable or productive in the longer run.
- ▶ “Flexicurity”:
 - Flexible employment & labour market transitions.
 - Active labour market policies
 - Income security during periods of transition.

- ▶ Calls for reform to existing unfair dismissal laws are widespread
 - Especially among SMEs
 - This has been driven by concerns around general protection provisions in the FW Act.
- ▶ Current arrangements provide unequal protection and inhibit flexibility.
- ▶ Flexicurity = enable adjustment + income security + access to retraining.

OECD strictness of employment index (2008)



- ▶ Policies which enhance flexibility can also be productivity enhancing so long as they find ways of providing for security.

- ▶ But IR law reform is not a panacea
 - Better employee skills and capabilities
 - Better management and workplace leadership

- ▶ All three need to occur simultaneously.