Contents Page: NZJER, 2015, 40(1)

Name	Title	Page Number
Janis Bailey, Robin Price, Amanda Pryman and Jane Parker	Union power in retail: contrasting cases in Australia and New Zealand	1-18
David Brougham, Jarrod Haar and Maree Roche	Work-family enrichment, collectivism, and workplace cultural outcomes: a study of New Zealand Māori	19-34
Raymond Markey, Katherine Ravenswood and Don J. Webber	Quality of work environment and quitting intention: A dilemma	35-52
Gemma Piercy and Bill Cochrane	The skills productivity disconnect: Aotearoa New Zealand Industry Training policy post 2008 election	53-69
Stephen Blumenfeld	New Zealand’s Employment Law Agenda 2014: Collective Bargaining and Unions in an Election Year	70-86

New Zealand Journal of Employment Relations, 40(1): 1-18

Union power in retail: contrasting cases in Australia and New Zealand

JANIS BAILEY,[*] ROBIN PRICE,[**] AMANDA PYMAN[***] and JANE PARKER[****]

Abstract

Retail employees are the prototypical vulnerable, low-paid employees and, for that reason, unionism and its benefits, such as collective bargaining, provide important social protection. However, the reasons that make employees vulnerable also reduce union power, though that is not to say that retail unions lack agency. This article analyses the power resources and their deployment in the respective retail unions in Australia and New Zealand (NZ). The two unions' strategies are quite different, and provide interesting contrasts in approaches and ideology. The implications for theory are that ideology matters, with respect to union strategy (and should be attended to more thoroughly in studies of union renewal), and – as others have also argued – the wider institutional context has a very significant influence on outcomes for unions and their members. The implication for practice, therefore, is that both workplace and extra-workplace strategies in the political and other arenas remain central for the low-paid.

Introduction

Industrial relations (IR) and unionism in retail are neglected areas of academic research in Australia, as they are worldwide (Tilly & Carré, 2011). In particular, the issue of retail union power has not been explicitly addressed in the academic literature, despite the likelihood that it is highly constrained, given the demographics and job characteristics of retail employees, the nature of the industry and, as Dølvik and Waddington (2004: 31) point out, "the deregulated and decentralized nature of employment" in the services sector worldwide. In this paper, we contribute to the comparative literature on trade unions by analysing the strategy of retail unions in two countries, using the lens of union power. The unions in Australia and NZ are, respectively, the Shop, Distributive and Allied Employees Association (SDA), and FIRST Union (the National Distribution Union [NDU] until a 2011 union merger).

Comparative research is useful in that it produces dynamic and contextualised understandings (Hyman, 2001; Frege & Kelly, 2003; Baccaro, Hamann & Turner, 2003) in order to advance IR knowledge. Further, comparing a single industry in two countries with similar historical patterns of IR development allows for a focus on issues other than national culture, giving more analytical depth than a one-country study (Kaine & Ravenswood, 2013). Australia and NZ have strong potential for comparative research because of similarities in regulatory and

---

[*] Associate Prof. Janis Bailey. Email address: j.bailey@griffith.edu.au. Postal address: Department of Employment Relations and Human Resources, Griffith Business School (Gold Coast Campus). Griffith University QLD 4222 AUSTRALIA.
[**] Dr. Robin Price, Senior Lecturer, Department of Management, QUT Business School.
[***] Associate Prof. Amanda Pyman, Department of Management, Monash University, Caulfield Campus.
[****] Prof. Jane Parker, School of Management, Massey University.

cultural environments (Markey, 2011), as neighbouring Pacific economies, although there are also marked differences.

Our research questions are three-fold: What are the two unions' strategies with respect to bargaining and campaigning, and relationships with employers? What are the outcomes in terms of benefits for members? And within a comparative framework that foregrounds the nature of union power, how are strategies and outcomes to be understood? The overall contribution of this research is in demonstrating that, in the wider context of low-paid and unstable employment in retail, and the resultant shifting of risk to employees, the degree of employees' relative power and control is all-important (Kalleberg, 2009). We show that while retail unions can take very different strategic paths, power, and how it is deployed, is important and that institutional environments are still a major factor affecting outcomes, with implications for both theory and practice.

The paper is organised so that the first section examines the international literature on retail trade unionism, and overviews of union power. The second section describes the retail industry and the politico-industrial contexts of both the two countries. In the third section, we report our findings on the similarities and differences in union strategy and outcomes. Analytical tools from the literature on power are used to examine these findings in the fourth section, paying particular attention to issues of union ideology and outcomes, such as collective bargaining coverage, relative wages and union density.

Retail union research and the power vacuum

While there is a developing body of literature on retail unionism, studies fail to grapple with the nature of union power in the industry. However, recent developments in this area provide a conceptual framework to analyse retail union power.

Retail union literature

Retail employees form about 10 per cent of the workforce in most post-industrial economies, and are the paradigmatic low-paid workforce (Carré, Tilly, van Klavereen & Voss-Dahm, 2010). Studies of retail union strategy have been undertaken in the US and Canada (Coulter, 2013; Ikeler, 2011; Phillips, 2012), the UK (Parker & Rees, 2013), Europe (Dribbusch, 2005; Gajewska & Niesyto, 2009; Geppert et al., 2014; Mrozowicki, 2014; Mrozowicki, Roosalu & Senčar, 2013), China (He & Xie, 2011), and Central America (Tilly & Galván [2006] with respect to Mexico). There is some literature on Australian retail unionism (Lynch, Price, Pyman & Bailey, 2011; Balnave & Mortimer, 2005; Mortimer 2001a; b; Price, Bailey & Pyman, 2014), but none available on NZ. Comparative studies on retail unions in other countries are starting to emerge (Geppert et al., 2014; Mrozowicki, 2014; Mrozowicki et al., 2013). While extant work is wide-ranging and useful, much of it implicitly recognising the limitations of union power in retail, this paper makes a unique contribution by explicitly examining the power of two retail trade unions in a comparative context.

Conceptual approaches to union power

Pocock (2000: 2) observed some time ago that "agreement on a comprehensive detailed theoretical model of union power does not exist", despite the importance of considerations of power to union renewal. Since Pocock's observation, there have been several developments.

Two are key for our analysis. The first is Kelly (2011), who takes a broad-brush, fully contextualised approach, highlighting five domains of union power. Three – markets, institutions and the labour process – are largely 'external' to unions. Two – union resources and mobilisation capacity – are largely internal and, thus, areas where union choices can make a difference. The second approach is the work of Levesque, Murray and colleagues who unpack Kelly's concepts of 'union resources' and 'mobilisation capacity' in order to place the focus on union agency and explain *how* unions use resources and mobilisation capacity. According to Levesque and Murray (2010), union power resources comprise the quartet of: internal solidarity, network embeddedness (or external solidarity), narrative resources (which frame union understandings and actions), and infrastructural resources (material and human). Yet, resources are insufficient, on their own, to exert power. Hence Levesque and Murray (2010) offer the notion of strategic capabilities or 'resourcefulness': the capacity and willingness of an institutional actor to put power resources to work. Capability comprises: intermediating (including activating social networks, and both cross-border and localised alliances); framing (putting forward an agenda that may be used to justify new practices and mobilise members and others); articulating (of different levels of action over time and space); and learning (the capacity to learn from change to alter future events, rather than remaining "a prisoner of [one's] own history" (Levesque & Murray, 2010: 344). Figure 1 summarises the two approaches which guide our analysis.

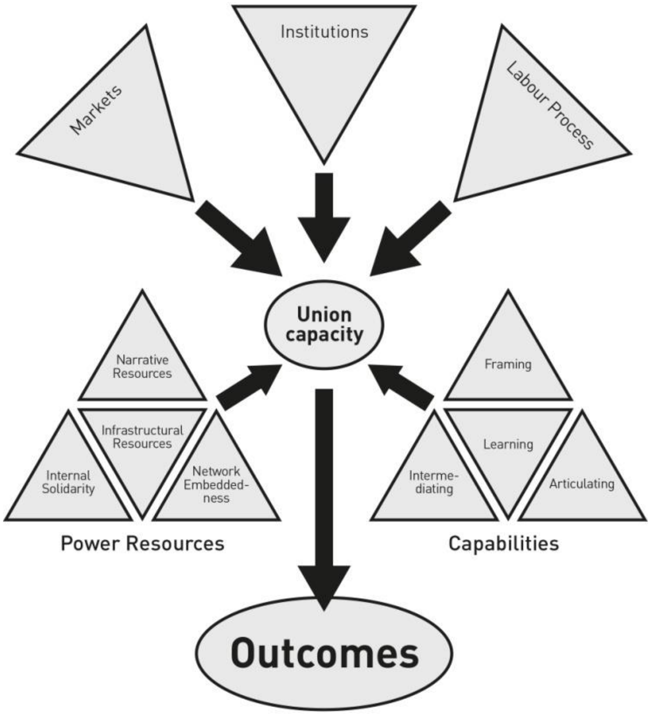


Figure 1: Union power (adapted from Levesque and Murray, 2010)

Union power in retail

The nature of the retail workforce (largely young, feminised and part-time, with high reliance on contingent labour) and the industry (often high volume but low profit margins, and increasingly governed by national and multinational chains) suggests that retail unions will face challenges; but how do they attempt to exert power in the employment relationship? In this article, we argue that it is only by combining the two approaches – the broader context emphasised by Kelly (2011), and the internal choices of unions unpacked by Levesque and Murray (2010) – that a rounded picture of union power is made possible. Union power concerns the costs and sanctions that their members can impose on management, including disruptions of service, the scarcity value of employees and their skills, and employees' political influence (Batstone, 1988); and, of course, beyond the workplace, the role of the state can be very important (ibid). We argue here that union ideology and the wider political context play a key factor in how power is operationalised, in line with Simms' (2012) contention that we need to understand how various union strategies are politicised (or not) when we examine union strategy. Ideology underpins choices about the use of resources, alliance formation and mechanisms for framing the union message. The comparative element of our paper brings into sharp relief how those aspects interact. As we will demonstrate, these two unions present a distinctive contrast in ideology. However, our research shows that, as interesting as the two unions' differences in ideology are, and that these differences shape strategy, 'institutions matter', and matter greatly.

Retail unions and their environments in Australia and NZ

Retail unions in Australia and NZ present considerable contrasts. The SDA is an 'industry union', focussed almost entirely on retail,[1] and is currently Australia's largest union, with 230,000 members (Shop, Distributive and Allied Employees Association, 2014). FIRST Union is a general union with 29,000 members, of whom 12,000 are in retail (FIRST Union, 2014).[2] The membership stronghold of both unions is in supermarkets (Australian Bureau of Statistics, 2013; FIRST Union, 2014). This sub-sector is highly monopolistic. In NZ, Woolworths Australia, operating mainly under the Countdown Brand, has 40 per cent of the market, with Foodstuffs (operating under New World, Pak'n'Save and other brands) having the rest (New Zealand Herald, 2012). However, Pak'n'Save is a heavily franchised operation, meaning that FIRST Union has to negotiate many agreements. In Australia, retailers Coles and Woolworths dominate the supermarket sector with nearly three-quarters of the market (Roy Morgan Research, 2014). In both countries, the retail labour force is feminised, youthful and part-time, but engages to a greater extent in casual work in Australia than in NZ (Australian Workforce and Productivity Agency, 2014; Statistics NZ, 2013).

The broader IR context provides some interesting comparisons and contrasts. Australia and NZ have historically been characterised as 'wage earners' welfare states' (Castles, 1985) with relatively high minimum wages and, until the early 1990s, similar IR legislation (Wilson, Spies-Butcher, Stebbing & St John, 2013). However, in NZ, the trend to neo-liberalism began earlier and was more radical than in Australia, leading to marked differences in the two countries' contemporary IR systems (Barry & Wailes, 2004), such that, while union power has diminished somewhat in Australia (Peetz & Bailey, 2012), NZ unions' power is considerably lower than it was before the Employment Contracts Act 1991 (McAndrew, Edgar & Geare, 2011). Both countries have single-employer bargaining, but NZ now has no underpinning system similar to Australia's industry-focussed 'modern awards', which are of particular significance for low-paid Australian employees (and their unions) as a safety net for collective bargaining. Further, Australia's compulsory arbitration system continues, although attenuated, including changes under the *Fair Work Act 2009* that explicitly foster single-employer collective bargaining (Creighton, 2011; Waring, Lewer & Burgess, 2008).

---

[1] It also has membership in fast food

[2] Other FIRST Union coverage is in transport and logistics, wood, textiles/clothing/laundry/baking and, since 2011, banking, insurance and finance.

For these and other reasons, collective bargaining coverage across the workforce is much higher in Australia than in NZ (42 versus 13 per cent) (Australian Bureau of Statistics, 2013; Blumenfeld, Ryall & Kiely, 2011). However, industrial action in Australia is more highly constrained legislatively (McCrystal, 2009) than in NZ (Waring et al., 2008). Furthermore, both countries' labour movements – including their retail unions – have suffered membership decline in the past generation, from around 40 per cent a generation ago in both countries, to 20.1 per cent in NZ, and 18.0 per cent in Australia (Companies Office [NZ], 2013; Australian Bureau of Statistics, 2013). Unions in both Australia and NZ, like those in other Anglophone countries (Gall & Fiorito, 2012), are highly concerned about this decline, focussing on a range of revitalisation strategies, including more effective organising and alliance-building (Parker, 2011; Peetz & Bailey, 2012).

Research method

To explore the strategic choices of the two unions using the lens of union power, we draw upon semi-structured interviews with union officials and organisers. The data that these interviews produced form part of a larger international, comparative study of union strategy in the retail industry in Australia, NZ and the UK. The method chosen responds to views that the limited research that truly evaluates union strategies across nations is generally at the broader level of the union movement rather than about particular unions (Baccaro et al., 2003; Bamber, Lansbury & Wailes, 2011; Frege & Kelly, 2003 Hyman, 2001). In contrast, in-depth, qualitative comparative analysis of union strategy is sparse, with extant research tending to focus on quantitative variables, such as union density or industrial action, or on explanations of different union structures and types (Hyman, 2001). This study contributes to filling that gap.

In this article, we report only on the Australian and NZ data. In Australia, interviews and focus groups were held from 2009-2012 with a total of 12 SDA officials and 19 SDA organisers at different levels and in various geographical locations. Some SDA state branches requested we hold focus groups rather than interviews with organisers, which may have placed some constraints on interviewees' capacity to express opinions that diverged from union policy. In NZ, interviews were conducted in 2011 with two officials and five organisers from two of the three regional areas of FIRST Union. In contrast to the SDA, FIRST Union consented to individual interviews across the board, with the retail secretary admitting there would be divergences of opinion, often from younger and newer organisers (as indeed was the case). All interviews and focus group discussions were digitally recorded and transcribed. The data were coded using NVivo, based on key themes that emerged from the interviews/discussions and the extant literature.

FIRST Union and the SDA compared

Key elements of union strategy are bargaining and campaigning (including organising strategies) and relationships with employers. An area of interest that emerged from the data was union ideology. In any consideration of union power, it is also necessary to evaluate outcomes. These issues are canvassed in this section.

Bargaining and campaigning

The two unions diverge markedly in their bargaining and campaigning strategies. FIRST Union unequivocally calls itself a ‘campaigning union’, whereas the SDA pursues a traditional ‘business unionism’ approach identified in previous studies (Balnave & Mortimer, 2005; Mortimer 2001a; b). FIRST Union invariably campaigns vigorously, recruiting then bargaining, although it chooses targets and conducts only a few campaigns at any one time. For instance, a significant achievement was winning access to The Warehouse, NZ’s largest department store retailer in 2010. The union had to attract and organise employees who had joined the company-established ‘Warehouse People’s Union’, and then negotiate a collective employment agreement with the employer (FIRST Union retail secretary, 2011). In the past few years, the retailers Bunnings, Briscoes and Rebel Sports have been in the union’s ‘firing line’. A key recent issue has been the protection of employees’ ‘contracted hours’ at retailers, such as Countdown, and opposing 90-day probationary clauses and reduced youth wages (FIRST Union, 2013a; b).

Quite differently, the SDA relies heavily on developing good relationships with senior HR managers, and will not engage in bargaining without firm ‘in principle’ agreement from the organisations with which they are negotiating (SDA state official, 2011). Bargaining with national retail chains is carried out by senior national SDA officials, including the National Secretary. Where companies are state-based, state union leaders undertake the task. Further, the SDA’s bargaining tactics do not rely on recruiting widely in the first instance. Indeed, a ‘bargain first, recruit later’ strategy is generally adopted, and a negotiated agreement is then ‘rolled out’ in the company as a recruiting tool. As a state official (2011) described in the context of Coles:

> We really do try to make the most of these roll-outs. I’m very disappointed that we’ve [only] signed up 330 people in Coles over the roll-out period. That for us is under-performance.

Furthermore, gaining a first agreement may take considerable time. Only after several years of effort did the SDA recently sign its first agreement with the European retailer Aldi (Workplace Express, 2013). A long-serving official argued that collective bargaining “created a strengthening of relationships and … really opened or educated a lot of companies that they need to be involved” (SDA state official, 2009).

As noted, FIRST Union bargains much more aggressively than the SDA. Distinctive ‘repertoires of contention’ (Tilly, 1995) – various protest-related tools and actions available to a movement or organisation – are a notable part of FIRST Union’s strategy, and choosing highly visible retail store targets is a favoured tactic. As a FIRST Union national official (2011) explained:

> *Always* the ones on the road to the airport ... I put a lot of resources into those shops because they’re high publicity. Every MP is going up and down the bloody country every day, going up and down ... it’s *easy* to get on the news.

Indicative of conflictual employment relations in retail, the union was involved, along with the Engineering, Printing and Manufacturing Union, in the high profile 2006 Progressive Enterprises dispute. Union members in the company’s distribution centres were locked out after strike action. A bruising experience for both sides, the dispute contributed to a considerable loss of market share for the company, a situation from which it has taken several years to recover. Five target shops were identified in this dispute. These shops had to be on main roads or "if it had to be in a mall, it had to be a mall that had good street frontage that was close by where the supermarket was" (FIRST Union national official, 2011). Another related, contentious strategy was used in respect to the department store, Farmers:

> Farmers … have been the promoters of the Christmas Parade forever; and on one of their shops downtown they have a big Santa that used to blink and used to have a rather naughty finger. So we were in bargaining with them; and we held a 'Skinny Santa' parade the week before the Christmas parade ... and we bussed Farmers workers in from all over the place ... That was a lot of fun (FIRST Union national official, 2011).

Strategies continue to be 'in your face', with a recent dispute involving Pak'n'Save stores involving poverty groups, shopping centre car park banners referring to 'Pak'n'Slaves', and the outing of a large blow-up rat (FIRST Union, 2103b) which is used regularly by the union.

To speak of 'repertoires of contention' with respect to the SDA is a *non sequitur*. The SDA shuns militancy, confrontational behaviour and, indeed, media attention. In sum, FIRST Union is a 'campaigning' union that bargains whereas the SDA is a bargaining union that rarely campaigns – at least in the adversarial sense of the NZ union.

Relationships with employers

The discussion of bargaining and campaigning indicates that the two unions have very different approaches to employers. FIRST Union, consistent with its militant approach and left-of-centre frame that emphasises struggle, is tentative about developing good relationships with employers and wary of their implications. An exception illustrates the rule. The debilitating Progressive dispute mentioned above (Progressive is owned by the Australian company Woolworths) led to conscious decisions by both the employer and FIRST Union to develop a less conflictual relationship, although FIRST Union still exhibits antagonistic dealings with other employers. A FIRST National official invoked the metaphor of 'boxing and dancing' (Huzzard, Gregory & Scott, 2004) to describe her ambivalence about a more cooperative relationship with Progressive Enterprises:

> Our members are loving it ... but sometimes it feels a bit too close for comfort ... [but] our members interests are best served with us dancing with Progressive ... From time to time, we're sometimes standing on each other's toes, but it's come out of having given each other a bloody nose.

For the SDA, good relationships with employers are the desirable norm. The importance of relationships with state and national HR managers with respect to bargaining cascades down to the store level:

> Our good organisers will have good relationships with managers, to the point where often a manager will ring the union, and say, 'I've got a problem with such and such an employee. What do I do about it?' And the organiser will often assist the manager in dealing with the employee, and maybe even talk to

> the employee that they need to do this differently, or that better, or whatever (SDA national official, 2011).

Both unions service their members, but FIRST Union places more reliance on delegates to provide a 'first line' of servicing than does the SDA. As one organiser put it, "I say to [members at] a site, you and your delegate are the key. You can get answers, you can get problems resolved, whereas I'm out and about doing what I need to do" (FIRST Union regional organiser, 2011).

As has been argued elsewhere (Price et al., 2014), the SDA has developed with many major Australian retailers sets of collaborative relationships that are relatively more stable and enduring – although more low-key – than the more ambitious and legislatively supported forms of partnership found in countries such as the UK (e.g., Brown & Oxenbridge, 2004). Collaboration, SDA-style, is built on interpersonal connections between union officials, organisers and company managers, which strongly underpin the union's approach to bargaining and to servicing, as described above. In contrast, FIRST Union is reluctant to engage in such relationships. For the SDA, good relationships with employers are a strategic achievement; for FIRST Union, they are largely seen as a liability.

Ideology

A key theme that arose from the interviews was the stark contrast in the politics of the two unions. The SDA has its origins in Australia's strong Irish, working-class history, and is aligned with the right wing of the Australian Labor Party (ALP) (McCann, 1994; Warhurst, 2008). The broader context of this is the influence of ALP factions which, as Leigh (2000: 427) argues, are "more structured than … any other social democratic party in the Western world". Unions are integral to these factions. The SDA continues to lobby parliamentarians to adopt conservative positions on conscience votes regarding issues, such as abortion and gay marriage (Warhurst, 2008). The publicity associated with the recent election of the former West Australian SDA Secretary to Federal parliament highlighted some of the tensions inherent in the SDA's conservative social stance; in this case, related to the SDA's position with respect to sexual diversity (Burrell, 2014). The SDA exerts political influence in various ways: as a large voting bloc within both the ALP and in union peak bodies, such as the Australian Council of Trade Unions (ACTU), and via ex-SDA officials who enter parliament – like the former WA Secretary. The ACTU, whose largest affiliate is the SDA, played a remarkable role in the 2005-2007 *Your Rights at Work* campaign against IR legislation passed by an earlier, highly neo-liberal government. This involved a major centralised media campaign to gain support – and votes for the ALP – from non-unionists as well as union members (Muir, 2008), involving a reframing of the IR debate at the time and leading to a change of government and a re-emphasis on collective bargaining. In similar fashion, the SDA has exerted influence over IR reforms put in place by the 2007-2012 ALP government, particularly the *Fair Work Act 2009*. In short, the SDA has long been known for its moderate 'business unionism' approach (McCann, 1994; Game & Pringle, 1983) which, as this research shows, continues to this day. Recruitment and servicing were recurring themes for SDA officials:

> We do put a big emphasis on recruitment; it's something that keeps us strong, makes sure we grow, we're out there obviously, people are protected, all of that. So that is a big focus for us, but the servicing part is also … it's hard to say that it is 50/50, I

> would say probably recruitment is the bigger focus, but at the same time servicing can’t slip because of that (SDA state organiser, 2011).

The sentiments in the following quote about the conservative, non-militant nature of the SDA membership were echoed many times in interviews with officials:

> … bargaining power is very much dependent upon having a decent presence in the first place ... well, I don’t think anyone would accuse us as being militant. We get criticised by that in some circles. I don’t really care. I don’t think our members particularly want militancy. I don’t think 17 year old people who … sign up to become members of the SDA particularly want to be going out on a strike six months later (SDA state secretary, 2011).

A major aspect of the union’s strategy is to maintain a bargaining regime favourable to its members via legislation when the ALP is in power.

In contrast, FIRST Union leaders’ political affiliations tend toward the socialist Left, with some ex-officials having previously held parliamentary positions and exerted significant influence over the public policy agenda, but the union is not affiliated with the Labour Party. Moreover, the union’s campaigning history, discussed above, indicates that this union is willing to ‘upset’ employers, very much in contrast to the SDA. The small union UNITE, set up some years ago by a team which included the current FIRST Union retail secretary, as a ‘ginger group’ union to represent low-paid workers (particularly in fast food and hospitality but potentially extending into retail) provides an alternative viewpoint that challenges the stance of mainstream unions like FIRST and is a potential rival should FIRST Union’s members be unhappy with their union. In addition, there is robust divergence of opinion in FIRST Union between more senior officials and organisers, with senior officials taking a left-of-centre political and campaigning stance, yet some organisers are openly critical of what they see as the union’s insufficiently militant approach. A younger organiser was critical of FIRST Union’s strategy and resource deployment, parodying the union’s own self-identification and observing with irony:

> We are a struggle-based union, not an organising union; we’re struggling to be a union. Oh no, that’s not right!

While this range of views creates tensions, nevertheless the differences of opinions and approaches in FIRST are seen as a source of strength rather than disunity, and staff are open about discussing them.

Outcomes

However, IR outcomes indicate that, despite the NZ unions’ wider range of innovative strategies and broader repertoire of contention, the superior institutional arrangements in Australia provide better coverage for retail employees. In Australia, collective agreements apply to 43 per cent of the whole workforce, and 37 per cent of retail (Peetz & Price, 2007; Blumenfeld et al., 2011), while in NZ, overall collective bargaining coverage is only 13 per cent and, despite the efforts of FIRST Union, retail has a mere five per cent (ibid). Minimum wages in the sector also differ. In NZ, in 2011, the minimum adult rate in food retail was $NZ554, about six per cent above the then statutory minimum wage (ibid). Australia’s minimum wage in retail and the floor for collective bargaining in the industry, as set out in the General Retail Award, is currently $AU666.10 – around 10 per cent above the minimum wage. Thus, the legislative environment and the 'floor' of working conditions in Australia are key elements of employee protection.

As noted, the unions differ in size. In a positive vein, the NZ union has managed to reverse haemorrhaging retail union membership, increasing it (albeit from a low base) by more than 70 per cent (from 6,800 to 12,000) over the six years 2007-2013 (FIRST Union, 2014); an outcome that reflects a more rigorous approach to campaigning and intensive recruitment in preparation for bargaining.

A common theme in both unions – as is the case world-wide (e.g. Parker & Rees, 2013) – is the importance of recruiting. High employee turnover in retail means that 'recruiting simply to stand still' is a priority in both countries. Indeed, in Australia, the SDA needs to sign up 70,000 retail employees annually, or around 30 per cent of its membership, simply to maintain aggregate numbers (Lynch et al., 2011).

Analysis of union power in retail: a cross-Tasman comparison

In this section, we outline some general analytical points. We draw, first, on concepts from Levesque and Murray (2012), making four key points: 1) FIRST Union has many fewer infrastructural resources than the SDA, but a greater willingness to use what it has; 2) the SDA has high network embeddedness in political terms, but FIRST has a greater tendency to align with progressive social causes; 3) FIRST has higher internal solidarity than the SDA; and 4) FIRST union has more varied narrative resources than the SDA. We, then, turn to a larger analysis of the two unions' environments, guided by Kelly (2011). Our overall argument is that the contrast in the two unions' modus operandi is usefully unpacked using Levesque and Murray's (2012) framework, but that Kelly's (2011) model highlights critical factors that are responsible for successful outcomes. In particular, we argue that union ideology is a neglected issue in much of the literature on union revitalisation. The value of the comparative approach used is that: first, we are able, via our choice of cases, to control for markets and the labour process, which are similar in both countries; second, we are able, using Levesque and Murray (2012), to compare and contrast how union resources are used. We return to Kelly (2011) to highlight the way in which IR institutions ultimately shape outcomes.

With respect to the effects of markets (labour and product) and the labour process, there is little to distinguish the two unions' environments. The only notable contrast is that FIRST Union, with coverage of transport employees, has control of the entire supply chain, which increases its bargaining leverage and therefore power in relation to employers.

Resources and their mobilisation

With respect to resources, the SDA has much larger *infrastructural resources* than FIRST Union, notably sheer membership size, which increases the union's internal resources and bolsters its institutional security. Even with a mere 23 per cent density in its largest stronghold of supermarkets, and the challenges of 'recruiting to stand still', the SDA is Australia's largest union. In contrast, FIRST Union is figuratively a 'small union on the edge' in a small country. The SDA does not, however, generally mobilise its large infrastructural resources, in contrast to targeted FIRST Union campaigns that involve industrial action, mobilisation of public opinion and attacks on retail brands. In other words, the SDA does not, in general, use the strategic capabilities that come from size. We expand below on these issues.

Network embeddedness

Network embeddedness differs in scope and type between the two unions, with the Australian union having considerable power as a result of its political relationships. Both countries are currently under conservative governments; NZ in the third term of such a government which gained power in 2008; and Australia in the first term of a government elected in 2012. While political forces may deplete the institutional supports of NZ unions in the near future, including those for 'good faith bargaining' (Department of Labour [NZ], 2013; Parker, Nemani, Arrowsmith & Bhowmick, 2012), this may lead to further mobilisation, given the capacity of FIRST Union to deploy a variety of collective action frames. Given its relative newness, Australia's conservative government has not had sufficient opportunity to implement IR changes and is, in any case, wary of wholesale amendments, given IR changes are a key element of why it lost power in 2007 (Muir, 2012). However, it may well be that its second term sees a focus on IR change. In addition, in Australia, the ALP government (2007-2012) strengthened collective bargaining provisions and largely retained awards, which, to some extent, gives the Australian labour movement some capacity to withstand further changes.

In terms of cultural and social links, FIRST Union enhances its network embeddedness with race-based organising approaches to Māori and Pacific Island employees, while the SDA's civil society links focus on conservative associations linked to the Catholic church, such as the Australian Family Association. Thus, FIRST Union's network embeddedness, with respect to social movements, is linked to more 'progressive' causes based on race and class, whereas the SDA's has traction via conservative religious bodies and, thus, only with a small proportion of the population. However, the SDA's political embeddedness, while of less practical value during periods of non-ALP government such as at the present, holds back the tide of IR legislative change.

Internal solidarity and narrative resources

Following from the discussion of ideology and apparent in the distinctive bargaining and campaigning strategies of the two unions, both *internal solidarity* and *narrative resources* are higher in FIRST Union than in the SDA. Clearly, FIRST Union has a strongly militant, campaigning, 'struggle-based' approach. This is partly as a result of its ideology, which might be called a 'varieties of Marxism' approach focussed on social justice for employees, and partly as a result of history. FIRST Union has a set of collective action frames and a coherent narrative that develops collective identities by mobilising shared senses of grievances amongst employees. Notably, it mostly concludes one-year agreements with employers. While a resource-intensive strategy, this gives the union a reason, indeed an imperative, for being in workplaces in a more intensively 'organised' way than the SDA. FIRST Union's *framing* of its narrative resources allows union militants to challenge hegemonic ideas (in the sense of Lukes' [2005] 'third dimension' of power) and to pursue strategies that rely on mobilising members' sense of injustice. As noted by social movement theorists, pursuing new repertoires of contention can in turn shape collective frames of references that lead to enlarged repertoires (Tarrow, 2011), and thus lead to a 'virtuous path' of finding common cause and hence a shared political frame between leaders, activists and members (Upchurch, Croucher & Flynn, 2012).

In contrast, the collective action frame of the SDA privileges patient and persistent advances, based on a ‘bread and butter’ discourse of maintaining members’ pay and conditions (see Levesque & Murray, 2012). This discourse draws on official and organiser agency, but to a much lesser extent than FIRST Union on *member* agency, thus diminishing internal solidarity. The SDA’s ‘bargain first, recruit later’ strategy, while appearing counter-intuitive, makes sense within the context of Australia’s IR laws and their relatively high support for (decentralised) collective bargaining, reducing ‘risk’ for the union. However, this strategy de-emphasises member agency at the workplace level and means that explicit class-based narratives are not deployed.

The ideological dimensions of retail union power

At one level, the SDA’s approach is consistent with arguments (e.g., Heery, 2009) that the particular problems of contingent and low-paid labour require an ‘upscaling’ in union representation. Hence, the broad capacity of the Australian union movement, with a single and representative national peak union body, to engage in agenda-setting, articulating, learning and intermediating, helps unions such as the SDA to advance ‘bigger picture’ issues. Yet, such a capacity shifts class-based struggles – to the extent that they exist in Australia’s neo-liberal social democracy – from the industrial to the political arena and reduces the need for ‘cultures of solidarity’ which, as recently demonstrated (Simms & Dean, 2014), can lead to the mobilisation of perceived ‘non militant’ groups. ‘Up-scaling’ means, however, that when the ALP is in opposition, union political agency is considerably weakened. Interestingly, both unions have largely rejected the ‘organising model’ but for very different reasons: for FIRST Union, this is mainly because the model is depoliticised (see Simms, 2012), and for the SDA, it is because grassroots activism would challenge strong centralised control of union strategy in which key elements are long incumbency by senior officials, ‘recruiting to stand still’ and a focus on servicing by full-time staff rather than organising in-store.

Both unions have some capacity to resist; via sheer numbers in the case of the SDA, strong density in certain strategic areas, such as large supermarkets for both unions, and FIRST Union’s narrative resources and its willingness to deploy a varied repertoire of contention. However, the key question is not ‘how much’ power a union has, but rather under what conditions capacity is likely to be activated and turned into collective action in some form (Kelly, 2011). The neo-liberal context provides major challenges for retail unions covering service employees, many of whom are in highly contingent work arrangements and have relatively weak labour market attachment. This is particularly so in NZ, where deregulation has been quicker and more radical than in Australia. In a small-scale setting like NZ, a ‘thinner’ regulatory framework (Parker, 2011) is felt more acutely. It is the institutional support for the employment relationship that is all-important, as illustrated by the much greater capacity of Australia’s laws – at the moment – to protect the low-paid, in contrast to NZ’s laws. However, both unions are weaker than their counterparts in most parts of western Europe; evidenced, for example, by comparative bargaining densities (Kelly, 2011). This emphasises the general point that the single-employer bargaining frameworks which have emerged in recent decades in Australia and NZ have reduced union power.

Conclusions

A suggestion for future academic inquiry is to obtain the views of members in relation to union strategy as the two contrasting cases presented in this paper, like much of the literature on union strategy, does not take a member perspective into account.

Framing our analysis with reference to Kelly's (2011) and Levesque and Murray's (2010) models of union power, this study has identified and reinforced the importance of institutional frameworks in shaping union strategy and power. We have also demonstrated that an explicit focus on union ideology enhances scholars' understanding of union strategy, in line with Simms' (2012) argument that this dimension is key (but ignored by dominant union approaches to organising, and by much of the literature on union strategy and power). Returning to Figure 1, ideology clearly shapes unions' power resources and capabilities (when and how it activates resources). This insight contributes to the theoretical literature on union power by emphasising that conceptual models need to explicitly consider union ideology.

Following its ideological leanings, FIRST Union uses more aggressive strategies (e.g., via workplace organising arrangements and bargaining tactics) than the SDA. The SDA's more conciliatory approach takes place in the Australian insitutional setting, which has taken a less radical deregulatory path than NZ's. However, despite the well-articulated, strongly militant, struggle-based, mobilising frame, the NZ union labours for traction in a highly unfavourable neo-liberal IR regime, which has fostered anti-union strategies on the part of employers post-Employment Contracts Act. Likely changes to NZ's Employment Relations Act 2000, including around the duty of good faith not requiring a collective agreement to be concluded, may well intensify this imbalance. In a relatively more benign – for the moment – IR environment in Australia, a prototypical 'business unionism' approach appears to serve the institutional interests of the Australian union in its specific context, but at the expense of mobilisational capacity, solidarity and employee voice, limiting the union's power resources and strategic capabilities in the longer term.

References

Australian Bureau of Statistics (2013), *Employee Earnings, Benefits and Trade Union Membership, Australia.* (Catalogue 6310.00) Canberra: Author

Australian Workforce and Productivity Agency (2014). *Retail Workforce Study*. Canberra: Author

Baccaro, L., Hamann, K., & Turner, L. (2003). The Politics of Labour Movement Revitalization: The Need for a Revitalized Perspective. *European Journal of Industrial Relations*, 9(1): 119-133

Balnave, N., & Mortimer, D. (2005). Union Security in Retailing: Legislative Intervention or Collective Agreement. *International Journal of Employment Studies*, 13(1): 81-105.

Bamber, G.J., Lansbury, R., & Wailes, N. (eds) (2011). *International and Comparative Employment Relations: Globalisation and Change* (5th ed), London, Sage; Sydney, Allen & Unwin.

Barry, M., & Wailes, N. (2004), Contrasting Systems? 100 Years of Arbitration in Australia and New Zealand. *Journal of Industrial Relations*, 46(4): 430-447.

Batstone, E. (1988). The Frontier of Control. D. In Gallie (ed.), *Employment in Britain* (pp.218-247). Oxford: Blackwell

Blumenfeld, S., Ryall, S., & Kiely, P. (2011), *Employment Agreements: Bargaining Trends and Employment Law Update 2010/2011*, Wellington, Industrial Relations Centre, Victoria University of Wellington.

Brown, W., & Oxenbridge, S. (2004). The Development of Co-operative Employer/Trade Union Relationships in Britain. *Industrielle Beziehungen*, 11**(**1/2): 143-158.

Burrell, A. (2014, March 29). Brown Paper Bag Keeps Union Boss Joe Bullock in power. *The Australian.* Retrieved from http://www.theaustralian.com.au/subscribe/news/1/index.html?sourceCode=TAWEB_WRE170_a&mode=premium&dest=http://www.theaustralian.com.au/national-affairs/state-politics/brown-paper-bag-keeps-union-boss-joe-bullock-in-power/story-e6frgczx-1226868217107?memtype=anonymous

Carré, F., Tilly, F., van Klaveren, M., & Voss-Dahm, D. (2010), Retail Jobs in Comparative Perspective. In J. Gautie, & J. Schmitt (eds), *Low-Wage Work in the Wealthy World* (pp.211-268). New York: Russell Sage Foundation.

Castles, F. (1985). *The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand, 1890-1980*. Wellington and Sydney: Allen & Unwin.

Companies Office (New Zealand) (2013). *Union Membership Return Report 2013* (March), Wellington: NZ Department of Labour.

Coulter, K. (2013). Raising Retail: Organizing Retail Workers in Canada and the United States. *Labor Studies Journal*, 38(1): 47-65.

Creighton, B. (2011). A Retreat from Individualism? The Fair Work Act 2009 and the Re-collectivisation of Australian Labour Law. *Industrial Law Journal*, 40(2): 116-145.

Department of Labour (NZ). (2013). *Summary of proposed changes in Employment Relations Amendment Bill*. Retrieved from http://www.dol.govt.nz/er/services/law/legislationreviews/summary-changes-employment-relations-amendment-bill-2013.pdf

Dølvik, J., & Waddington, J. (2004). Organizing Marketized Services: Are Trade Unions Up to the Job? *Economic and Industrial Democracy*, 25(9): 9-40

Dribbusch, H. (2005). *Trade Union Organising in Private Sector Services: Findings from the British, Dutch and German Retail Industries*. (WSI-Discussion paper No. 136, April). Düsseldorf: WSI, Hans-Böckler-Stiftung.

FIRST Union (2013a). Difficult Bargaining in Retail Chains. *Union Express*, November/December: 3.

FIRST Union (2013b), No More Pak'n'Slaves, *Union Express*, July: 11.

FIRST Union (2014). *Retail*. Retrieved from: http://www.firstunion.org.nz/my_industry/retail.

Frege, C., & Kelly, J. (2003). Union Revitalization Strategies in Comparative Perspective. *European Journal of Industrial Relations*, 9(1): 7-24.

Gall, G., & Fiorito, J. (2012). Union Commitment and Activism in Britain and the United States: Searching for Synthesis and Synergy for Renewal. *British Journal of Industrial Relations*, 50(2):189-213.

Game, A. and Pringle, R. (1983). *Gender at Work*. Sydney: Allen & Unwin.

Gajewska, K.K., & Niesyto, J. (2009). Organising Campaigns as 'Revitaliser' for Trade Unions? The Example of the Lidl Campaign. *Industrial Relations Journal*, 40(2): 156-171.

Geppert, M., Williams, K., Wortmann, M., Czarzasty, J., Kağniciolğlu, D., Köhler, H.-D., Royle, T., Rückert, Y., & Uçkan, B. (2014, forthcoming). Industrial Relations in European Hypermarkets: Home and Host Country Influences. *European Journal of Industrial Relations*, 20(3): doi: 10.1177/0959680113519186.

He, B., & Xie, Y. (2011). Wal-Mart's Trade Union in China. *Economic and Industrial Democracy*, 33(3): 421-440.

Heery, E. (2009). Trade Unions and Contingent Labour: Scale and Method. *Cambridge Journal of Regions, Economy and Society*, 2(3): 429-442.

Huzzard T., Gregory, D., & Scott, R. (2004). *Strategic Unionism and Partnership: Boxing or Dancing?* Basingstoke: Palgrave MacMillan.

Hyman, R. (2001). Trade Union Research and Cross-national Comparison. *European Journal of Industrial Relations*, 7(2): 203-232

Ikeler, P. (2011). Organizing Retail: Ideas for Labor's Ongoing Challenge, *Working USA: The Journal of Labor and Society*. 14(Sept): 367-392.

Kaine, S., & Ravenswood, K. (2013), Working in Residential Aged Care: A Trans-Tasman Comparison. *New Zealand Journal of Employment Relations*, 38(2): 33-46.

Kalleberg, A. (2009). Precarious Work, Insecure Workers: Employment Relations in Transition. *American Sociological Review*, 74(1): 1-22

Kelly, J. (2011). Theories of Collective Action and Union Power. In A. Wilkinson, G. Gall & R. Hurd (eds), *International Handbook on Labour Unions: Responses to Neo-liberalism* (pp.13-29). Cheltenham: Edward Elgar

Leigh, A. (2000). Factions and Fractions: A Case Study of Power Politics in the Australian Labor Party. *Australian Journal of Political Science*, 35(3): 427-448.

Levesque, C., & Murray, G. (2010). Understanding Union Power: Resources and Capabilities for Renewing Union Capacity, *Transfer: European Review of Labour and Research*, 16(3): 333-350.

Levesque, C., & Murray, G. (2012). Renewing Union Narrative Resources: How Union Capabilities Make a Difference. *British Journal of Industrial Relations*, 51(4): 777-796.

Lukes, S. (2005). *Power: A Radical View* (2nd ed.). Basingstoke: Palgrave Macmillan.

Lynch, S., Price, R., Pyman, A., & Bailey, J. (2011). Representing and Organizing Retail Workers: A Comparative Study of the UK and Australia. In I. Grugulis & O. Bozkurt, O. (eds), *Retail Work* (pp.277-296). Basingstoke: Palgrave Macmillan

McAndrew, I., Edgar, F., & Geare, A. (2011), The Impact of Employer Ascendancy on Collective Bargaining Style: A Review of the New Zealand Experience. *Economic and Industrial Democracy,* 34(1): 45-68.

McCann, R. (1994). Shop Till You Drop. *Refractory Girl*, 47/48: 63-65.

McCrystal, S. (2009). A New Consensus: The Coalition, the ALP and the Regulation of Industrial Action. In A. Forsyth, & A. Stewart (eds), *Fair Work: The New Workplace Laws and the Work Choices Legacy* (pp.141-63). Sydney: Federation Press

Markey, R. (2011). Historical Perspective and Trans-Tasman Currents in Industrial Relations. *Labour and Industry*, 21(3): 645-660.

Mortimer, D. (2001a). Trade Union and Management Strategy: A Case Study of Compulsory Unionism. *Employment Relations Record*, 1(2): 81-97.

Mortimer, D. (2001b). Management Employment Relations Strategy: The Case of Retailing. *International Employment Relations Review*, 7(1): 81-93.

Mrozowicki, A. (2014, forthcoming). Varieties of Trade Union Organizing in Central and Eastern Europe: A Comparison of the Retail and Automotive Sectors. *European Journal of Industrial Relations*, doi 10.1177/0959680113519314.

Mrozowicki, A., Roosalu, T., & Senčar, T. (2013). Precarious Work in the Retail Sector in Estonia, Poland and Slovenia: Trade Union Responses in a Time of Crisis. *Transfer: European Journal of Labour and Research*, 19(2): 267-278.

Muir, K. (2008). *Worth Fighting For: Inside the Your Rights at Work Campaign*. Sydney: UNSW Press.

New Zealand Herald (2012, March 1), *Woolworths Wins Market Share in Supermarket Wars with Countdown Rebrand*. Retrieved from http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10789101

Parker, J. (2011). Reaching out for Strength Within? 'Social Movement Unionism' in a Small Country Setting. *Industrial Relations Journal*, 42(4): 392-403.

Parker, C., & Rees, J. (2013), Membership Growth at a Time of Union Decline: Usdaw, Organizing and Leadership. *Transfer: European Review of Labour and Research*, 19(4): 521-538.

Parker, J., Nemani, M., Arrowsmith, J., & Bhowmick, S. (2012). Contemporary Collective Regulation and Working Women in New Zealand. *Journal of Industrial Relations, 54(2): 221-237*

Peetz, D., & Bailey, J. (2012), Dancing Alone: The Australian Union Movement over Three Decades. *Journal of Industrial Relations*, 54(4): 525-541.

Peetz, D., & R. Price (2007). *Profile of the Retail and Hospitality Industries*. (Report). [August] Melbourne: Office of the Victorian Workplace Rights Advocate.

Phillips, L. (2012). A Renegade Union: Organizing in the Service and Distributive Industries. Some Lessons From the Past, *Working USA: The Journal of Labor and Society*, 15(2): 177-195.

Pocock, B. (2000). *Union Power: The Significance of Culture and Competence of the Theory and Practice of Union Renewal in Australia*. Paper given at Sociological Sites/Sights, TASA Conference, Flinders University, Adelaide, 6-8 December.

Price, R., Bailey, J., & Pyman, A. (2014). Varieties of Collaboration: The Case of an Australian Retail Union. *International Journal of Human Resource Management*, 25(6): 748-761.

Roy Morgan Research (2014, February 12). Market Share Narrows Between Coles and Woolworths, While ALDI Makes Important Gains. Retrieved from http://www.roymorgan.com/findings/5427-market-share-narrows-between-coles-woolworths-while-aldi-makes-gains-201402120013

Shop, Distributive and Allied Employees' Association (2014). *Welcome to SDA National*. Retrieved from http://www.sda.org.au/

Simms, M. (2012). Imagined Solidarities: Where is Class in Union Organising? *Capital and Class*, 36(1): 97-115.

Simms, M., & Dean, D. (2014, forthcoming). Mobilising Contingent Workers: An Analysis of Two Successful Cases, *Economic and Industrial Democracy*, published online 7 January, doi 10.1177/0143831X13501000.

Statistics NZ (2013) *Household Labour Force Survey: December 2012 quarter*. Retrieved from http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/HouseholdLabourForceSurvey_HOTPDec12qtr.aspx

Tarrow, S. (2011). *Power in Movement: Social Movement and Contentious Politics* (3rd ed.) New York: Cambridge University Press.

Tilly, C. (1995). Contentious Repertoires in Great Britain, 1758-1834. In M. Traugott (ed.) *Repertoires and Cycles of Collective Action* (pp.15-42). Durham, NC: Duke University Press

Tilly, C., & Carré, F. (2011), Endnote: Retail work – Perceptions and Reality. In I. Grugulis & O. Bozkurt (eds), *Retail Work* (pp.297-306). Basingstoke: Palgrave Macmillan

Tilly, C., & Galván, J.L.A. (2006). Lousy Jobs, Invisible Unions: The Mexican Retail Sector in the Age of Globalization. *International Labor and Working-Class History*, 70(Fall): 61-85.

Upchurch. M., Croucher, R., & Flynn, M. (2012). Political Congruence and Trade Union Renewal. *Work, Employment and Society*, 26(5): 857-868.

Warhurst, J. (2008). Catholics in Federal Parliament: Politics, Perception and Self-image. *Australian Quarterly*, 80(1): 16-23.

Waring, P., Lewer, J., & Burgess, J. (2008). *Comparing Patterns of Re-regulation of Labour in Three Liberal Market Economies*. Paper given at 29th Conference of the International Working Party on Labour Market Segmentation, 8-1-September, Porto, Spain. Retrieved from http://www.fep.up.pt/conferences/iwplms/

Wilson, S., Spies-Butcher, B., Stebbing, A., & St John, S. (2013). Wage-Earners' Welfare After Economic Reform: Refurbishing, Retrenching or Hollowing Out Social Protection in Australia and New Zealand. *Social Policy and Administration*, 47(6): 623-646.

Workplace Express (2013, June 19). *FWC Satisfied with ALDI Undertakings*. Retrieved from http://www.workplaceexpress.com.au/nl06_news_selected.php?act=2&stream=1&selkey=50735&hlc=2&hlw=aldi&s_keyword=aldi&s_searchfrom_date=1009803600&s_searchto_date=1396270740&s_pagesize=20&s_word_match=2&s_articles=1&stream=1#F

New Zealand Journal of Employment Relations, 40(1): 19-34

Work-family enrichment, collectivism, and workplace cultural outcomes: a study of New Zealand Māori

DAVID BROUGHAM* JARROD HAAR** and MAREE ROCHE***

Although the work-family enrichment literature is well established, it lacks an indigenous focus. The present study explored workplace cultural attitudes amongst 172 Māori employees. Work-family enrichment was significantly related to workplace-cultural-wellbeing, while family-work enrichment was significantly related to workplace-cultural-satisfaction. Collectivism was tested as a potential moderator. The interaction effects show that respondents with low levels of family-work enrichment and high collectivism benefited most, reporting the highest levels of workplace-cultural-wellbeing. Furthermore, respondents with high collectivism reported significantly higher workplace-cultural-satisfaction, irrespective of enrichment. Overall, the benefits of work and family can enhance cultural outcomes in the workplace.

Keywords: *work-family enrichment, workplace cultural values, collectivism, Māori.*

Introduction

Cultural values and beliefs are recognised as playing a significant role in the work-family interface (Spector et al., 2007); however, work-family enrichment literature lacks a focus on indigenous cultures and outcomes. While there is a growing body of literature on Māori language, history, culture and health in New Zealand (King, 2003; Ministry of Social Development, 2008), there is a lack of empirical exploration of *tikanga Māori* (Māori customs and beliefs) in the New Zealand workplace (Haar & Brougham, 2011; 2013). The contributions Māori and culture make to the New Zealand workforce deserve greater investigation.

Data from the Ministry of Social Development (2008) revealed that Māori reported the lowest levels of work-life balance compared to the majority of New Zealanders. It is unknown whether these low levels of work-life balance are due to a lack of support in the workplace for Māori culture and/or the aspirations of Māori employees. The purpose of this study is to examine the effects that enrichment from work and family roles have on cultural attitudes of Māori in the workplace. The theoretical lens of work-family enrichment is appropriate given that the family unit is paramount for Māori (Durie, 1997; Haar, Roche, & Taylor, 2011).

Māori employees with higher work-family and family-work enrichment are expected to hold more positive attitudes towards Māori culture in their workplace. Two cultural outcomes are tested, building on a recently established measure of *workplace-cultural-wellbeing*, which is defined "as how indigenous employees feel about the way their cultural values and beliefs are accepted in the workplace" (Haar & Brougham, 2013: 877). An additional predictor, *workplace-cultural-satisfaction* (Haar & Brougham, 2011), was added, which is concerned with the satisfaction Māori have with how culture is portrayed and respected in the workplace. This is important given the recent inclusion literature that promotes the importance of ethnically different individuals feeling a sense of

---

** Dr. David Brougham, Lecturer, School of Management, Massey, University Palmerston North Campus, New Zealand

* Prof. Jarrod Haar, Professor in Management, and Director of the Centre of Maori Business Research, Massey University, Albany Campus, New Zealand

***Dr Maree Roche, Senior Lecturer, School of Psychology, University of Waikato, New Zealand belongingness and uniqueness within the workplace (Shore, Randel, Chung, Dean, Ehrhart & Singh, 2011). Employees that feel included are highly likely to have improved job and well-being outcomes, which in turn can benefit both employee and employer (Mor Barak , Findler, & Wind, 2001; Findler, Wind, & Mor Barak, 2007; Nishii, 2012).

Culture in broad terms is defined by Triandis (2001) as something that "has worked" (p.908) in the past and, as a result of its success, has been transmitted to future generations. Van Emmerik, Gardner, Wendt & Fischer (2010) suggested that "culture shapes the values and norms of its members; these values are shared and transmitted from one generation to another through social learning processes of modeling and observation" (p. 333). In the case of Māori, whanaungatanga, whānau (discussed below), and speaking Te Reo Māori (language) could offer an insight into cultural attitudes in the workplace. This aligns with Triandis (2001), who discussed the importance of norms, values, customs, beliefs and language within one's culture and cultural identity. These descriptions around culture align with the present study's focus. Furthermore, whanaungatanga and whanau also align strongly with Hofstede's (1994) summary of collectivism.

This paper makes three significant contributions: (1) for the first time, work-family enrichment is examined in an indigenous employee population; and (2) it tests and finds support for enrichment positively influencing outcomes associated with cultural values and beliefs in the workplace. Finally, (3) it shows that the collectivistic orientation of Māori is active in the workplace and can have a moderating effect on the relationships between enrichment and cultural-based outcomes. Each of these points illustrates the need for researchers to consider culturally aligned orientations such as collectivism.

Work-family enrichment

Over the last 25 years, work-family studies have focussed on conflict and the negative interference of an individual's work and family roles (Greenhaus & Powell, 2006). Many researchers have identified the need to establish a more positive side to the work-family interface (Haar & Bardoel, 2008), as work-family enrichment is found to be a strong predictor of many employee outcomes (Carlson, Hunter, Ferguson & Whitten, 2014; Tang, Siu & Cheung, 2014).

Work-family enrichment is based on the concept that work and family roles provide individuals with resources (such as increased skills, income or material resources), perspectives, flexibility, esteem, and other benefits (such as psychological and physical social-capital) that can assist the individual to perform better in other life domains (Carlson, Kacmar, Wayne & Grzywacz, 2006; Greenhaus & Powell, 2006). Greenhaus and Powell (2006) defined work-family enrichment and family-work enrichment "as the extent to which experiences in one role improve the quality of life in the other role" (p. 73). Rothbard (2001) suggested that "role commitments provide benefits to individuals rather than draining them" (p. 656). Thus, enrichment occurs when resources increased in role A promote improved individual performance in role B (Greenhaus & Powell, 2006). Enrichment is also bi-directional, meaning it can occur in one domain and cross over to the other; i.e., work-to-family or family-to-work.

Enrichment theory states that improved performance can occur through either an instrumental path or an affective path (Greenhaus & Powell, 2006). Under the *instrumental path*, different types of resources, such as skills, abilities, self-esteem and values, are directly transferred from role A to role B (Greenhaus & Powell, 2006); for example, employees may learn conflict resolution skills in workplace training and then use these abilities to resolve conflicts more effectively with family members (Carlson et al., 2006). Furthermore, Carlson et al. (2006) suggested that this can occur in the opposite direction, as parents with greater patience for children relate more positively with co-workers and others in their work environments. Greenhaus and Powell (2006) also proposed the *affective path*, where affect, emotions or moods are carried over from one role to another. This has been demonstrated by Rothbard (2001), who found that attentiveness in one domain was indirectly associated with improved engagement in another domain through positive affect. Thus, an employee who leaves work in a positive mood is more likely to be positive and happier with family members at home (Carlson et al., 2006).

Work-family and family-work enrichment have been found to have positive effects on employee outcomes, such as organisational commitment, turnover intentions, engagement, job satisfaction, and well-being (Haar & Bardoel, 2008; Carlson et al, 2014). Consequently, Greenhaus and Powell (2006) state "the advantages of pursuing multiple roles are likely to outweigh the disadvantages" (p. 72). Despite the growth of work-family enrichment research, there has been no exploration of indigenous culture in the workplace. We argue that enrichment may be a beneficial influence on cultural outcomes. This is because Māori (in general) have a significantly different view of family relationships, due to their collectivistic orientation, compared to the New Zealand European majority (Hook, 2007).

Examples of these different views centre around the idea of whānau and whanaungatanga, which have a significant effect on the work-family interface. Durie (1997) suggested that whānau is more than just extended family; it is "based on a common whakapapa (descent from a shared ancestor), and within which certain responsibilities and obligations are maintained" (p.1). Whanaungatanga "is the process by which whānau ties and responsibilities are strengthened" (p.2). Overall, it is expected that Māori have a stronger focus on family (Haar et al., 2011) and may gain significant benefits from these broader social connections and whānau support, which includes support in times of crisis, being in a sharing environment, access to financial and economic resources, a broader education and guidance, and a stronger cultural identity (Durie, 1997).

As such, we hypothesised that Māori with higher enrichment will report higher levels of workplace-cultural-wellbeing and workplace-cultural-satisfaction. This leads to our first set of Hypotheses.

Hypothesis 1: Work-family enrichment will be positively associated with workplace-cultural-wellbeing.

Hypothesis 2: Work-family enrichment will be positively associated with workplace-cultural-satisfaction.

Moderating effects of collectivism

Since the 1980s, individualism and collectivism (I/C) has been shown to be a powerful moderator of employee outcomes (Hofstede, 1980; Ramamoorthy & Flood, 2002) and received the "lion's share of attention as a predictor of cultural variation" (Brewer & Chen, 2007: 133). While I/C has typically been used to study the cultural variations between countries, they have recently been used to focus on cultures within countries (Cohen, 2007).

Hofstede (1994) suggested that, with respect to family, individualistic societies tend to focus on the 'I', whereas collectivistic societies focus on the 'we'. These different values have implications in the workplace; for example, Hofstede (1994) argued that employees in individualistic societies might be viewed as resources where "task prevails over relationship", whereas collectivistic peoples see people as members of their group where "relationship prevails over task" (p. 3). These ideas reflect statements from Hook (2007), who stressed the importance of “relationality, collectivity, reciprocity, and connectivity” (p.4) for Māori, whereas New Zealand Europeans value “autonomy, freedom, self-interest, entitlement, competition” (p.4). Overall, Hook (2007) illustrates the clear difference between Māori and New Zealand Europeans and their alignment with Hofstede’s (1980) I/C dimensions.

Similarly, Haar et al. (2011) provided insight into the complexity of Māori families, as well as the demands they put on their members, and how these might override the pressures of work. In general, Māori are considered to be ‘collectivistic’, and, as such, we suggest that the value of cultural identity, values, and beliefs in the workplace will be higher for Māori, who characterise themselves as more collectivistic. As such, the positive influence of enrichment on cultural outcomes is likely to be more powerful for more collectivistic Māori and contribute more significantly to their cultural outcomes.

Several studies have focussed on the work-family interface with respect to national culture and I/C (Yang, Chen, Choi, & Zou, 2000; Spector et al., 2007). However, while these studies have supported a moderating effect with I/C, they have only focussed on work-family conflict, neglecting the potential beneficial effects of enrichment. Nevertheless, these studies still offer valuable insights as to how work and family interact with I/C: for example, employees from collectivistic countries are said to place higher emphasis on work than on leisure (Spector et al., 2007). This is seen by the employee’s family as being a sacrifice for the good of the group, as the employee is therefore able to provide more financial resources to immediate and extended family (Spector et al., 2007).

There are clear differences between I/C countries with respect to work, family, and job outcomes. However, it is only recently that researchers have acknowledged the vast cultural differences within countries (Cohen, 2007). Māori are a collectivistic people working within a predominately individualistic country (Hook, 2007). Given that collectivistic employees are likely to have different views from individualistic employees, we test the moderating effect of collectivism within our sample of Māori employees. We suggest that the influence of work-family and family-work enrichment will be enhanced regarding workplace cultural outcomes for those Māori who see themselves as more collectivistic. This would indicate closer cultural alignment leading to higher work-family enrichment influencing workplace cultural outcomes (workplace-cultural-wellbeing and workplace-cultural-satisfaction). This leads to our last set of Hypotheses.

Hypothesis 3: Collectivism will moderate the relationship between work-family enrichment and workplace-cultural-wellbeing with respondents high on collectivism reporting greater workplace-cultural-wellbeing when enrichment is high.

Hypothesis 4: Collectivism will moderate the relationship between work-family enrichment and workplace-cultural-satisfaction with respondents high on collectivism reporting greater workplace-cultural-satisfaction when enrichment is high.

Method

Sample and Procedure

Data was collected from 14 New Zealand organisations in the same regional location. This location and the associated organisations were selected because of the high population of Māori employees. Surveys were hand delivered by one of the researchers and collected from a secure drop box by the same researcher. CEOs or Senior Managers sent all employees a notice or email about the research, encouraging Māori employees to participate.

From a total of 300 Māori employees, we received 172 responses, resulting in an overall response rate of 57.3 per cent. The average participant was 39.1 years old (SD=12 years), a parent (77 per cent), married (73 per cent), and male (53 per cent). Respondents worked an average of 38.4 hours per week (SD=6.9 hours) and had job tenure of 3.9 years (SD=3.3 years), with 18 per cent holding a high-school qualification, 39 per cent a technical college qualification, 34 per cent a university degree, and 9 per cent a postgraduate qualification.

Measures

Criterion Variables

Workplace cultural factors were assessed using five items. Four items came from the workplace-cultural-wellbeing measure by Haar and Brougham (2013). The present study added an additional item to explore and broaden the construct and to help distinguish between workplace-cultural-wellbeing and workplace-cultural-satisfaction (based on Haar & Brougham, 2011). The five items were coded 1=strongly disagree, 5=strongly agree, and we tested the factor structure using exploratory factor analysis (principal components, varimax rotation) since this was an extension on the existing measure. The items used, factor analysis outcomes, and reliabilities are shown in Table 1. From the five items, two factors did emerge that supported the existing workplace-cultural-wellbeing measure and a distinct measure for workplace-cultural-satisfaction.

Table 1. Exploratory Factor Analysis for Workplace Cultural Values

Coded (1) =strongly disagree, (5) =strongly agree	*Factor Loadings* Workplace-Cultural-Wellbeing	Workplace-Cultural-Satisfaction
I find real enjoyment in Māori culture in my workplace	**.970**	.040
I feel satisfied about my organisation's understanding of Māori culture in my workplace	**.964**	.016
I am happy being Māori in my workplace	**.609**	.463
I am enthusiastic about Māori culture in my workplace	**.603**	.488
In most ways, I am satisfied with how Māori culture is portrayed and respected in my workplace	-.011	**.930**
Eigenvalues	2.606	1.319
%age variance	52.1%	26.4%
Number of items in measures	4-items	1-item
Cronbach's Alpha	.83	--

Overall, two factors emerged: workplace-cultural-wellbeing (α=.83) and workplace-cultural-satisfaction. Although a single-item measure is less than ideal due to psychometric issues, we retained this measure because it related specifically to satisfaction, which has been utilised in the workplace literature. For example, Wanous, Reichers, and Hudy (1997) suggested that measuring job satisfaction with a single-item measure was a commonly accepted practice. Their meta-analysis highlighted the suitability of single-item measures. They also stated that single-item measures "are more robust than the scale measures of overall job satisfaction" (p.250). Furthermore, the effectiveness of a single-item satisfaction measure has been confirmed by Nagy (2002), who stated that “single-item measures may be easier and take less time to complete, may be less expensive, may contain more face validity, and may be more flexible than multiple-item scales measuring facet satisfaction” (p. 77).

Predictor Variables

Work-family enrichment and family-work enrichment were measured using six items by Carlson et al. (2006), coded 1=strongly disagree, 5=strongly agree. We included a single item from each of the three enrichment dimensions – development, affect, and capital/efficiency – to limit the size of the survey. The three work-family enrichment (affect) items followed the stem “my involvement in work…” with a sample item “Puts me in a good mood and this helps me be a better family member”, and the family-work enrichment items followed the stem “my involvement in family…” with a sample item “Helps me to gain knowledge and this helps me be a better worker”. To confirm the separate dimensions, an exploratory factor analysis (principal components, varimax rotation) was run and two factors emerged that matched the dimensions of work-family enrichment (eigenvalues=2.245, accounting for 37.4 per cent of the variance, α=.79) and family-work enrichment (eigenvalues=2.134, accounting for 35.6 per cent of the variance, α=.83).

Moderating Variable

Collectivism was measured using five items by Clugston, Howell, and Dorfman (2000), coded 1=strongly disagree, 5=strongly agree. This measure focussed on collectivism and individualism at the individual level, and a sample items is “Group welfare is more important than individual rewards”. An exploratory factor analysis (principal components, varimax rotation) was run and a single factor was confirmed (eigenvalues=2.267, accounting for 45.3 per cent of the variance, α=.66).

Control Variables

A number of demographic variables were controlled for: gender (1=female, 0=male), hours worked (total per week including overtime), marital status (1=married/de-facto, 0=single), and education (1=high school, 2=community college, 3=Bachelor’s degree, 4=postgraduate qualification). We also controlled for language and tribal identity to explore the potential effects this might have on our cultural value factors: speak Te Reo (1=yes, 0=no), which relates to speaking the Māori language, and know tribal affiliations (1=yes, 0=no), which relates to understanding one’s cultural identity and past.

Analysis

Hierarchical regression analysis was used to analyse the data, with workplace-cultural-wellbeing and workplace-cultural-satisfaction as the criteria variables. Control variables (gender, hours worked, marital status, education, speak Te Reo, and know tribal affiliations) were entered in Step 1. Work-family enrichment and family-work enrichment were entered in Step 2 as predictor variables. To test for moderation, collectivism was entered in Step 3, and Step 4 held the two-way interactions (work-family enrichment multiplied by collectivism, family-work enrichment multiplied by collectivism), with variables centred as per Aiken and West’s (1991) recommendations.

Results

Descriptive statistics for all the study variables are shown in Table 2.

Table 2. Descriptive Statistics and Correlations

Variables	M	SD	1	2	3	4	5	6	7
1. Hours Worked	38.4	6.9	--						
2. Education	2.3	.87	.13	--					
3. Work-Family Enrichment	3.4	.82	-.17*	.01	--				
4. Family-Work Enrichment	3.5	.88	.04	.01	.43**	--			
5. Collectivism	3.3	.68	-.06	-.09	.62**	.58**	--		
6. Workplace-Cultural-Wellbeing	3.5	.83	-.11	.13	.43**	.26**	.36**	--	
7. Workplace-Cultural-Satisfaction	4.1	.96	.03	.05	.18*	.53**	.34**	.25**	--

N=172, *p< .05, **p< .01

A pair-sampled t-test found a significant difference between the two workplace cultural dimensions (*t*=-7.075, p<.001), indicating greater levels of workplace-cultural-satisfaction than workplace-cultural-wellbeing. Furthermore, these dimensions are only significantly correlated at a moderate level (*r*=.25, p<.01), indicating significant differences in their dimensionality. Table 2 also shows that all variables are significantly correlated with each other (at p<.05).

Results of the hierarchical regressions for Hypotheses 1 to 4 are shown in Tables 3 and 4.

Table 3. Regression Coefficients for Workplace-Cultural-Wellbeing

Variables	**Models with Workplace-Cultural-Wellbeing**			
	Step 1 Controls	Step 2 Predictors	Step 3 Moderator	Step 4 Interactions
Gender	.15	.10	.12	.11
Hours Worked	-.10	-.06	-.06	-.06
Marital Status	-.00	.01	.00	.04
Education	.13	.12	.14	.13
Speak Te Reo	-.10	-.08	-.08	-.10
Tribal Affiliations Known	.05	.06	.06	.08
Work-Family Enrichment (WFE)		.34***	.26**	.16†
Family-Work Enrichment (FWE)		.10	.03	.00
Collectivism			.19*	.16†
WFE x Collectivism				.00
FWE x Collectivism				-.23*
R^2 change	.06	.15***	.02†	.03*
Total R^2	.06	.21	.23	.26
Adjusted R^2	.03	.17	.18	.21
F Statistic	1.649	4.924***	4.781***	4.624***

†p< .1, *p< .05, **p< .01, ***p< .001. Standardised regression coefficients, all significance tests were single-tailed.

Table 4. Regression Coefficients for Workplace-Cultural-Satisfaction

Variables	**Models with Workplace-Cultural-Satisfaction**			
	Step 1 Controls	Step 2 Predictors	Step 3 Moderator	Step 4 Interactions
Gender	-.10	-.10	-.09	-.11
Hours Worked	.02	.01	.01	-.01
Marital Status	.01	.06	.06	.05
Education	.06	.06	.07	.08
Speak Te Reo	.08	.08	.08	.08
Tribal Affiliations Known	-.23*	-.19*	-.20*	-.20*
Work-Family Enrichment (WFE)		.05	-.00	-.01
Family-Work Enrichment (FWE)		.52***	.48***	.49***
Collectivism			.11	.11
WFE x Collectivism				.22*
FWE x Collectivism				-.22*
R^2 change	.05	.29***	.01	.02†
Total R^2	.05	.34	.35	.37
Adjusted R^2	.01	.31	.31	.32
F Statistic	1.336	9.412***	8.541***	7.587***

Direct Effects

Table 3 shows that work-family enrichment is significantly associated with workplace-cultural-wellbeing (*ß*=.34, *p*<.001), while family-work enrichment was not. From the R^2 Change figures in Step 2, we see work-family and family-work enrichment account for a sizable 15 per cent of the total variance for workplace-cultural-wellbeing (*p*<.001). This provides support for Hypothesis 1. Table 4 shows that family-work enrichment is significantly associated with workplace-cultural-satisfaction (*ß*=.52, p<.001), while work-family enrichment is not (*ß*=.05). From the R^2 Change figures in Step 2, enrichment is shown to account for a very sizable 29 per cent of the total variance for workplace-cultural-satisfaction (*p*<.001), which also provides support for Hypothesis 2.

Interaction Effects

Table 3 shows that collectivism had a significant interaction effect between family-work enrichment and workplace-cultural-wellbeing (*ß*=-.23, p<.05), accounting for an additional 3 per cent (*p*<.1) of the variance, providing support for Hypothesis 3. Table 4 shows that collectivism had significant interaction effects between work-family enrichment and workplace-cultural-satisfaction (*ß*=.22, p<.05), as did family-work enrichment (*ß*=-.22, p<.05). Together, these interactions accounted for an additional 2 per cent (*p*<.1) of the variance. These findings provide support for Hypothesis 4. To facilitate interpretation of the significant moderator effects, the interactions are presented in Figures 1 to 3.

Figure 1. Interaction Plot of Family-Work Enrichment and Collectivism with Workplace-Cultural-Wellbeing as Dependent Variable

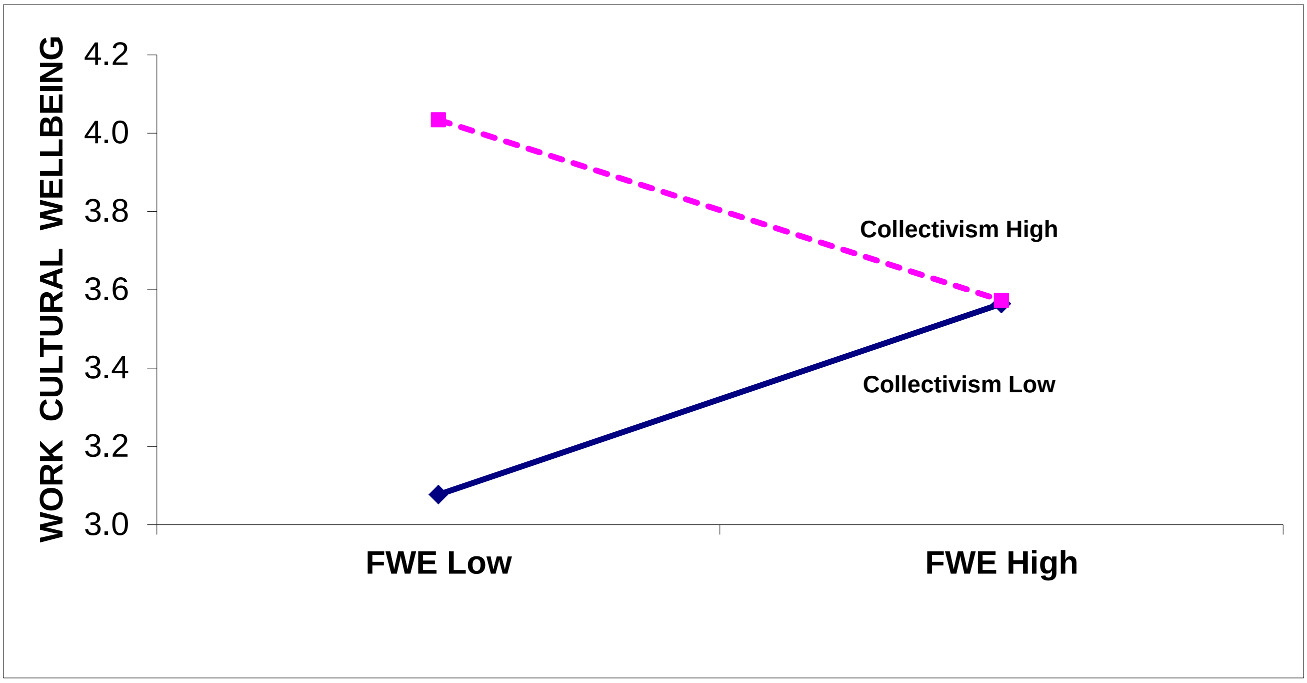


Figure 2. Interaction Plot of Work-Family Enrichment and Collectivism with Workplace-Cultural-Satisfaction as Dependent Variable

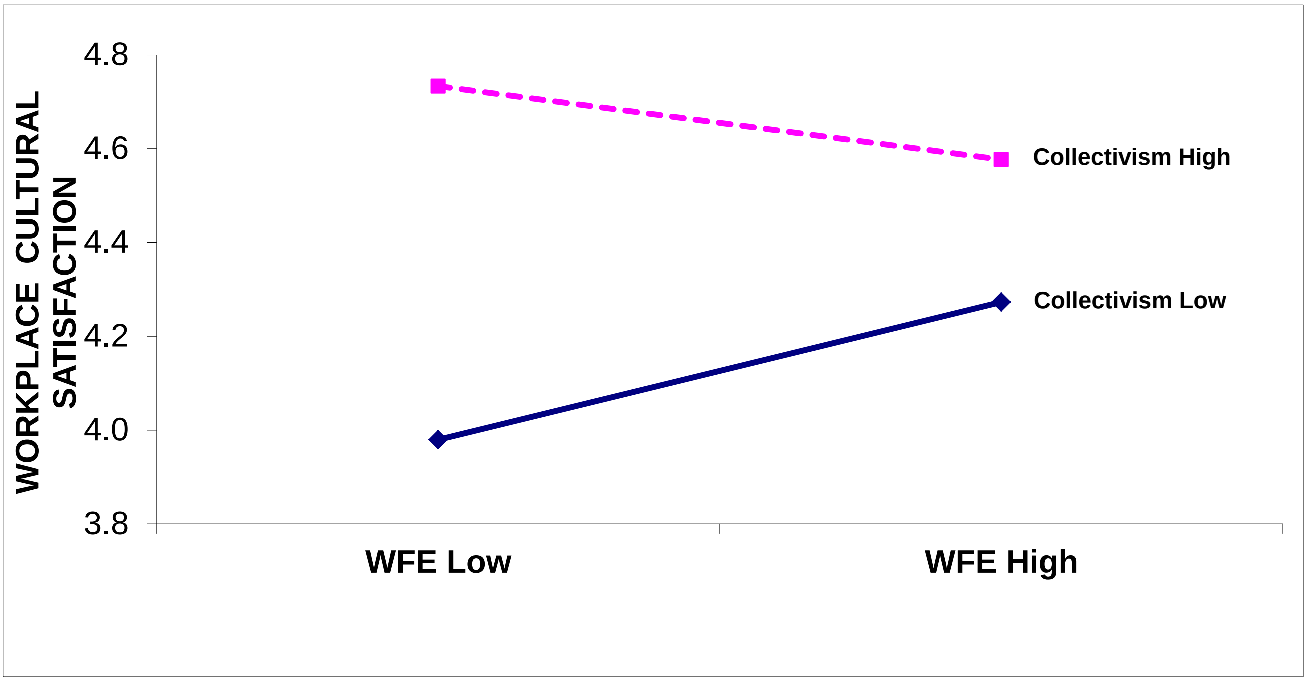
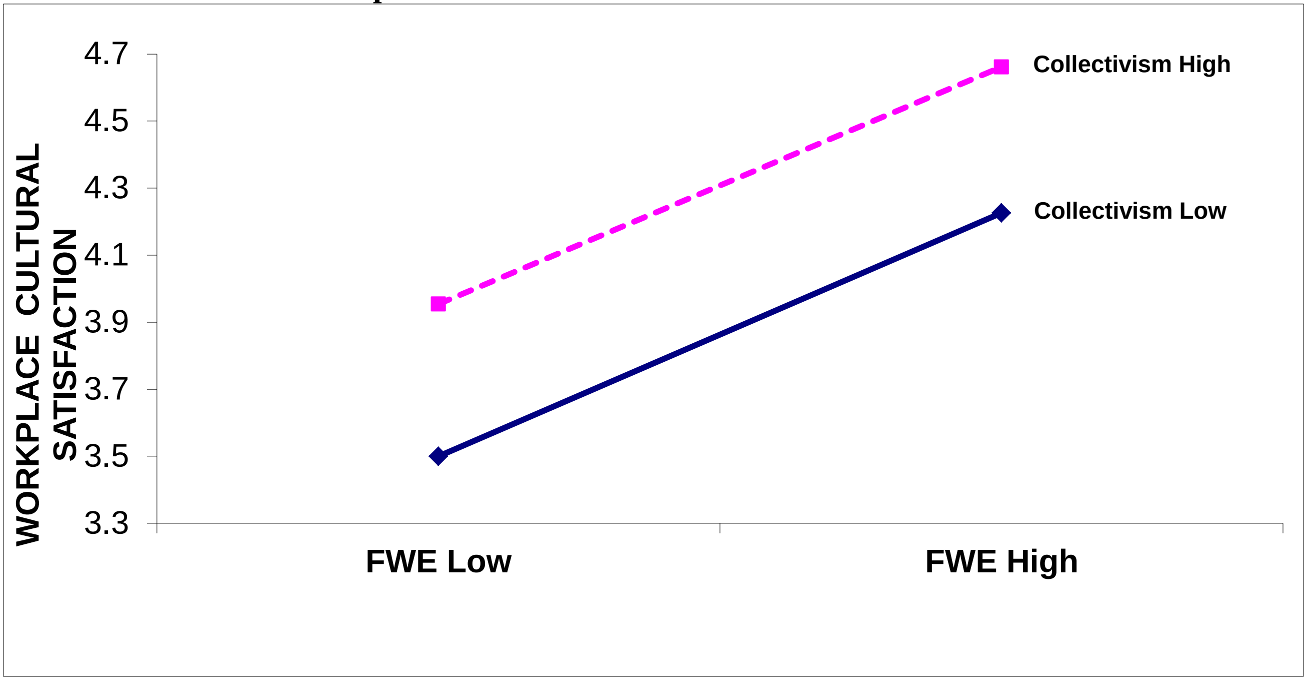


Figure 3. Interaction Plot of Family-Work Enrichment and Collectivism with Workplace-Cultural-Satisfaction as Dependent Variable



Plotting the interaction terms (Figure 1) illustrates that when family-work enrichment is low, respondents with high collectivism report significantly higher workplace-cultural-wellbeing than those with low collectivism. However, when family-work enrichment is high, these differences become negligible, with respondents having low collectivism and reporting increased workplace-cultural-wellbeing at levels similar to those with high collectivism who reported a drop in wellbeing.

As hypothesised, the effectiveness of high collectivism does not improve the influence of high enrichment.

Despite the mixed effects of Figure 1, the next two plotted interactions do support the hypothesised effect. The interaction terms in Figure 2 illustrate that when work-family enrichment is low, respondents with high collectivism report significantly higher workplace-cultural-satisfaction than those with low collectivism. When work-family enrichment is high, these differences narrow slightly, with a slight reduction in workplace-cultural-satisfaction from respondents with high collectivism and a slight increase from those with low collectivism. Overall, the levels of workplace-cultural-satisfaction are still significantly different and advantageous for respondents with high collectivism, supporting the benefit of high collectivism with enrichment.

Finally, plotting the interaction terms (Figure 3) illustrates that when family-work enrichment is low, respondents with high collectivism report significantly higher workplace-cultural-satisfaction than those with low collectivism. When work-family enrichment is high, all respondents report significant increases in workplace-cultural-satisfaction, with respondents with high collectivism still reporting significantly higher levels of workplace-cultural-satisfaction than those with low collectivism. This directly supports the hypothesised effect of high collectivism on high enrichment.

The overall strength of the models were significant for workplace-cultural-wellbeing (R^2=.26, F=4.624, p<.001) and workplace-cultural-satisfaction (R^2=.37, F=7.587, p<.001). Finally, the variance inflation factors (VIF) were examined for evidence of multicollinearity. Experts suggest multicollinearity can be detected when the VIF values equal 10 or higher (Ryan, 1997). However, all the scores for the regressions were below 2.8, indicating little evidence of multicollinearity unduly influencing the regression estimates.

Discussion

The present study tested the influence of work-family enrichment on workplace cultural outcomes with a sample of Māori employees. Collectivism was also taken into account as a moderator because of the significance of and alignment with the collective in Māori culture (Hook, 2007), and due to the differences found between I/C populations in previous studies, including within-country research (Cohen, 2007). The present study focussed on cultural outcomes because of the importance of cultural identity for Māori. Two factors were found that related to workplace-cultural-wellbeing and workplace-cultural-satisfaction – as such, work-family and family-work enrichment were found to influence cultural outcomes differently. Importantly, both models showed that enrichment accounted for sizeable amounts of variance, with a significant 29 per cent of the variance towards workplace-cultural-satisfaction and 15 per cent of the variance towards workplace-cultural-wellbeing. Work-family enrichment has been linked positively to job and non-job outcomes (Carlson et al., 2014), and the present study adds cultural outcomes from the workplace to the list of enrichment benefits. Furthermore, for indigenous workers, the enrichment gained from work and family roles can influence workplace-cultural-satisfaction and well-being, highlighting the importance of such roles on workplace cultural outcomes. This aligns with Haar and Brougham (2011), who found that cultural satisfaction at work influenced employee loyalty that, in turn, influenced organisational citizenship behaviours.

In addition to the direct effects, we tested the moderating effects of collectivism on enrichment and found mixed support. It appears that alignment with a strong cultural orientation towards collectivism in the workplace has benefits for indigenous employees, although this was especially so at low levels of family-work enrichment towards workplace-cultural-wellbeing. Collectivism was beneficial at all levels of both work-family and family-work enrichment with regards to satisfaction, with those who reported high collectivism reporting higher workplace-cultural-satisfaction at all levels of enrichment. In the context of this study's sample, the average level of collectivism was only slightly above average (M=3.3 on a 1-5 scale), indicating that Māori employees in this sample are, on average, only moderately interested in the collective over the individual in a workplace setting. Given that this measure of collectivism (Clugston, Howell & Dorfman, 2000) is workplace specific, perhaps the effects might be different using a more social (including non-work) cultural orientation of collectivism. Further research is needed to better understand these dynamics.

The interaction effects did suggest that indigenous workers who view themselves as being more collectivistic are more likely to benefit from enrichment towards workplace cultural outcomes. This is likely because such employees' cultural beliefs are more aligned towards the collective and, as such, the positive effects of enrichment from work and family roles become increasingly beneficial. This supports the assertion that cultural values supported by the workplace are important and valued by Māori workers (Brougham & Haar, 2013). However, while three significant interaction effects were found, these were typically more beneficial only at low levels of enrichment, encouraging further study to tease out how the effectiveness of enrichment can be better understood.

The present study shows that there can be variations of collectivistic tendencies within a collectivistic ethnic group. Using the mean and standard deviation scores, our research shows that 95 per cent of the present population of Māori employees had a collectivistic score between 2.0 and 4.7 (approximately), showing that there are some Māori who are highly collectivistic and some who are much more individualistic. This has implications for the cross-cultural research on I/C, especially as New Zealand is classified as being more individualistic than collectivistic. Our findings indicate that, within our sample of indigenous employees in New Zealand, this classification might be too narrow. Further research comparing Māori to New Zealand European employees would be beneficial. Consequently, we encourage researchers to consider within-population differences regarding collectivism and the potential effects on relationships.

This study suggests that organisations providing enriching jobs may expect to see higher levels of workplace cultural outcomes for their Māori workers, which was also supported through enrichment from the family role. Most Western countries (including New Zealand) typically have formal and informal human resources policies that are 'universal' towards the Western worker. While New Zealand legislation includes some policies targeting cultural elements, these are universally applied. The universal nature of human resources policies may potentially be a flaw for organisations, as studies have shown the importance of different human resources policies for workers with collectivist or individualist cultures (Ramamoorthy & Carroll, 1998). There is a lack of specific policies targeting Māori culture in the workplace. It appears that enrichment from work and family roles can influence the levels of workplace-cultural-satisfaction and workplace-cultural-wellbeing in the workplace and, as such, it provides employers and employees with an area to target if they wish to enhance these cultural outcomes.

Limitations

The present study drew its sample of respondents from only 14 New Zealand organisations (specifically, from a region with a high Māori population). As such, the qualifications and work positions of respondents are not representative of the Māori population as a whole. These factors limit the ability to generalise our findings to the wider Māori population. Future research should seek to gather data from a wider range of workplaces throughout New Zealand. Common-method variance is often a concern with this type of research. However, Evans (1985) asserted that common-method variance is less likely to occur in studies that test interaction effects. Another limitation that must be noted is the use of a single-item measure to capture workplace-cultural-satisfaction. However, as noted in the methods, such an approach is likely to still be accurate (Wanous et al., 1997). Consequently, the present study should be viewed as exploratory.

Conclusion

The present study explores the importance of cultural understanding in a multicultural country, and provides useful insights into the positive effects that work and family can have on cultural attitudes. While the present study has limitations, it provides an avenue for future research in this area. Understanding cultural differences and promoting the importance of these for employers is likely to have significant positive effects on not only work-family related outcomes, but also job and well-being outcomes (Haar & Brougham, 2013). This exploratory study has illustrated the importance of work and family roles, as well as cultural factors, which was previously unexplored.

References

Aiken, L.G., & West, S.G. (1991). *Multiple Regression: Testing and Interpreting Interactions*. Newbury Park, CA: Sage.

Brewer, B.M., & Chen, Y.R. (2007). Where (who) are collectives in collectivism? Toward conceptual clarification of individualism and collectivism. *Psychological Review,* 114(1): 133-151.

Brougham, D., & Haar, J.M. (2013). Collectivism, cultural identity and employee mental health: A study of New Zealand Māori. *Social Indicators Research,* doi 10.1007/s11205-012-0194-6

Carlson, D.S., Hunter, E.M., Ferguson, M., & Whitten, D. (2014). Work–family enrichment and satisfaction mediating processes and relative impact of originating and receiving domains. *Journal of Management,* 40(3): 845-865.

Carlson, D.S., Kacmar, K.M., Wayne, J.H., & Grzywacz, J.G. (2006). Measuring the positive side of the work-family interface: Development and validation of a work-family enrichment scale. *Journal of Vocational Behavior,* 68(1): 131-164.

Clugston, M., Howell, J.P., & Dorfman, P.W. (2000). Does cultural socialization predict multiple bases and foci of commitment? *Journal of Management,* 26(1): 5-30.

Cohen, A. (2007). One nation, many cultures: A cross-cultural study of the relationship between personal cultural values and commitment in the workplace to in-role performance and organizational citizenship behavior. *Cross-Cultural Research,* 41(3): 273-300.

Durie, M. (1997). Whānau, Whanaungatanga and Healthy Māori Development. In P. Te Whāiti & M. McCarthy (eds.), *Mai i Rangiātea* (pp.1-24). Auckland, New Zealand: Auckland University Press.

Evans, M. (1985). A Monte Carlo study of the effects of correlated method variance in moderated multiple regression analysis. *Organizational Behavior and Human Decision Processes,* 36(3): 305-323.

Findler, L., Wind, L.H., & Mor Barak, M.E. (2007). The challenge of workforce management in a global society: Modeling the relationship between diversity, inclusion, organizational culture, and employee well-being, job satisfaction and organizational commitment. *Administration in Social Work,* 31(3): 63-94.

Greenhaus, J.H., & Powell, G.N. (2006). When work and family are allies: A theory of work-family enrichment. *The Academy of Management Review,* 31(1): 72-92.

Haar, J.M., & Bardoel, E.A. (2008). Positive spillover from the work-family interface: A study of Australian employees. *Asia Pacific Journal of Human Resources,* 46(3): 275-287.

Haar, J.M., & Brougham, D. (2011). Consequences of cultural satisfaction at work: A study of New Zealand Maori. *Asia Pacific Journal of Human Resources,* 49(4): 461-475.

Haar, J.M., & Brougham, D. (2013). An indigenous model of career satisfaction: Exploring the role of workplace cultural wellbeing. *Social Indicators Research,* 110(3): 873-890.

Haar, J. M., Roche, M., & Taylor, D. (2011). Work-family conflict and turnover intentions of indigenous employees: The importance of the whanau/family for Maori. *The International Journal of Human Resource Management*, 1-15. doi: 10.1080/09585192.2011.610344

Hofstede, G. H. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, CA: Sage Publications.

Hofstede, G. (1994). The business of international business is culture. *International Business Review,* 3(1): 1-14.

Hook, G. (2007). A future for Māori education part II: The reintegration of culture and education. *MAI Review*, 1: 1-17.

King, M. (2003). *The Penguin History Of New Zealand*. Auckland, New Zealand: Penguin Books.

Ministry of Social Development. (2008). *The Social Report 2008: te purongo oranga tangata 2008*. Wellington, New Zealand: Ministry of Social Development.

Mor Barak, M.E., Findler, L., & Wind, L.H. (2001). Diversity, inclusion, and commitment in organizations: International empirical explorations. *The Journal of Behavioral and Applied Management,* 2(2): 70-91.

Nagy, M. S. (2002). Using a single-item approach to measure facet job satisfaction. *Journal of Occupational and Organizational Psychology,* 75(1): 77-86.

Nishii, L. (2012). The benefits of climate for inclusion for gender diverse groups. *Academy of Management Journal,* 57(3): 1754-1774

Ramamoorthy, N., & Carroll, S. (1998). Individualism/collectivism orientations and reactions toward alternative human resource management practices. *Human Relations,* 51(5): 571-588.

Ramamoorthy, N., & Flood, P.C. (2002). Employee attitudes and behavioral intentions: A test of the main and moderating effects of individualism-collectivism orientations. *Human Relations,* 55(9): 1071-1096.

Rothbard, N.P. (2001). Enriching or depleting? The dynamics of engagement in work and family roles. *Administrative Science Quarterly,* 46(4): 655-684.

Ryan, T. (1997). *Modern Regression Methods*. New York NY: Wiley.

Shore, L. M., Randel, A.E., Chung, B.G., Dean, M.A., Ehrhart, K.E., & Singh, G. (2011). Inclusion and diversity in work groups: A review and model for future research. *Journal of Management,* 37(4): 1262-1289.

Siu, O., Lu, J., Brough, P., Lu, C., Bakker, A.B., & Kalliath, T. (2010). Role resources and work-family enrichment: The role of work engagement. *Journal Of Vocational Behavior,* 77(3): 470-480.

Spector, P.E., Allen, T.D., Poelmans, S.A.Y., Lapierre, L.M., Cooper, C.L., O'Driscoll, M., et al. (2007). Cross-national differences in relationships of work demands, job satisfaction, and turnover intentions with work–family conflict. *Personnel Psychology,* 60(4): 805-835.

Tang, S.W., Siu, O., & Cheung, F. (2014). A study of work–family enrichment among chinese employees: The mediating role between work support and job satisfaction. *Applied Psychology,* 63(1): 130-150.

Triandis, H.C. (2001). Individualism-collectivism and personality. *Journal of Personality,* 69(6): 907-924.

Van Emmerik, H., Gardner, W.L., Wendt, H., & Fischer, D. (2010). Associations of culture and personality with McClelland's motives: A cross-cultural study of managers in 24 countries. *Group & Organization Management,* 35(3): 329-367.

Wanous, J.P., Reichers, A.E., & Hudy, M.J. (1997). Overall job satisfaction: How good are single-item measures? *Journal of Applied Psychology,* 82(2): 247-252.

Yang, N., Chen, C.C., Choi, J., & Zou, Y. (2000). Sources of work-family conflict: A Sino-US comparison of the effects of work and family demands. *Academy of Management Journal,* 43(1): 113-123.

New Zealand Journal of Employment Relations, 40(1): 35-52

Quality of work environment and quitting intention: A dilemma

RAYMOND MARKEY[*], KATHERINE RAVENSWOOD[**] and DON J. WEBBER[***]

Abstract

This study investigates the impact of the quality of the work environment (QWE) upon employees' quitting intentions. A substantial body of research has analysed job satisfaction and a range of other single factors as antecedents of quitting. We examine the totality of the QWE as a determinant of quitting intention, based on a small survey of New Zealand employees. The majority intending to quit perceived their QWE as poor. The results also indicated that employees were more likely to leave if they are not a parent, do not receive sufficient important information, are stressed, and experience reduced job satisfaction, but the impact of these factors is far greater in workplaces with a good QWE. This exploratory analysis suggests that the factors shaping perceptions of QWE as a whole are an important focus of policy to shape employees' quitting intentions, and is highly suggestive of an area for further research.

Keywords: job satisfaction, labour turnover, quality of work environment, quitting intentions, work stress

Introduction

This study investigates the impact on employees' quitting intentions of the quality of the work environment (QWE). It finds, as expected, that the probability of quitting is greater when the workplace is perceived to be a bad place to work. Building on this general observation, the study then investigates what aspects of the working environment characterise "good workplaces", and which aspects contribute most to quitting intentions.

This research is important because it develops the concept of multiple, connected workplace practices and its influence on quitting behaviour. There is a growing literature on the influence of the QWE on turnover, and on quitting in particular. The role that certain attributes of the QWE have on influencing employees' quitting behaviour has received increasing attention in the academic literature (see Boxall, Macky & Rasmussen, 2003; Cottini, Kato & Nielsen,, 2009; Delfgauw, 2007; Hom, Roberson & Ellis, 2008; Scott, Bishop & Chen, 2003; Simons & Jankowski, 2008; Taplin & Winterton, 2007). However, this literature has focussed largely on individual employee or job attributes rather than on the broader context of the work environment as a whole. Levels of stress and information about important decisions and changes, along with changes in the level of job satisfaction, are all embedded in the literature as important contributory factors behind the quitting decision. Our empirical results illustrate that these factors are important *only* if the QWE is perceived to be good; if the QWE is perceived to be bad then they appear to have no significant influence. This particular finding runs counter to concepts and norms established to this date, and suggests further research is necessary.

---

[*] Centre for Workforce Futures, Macquarie University, NSW 2109 Australia Ph: +61 2 9850 7444
Email: ray.markey@mq.edu.au
[**] Department of Management, Auckland University of Technology, New Zealand
[***] Department of Economics, University of West of England, UK

The remainder of this paper is organised as follows. The next section outlines the existing research defining QWE, and how this relates to a significant body of literature on employees' quitting intentions. The following sections describe the data set and outline the methodology employed. Subsequently, the results obtained are presented and discussed and the article concludes with an assessment of the broader significance of these results.

Quality of the work environment: what is a good workplace?

The central concern of the QWE perspective is the wellbeing of employees. In contrast to the literature on quitting, QWE does *not* focus on individual employee or job characteristics (Boxall et al., 2003; Cottini et al., 2009; Delfgauw, 2007; Hom et al., 2008; Scott, Gravelle, Simoens, Bojke & Sibbald, 2006; Simons & Jankowski, 2008; Taplin & Winterton, 2007) but, instead, is a concept that encompasses the physical aspects, psycho-social and organisational surroundings of work (Busck, Knudsen & Lind, 2010; Sell & Cleal, 2011). The QWE is a central concern of employees and employers that has often been linked with productivity as well as with the wellbeing of employees, notably in the High Performance Workplace (HPWP) approach to human resource management (Godard, 2004; Harley, Allen & Sargent, 2007; Macky & Boxall, 2007; 2008; Boxall & Macky 2009). These connections have been a strong tradition in Scandinavian and socio-technical literature (Emery & Thorsrud, 1976; Gustavsen & Hunnius, 1981).

The QWE concept has its origins in Scandinavia where, since the 1970s "work environment" largely replaced the narrower concept of "occupational health and safety," which was associated mainly with physical risks and hazards at work. Specifically, QWE encompasses the concept of the "psycho-social work environment," which denotes how job demands and social structures and interactions in the organisation influence the psychological wellbeing of employees, thus, allowing a broad understanding of how people are affected by their employment, including experience of job satisfaction and stress (Hvid & Hasle, 2003). Measures often used to capture QWE are those that indicate aspects of employee participation in the workplace, such as how much control employees have over their work, and include flexibility in how and when tasks are carried out (Wood & Wall, 2007; Gustaffson & Szebehely, 2009; Sell & Cleal, 2011), whether employees feel appreciated by management (Boxall et al., 2003; Gustaffson & Szebely, 2009) and the amount of information about decisions in the workplace that concern employees (Sell & Cleal, 2011). Psycho-social elements of the work environment also include conflicts, threats or violence at the workplace (ibid) and workload and the levels of stress experienced (ibid; Busck et al., 2010).

Antecedents of the quitting decision

There is a substantial literature that aims to understand and predict at what point an employee decides to quit an organisation. This research has strongly linked concepts of job satisfaction and commitment with quitting intentions (Smith, Oczkowski & Smith, 2011). March and Simon (1993) relate an employee's desire to participate in an organisation's activities with their desire to leave an organisation, connecting concepts of commitment with turnover. Lee, Mitchell, Sablynski, Burton & Holtom (2004) link quitting intentions with the degree of "embeddedness" of an employee in an organisation; in other words, the strength and brittleness of connections and roles an employee has with other people and activities within and outside of an organisation.

March and Simon (1993) establish some propositions that explain employees' decisions to "withdraw" from organisations. These were based on a framework that supposes employees will leave if they perceive that leaving is desirable when there are other satisfactory alternatives. An employee's level of job satisfaction (or dissatisfaction) relate directly to the "desirability" to leave. According to March and Simon (1993), one factor that influences an employee's job satisfaction is the interaction between requirements at work and in other roles, now commonly referred to as either work-life balance or work-life conflict. In addition to work and other role conflict, length of service is proposed to be an influence on quitting decisions and is associated with increased specialisation in skill and knowledge, which diminish available alternatives (March & Simon, 1993).

Boxall et al.'s (2003) meta-analysis summarises some of the key findings in the literature and indicates that the degree of job security, job satisfaction, autonomy and responsibility, how much employees felt appreciated by their employers, and how their employers cared for their wellbeing all impact on quitting intentions. While job satisfaction has been largely referred to, as resulting from workplace and personal attributes, many of the measures of job satisfaction incorporate aspects that reflect the quality of the work environment. For example, the Warr-Cooke scale of job satisfaction includes measures, such as the ability to choose a method of work, the amount of responsibility, recognition for work done and the variety in work (Scott et al., 2006).

Recently, scholars have broadened their perspective of turnover to include bundles of HRM practices and their effects on job satisfaction, commitment and turnover (Alfes, Shantz, Truss & Soane, 2013; Guchait & Cho, 2010; Smith et al., 2011). For example, Alfes et al. (2013) discuss the "engaged" employee and links this with turnover intentions. They draw on social exchange theory to show that employees will be more engaged when their work is meaningful, when they have connections with others and when they feel valued and trusted by their employer. Alfes et al., (2013) find that engaged employees are more likely to stay with an organisation but engaged employees who perceive they have low organisational support were less likely to stay with the organisation.

Employee participation is also linked both with increased job satisfaction and decreased turnover. For example, a work environment that allows participation in decision making has been shown to increase job satisfaction (Scott et al., 2003), and greater involvement in care planning for nurses' assistants has been linked with decreased turnover (Simons & Jankowksi, 2008). Conversely, lack of opportunities for influence in the organisation and a lack of communication with management have been associated with increased quitting intentions (Simons & Jankowski, 2008). However, employee participation may have differing effects on the intention to quit. For instance, Landau (2009) found that positive outcomes from voicing dissatisfaction *decreased* the intention to quit, whereas a negative outcome or no change in outcomes of voicing dissatisfaction *increased* intentions to quit. Indeed, participation, in terms of strong information sharing, has been found to reduce the negative effect of physical hazards on quitting behaviour (Cottini et al., 2009). The extent to which employees believe that their organisation values their contribution and care about wellbeing also affect the intention to quit (Perryer, Jordan, Firn & Travaglione, 2010)

Where broader workplace conditions have been considered, there have been connections found between general appreciation of employees and concern for their wellbeing (Mohamed, Taylor & Hassan, 2006), job satisfaction (incorporating aspects of hours of work, physical conditions and influence on method of work) and quitting behaviour (Boxall et al., 2003; Delfgauw, 2007; Scott et al., 2006). For example, van der Aa, Bloemer & Henseler (2012) found that higher perceived job quality reduced employee turnover in customer contact centres. Elsewhere, adverse conditions (harm, hazard, uncertainty, emotional distress, lack of promotion and discrimination) have been shown to have variable impacts on quitting (Bockerman & Ilmakunnas, 2009; Cottini et al., 2009). Lack of training and promotion opportunities have a negative impact on satisfaction according to Dickey, Watson & Zangelidis (2009).

These established antecedents of quitting behaviour could be categorised into participation, physical working conditions and psycho-social conditions. In their positive employee beneficial form, these antecedents indicate a “good” workplace. Conversely, when reversed to their negative employee adverse state, these same antecedents indicate a “bad” workplace. Although these antecedents correspond to aspects of QWE, most studies do not consider them collectively and tend to focus on individual or job attributes rather than QWE or organisational determinants (Reiche, 2009). Another important observation is that the established antecedents of quitting behaviour are mainly based on employee *perceptions* of QWE, because of the need to identify employee motivations and the importance of the psycho-social component of QWE, whereby perceptions create the reality of job satisfaction, feeling appreciated by management, etc. It is conceivable, however, that the “reality” of aspects of QWE, particularly in relation to physical working conditions, may be at variance with employee perceptions because of the impact of a range of other variables.

Why quit even if QWE is perceived as good?

Why might employees who perceive they have a good quality of the work environment have intentions to quit? There is little in the literature to suggest reasons for this. Some studies indicate a “shine” factor, particularly in terms of recruitment of minority groups into the workplace: “while effective at bringing people into the organization, [these recruitment policies] may ironically contribute to high early turnover if they raise expectations for a positive diversity climate that is not fulfilled” (McKay & Avery, 2005, cited in Hom et al., 2008: 25). These studies suggest that any changes to QWE perceptions have greater impacts on quitting intentions when workplaces are perceived to be good relative to when workplaces are perceived to be bad. This is somewhat corroborated by studies which indicate that HPWP approaches and some types of participation can increase turnover when employees perceive workplace climates “in which compensation is merit based, goals are clear, and relationships between management and employees are fostered” to be paternalistic (Simons & Jankowski, 2008: 8).

The literature review above initially highlights a range of single factors that influence intentions to quit, often associated with changing levels of job satisfaction. Parts of the literature also emphasises that the totality of the QWE is an important factor in shaping quitting decisions. However, it is less clear whether single factors are important influences on the quitting decision in themselves, irrespective of whether the workplace is perceived to be a good working environment. It could be that, as much of the literature assumes, single factors or groups of factors are the main determinants of the quitting decision and that the QWE as a whole is less important. Alternatively, the totality of the QWE is the main issue and single factors are simply reflections of a particular level of QWE. This is an important issue as it questions whether the QWE is a necessary or a sufficient area of attention for managers interested in the quitting decisions of their workers.

The remainder of this study starts to make inroads into this gap in the literature. It draws from a survey of employees to identify whether the importance of employee-level factors vary depending on whether they perceive their working environment to be good. Although the number of respondents in the survey is not huge (N=118), the key contributions of this paper are to highlight this gap in the literature and to begin to populate a new path for research that is designed to investigate further the quitting intentions of employees.

Method

We focus on three research questions:

1. What characterises a “good workplace environment” for employees?
2. What impact does the overall QWE have on employees” quitting intentions?
3. Do specific components of the QWE have a greater impact on quitting?

Data for this research were collected via an anonymous employee survey, aimed at investigating the interrelationships between employee participation, the QWE, productivity, and quitting intentions. The specific variables used in this study are presented in Table 1. The research design for the overall project was a multi-method multiple case study approach targeting two case organisations in each of the following four dominant industries in New Zealand: education, health, hotels and food manufacturing.

Table 1: Variable description and Summary Statistics

Variable	Description	Mean	Min	Max
Quit job	Dummy variable: 1 = Agree with statement ‘I often think of leaving my job’; 0 = otherwise	0.364	0	1
Good place	Dummy variable: 1 = Agree with statement that your workplace ‘is a good place to work’; 0 = otherwise	0.720	0	1
Parent	Dummy variable: 1 = have children; 0 = otherwise	0.636	0	1
Info lacking	Dummy variable: 1 = Agree / Strongly agree with ‘I get information on important decisions, changes and future plans in due time’; 0 = otherwise	0.144	0	1
Satisfaction increased	Dummy variable: 1 = Satisfaction with job increased in last 12 months; 0 = otherwise	0.288	0	1
Satisfaction decreased	Dummy variable: 1 = Satisfaction with job decreased in last 12 months; 0 = otherwise	0.246	0	1
Threatened	Dummy variable: 1 = Having ever felt threatened at work; 0 = otherwise	0.297	0	1
Stressed	Dummy variable: 1 = Always / Often feeling stressed; 0 = otherwise	0.322	0	1
Not stressed	Dummy variable: 1 = Rarely / Never feeling stressed; 0 = otherwise	0.254	0	1
Appreciated	Dummy variable: 1 = Agree / Strongly agree that ‘my work is appreciated by management’; 0 = otherwise	0.729	0	1
Not appreciated	Dummy variable: 1 = Disagree / Strongly disagree that ‘my work is appreciated by management’; 0 = otherwise	0.144	0	1

Note: N = 118. Respondents who provided the answer ‘not sure’ were omitted from the analyses.

Out of a total of 240 distributed survey questionnaires across eight workplaces nested within these four industries, a total of 133 questionnaires were returned; corresponding to a response rate of 55 per cent. Due to omitted responses to questions that are employed in this empirical work, the total number of usable questionnaires here is 118. Hom, Caranikas-Walter, Prussia & Griffith (1992) point to small sample size as an issue in establishing key findings across multiple studies in their meta-analysis. However, we characterise our study as an exploratory analysis that points to new approaches and findings, suggestive of areas for further research.

The use of a survey, of course, comes with some inherent bias in that the results come from self-reported data. Our survey is comprised of (non-managerial) employees only, and a suggestion for future research is to verify perceptions of the work environment with comparable data gathered from managerial positions. While our study is exploratory, a strength of the data set is that it includes respondents from four different industries, and we identified strong similarities across them. This aids generalisability, especially should future research corroborate our innovative findings.

The survey asked respondents three types of questions. First, they were asked if they considered their workplace to be "a good place to work." Second, they were asked how frequently they thought about leaving their workplace. Third, they were asked a set of questions about their QWE, incorporating the physical work environment, psycho-social work environment, and overall job satisfaction. The physical work environment was represented by a survey question that asked respondents if they were satisfied with the safety and comfort of their working conditions. The psycho-social aspect of the work environment was proxied by questions on workload and stress, whether the employee thought they were appreciated by management, whether they received information on important decisions, changes and future plans in due time, what degree of influence they had over their job, and whether they felt threatened at work. Regarding the final aspect of the QWE, overall job satisfaction, respondents were asked whether their level of job satisfaction had increased or decreased recently. Demographic information on the respondents was also collected. This included data on their age, gender, and parental status. The length of service for the worker in both the organisation and industry were also gathered.

Table 2 presents a cross-tabulation of QWE with quitting intention. More specifically, it shows the extent of a relationship between the responses to questions about whether they had thought about leaving their job and whether they perceive their work environment to be either good or bad. Seventy-two per cent of respondents perceived that they work in a good environment and 64 per cent had not thought about leaving their job. There are relatively few respondents who had not thought about leaving their job but did perceive that they worked in a bad working environment (seven per cent); similarly, those individuals who reported that they worked in a good environment and that they had thought about leaving their job only accounted for 15 per cent of respondents. These descriptive data give the first indication of a possible statistical relationship between perceptions of the work environment and quitting intention.

Table 2: Relationship between Quitting Intention and Good or Bad QWE

	Good QWE?			
		No	Yes	Total
Intention to quit?	No	8 6.78%	67 56.78%	75 63.56%
	Yes	23 21.19%	18 15.25%	43 36.44%
	Total	33 27.97%	85 72.03%	118 100%

Theoretically, it is possible that the link between the perceived quality of the work environment and whether the employee thinks about leaving their job may be a sequential process. Figure 1 presents a tree diagram that presents the data along this line of thought. The first issue is whether the employee perceives that the quality of the work environment is good. It can be seen that 72 per cent of the respondents perceive that they work in a good environment; out of this 72 per cent sub-sample, 78 per cent of them have *not* thought about leaving their job. This branch of the tree ends with nearly 57 per cent of the overall sample; the end probabilities correspond directly with those presented in Table 2.

Figure 1: Sequential Process of Perceived QWE and Quitting Intentions

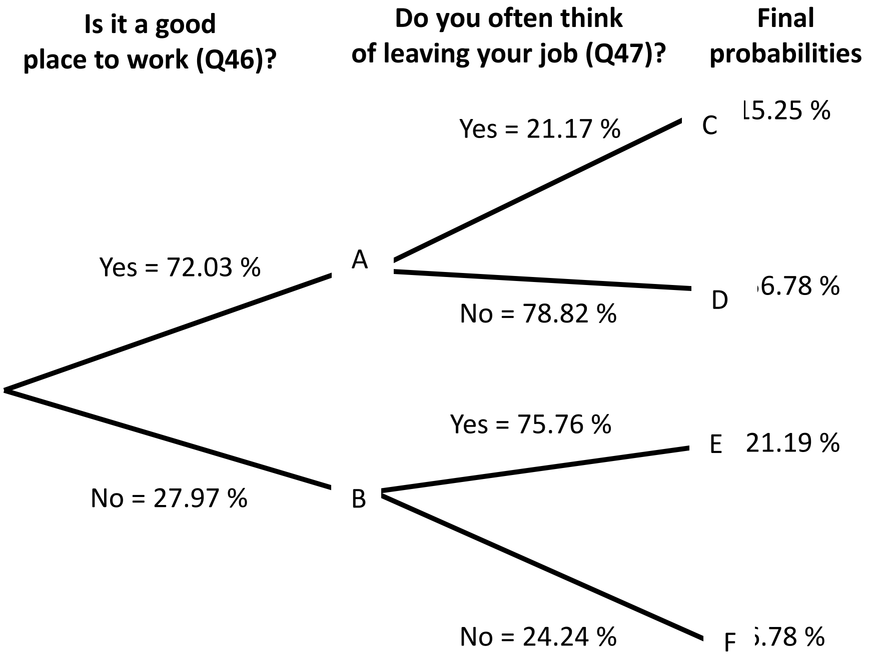

Is it a good place to work (Q46)?
Do you often think of leaving your job (Q47)?
Final probabilities
Yes = 21.17 %
C
15.25 %
Yes = 72.03 %
A
No = 78.82 %
D
6.78 %
Yes = 75.76 %
E
21.19 %
No = 27.97 %
B
No = 24.24 %
F
.78 %

Figure 1 also illustrates that, out of the 28 per cent of respondents who perceive that they work in a bad working environment, nearly 76 per cent of them have thought about leaving their job. These clear asymmetries are worthy of further investigation and, as such, these two sequential dichotomous issues are the focus of the econometric analysis below. Of interest are the determinants of these two dichotomous issues.

Descriptive statistics about the independent variables used in the upcoming econometric analysis are presented in Table 1. It illustrates that 64 per cent of the respondents have children; only 14 per cent of workers in the final sample agreed with the statement that they get information on important decisions, changes and future plans in due time; 32 per cent are stressed at work; 25 per cent have experienced a reduction in their job satisfaction during the past 12 months; and 14 per cent believe that their work is not appreciated by their management.

Table 3: Perceived QWE and Quitting Intentions: Correlation coefficients of independent variables

	Quit job	Good place	Satisfaction increased	Satisfaction decreased	Parent	Info lacking	Threatened	Appreciated	Not appreciated	Stressed	Not stressed
Quit job	1.000	–	–	–	–	–	–	–	–	–	–
Good place	-0.509***	1.000	–	–	–	–	–	–	–	–	–
Satisfaction increased	-0.248***	0.230**	1.000	–	–	–	–	–	–	–	–
Satisfaction decreased	0.508***	-0.434***	-0.363***	1.000	–	–	–	–	–	–	–
Parent	-0.232**	0.117	-0.101	-0.099	1.000	–	–	–	–	–	–
Info lacking	0.442***	-0.497***	-0.261***	0.495***	-0.091	1.000	–	–	–	–	–
Threatened	0.241***	-0.339***	-0.044	0.233**	-0.202**	0.103	1.000	–	–	–	–
Appreciated	-0.410***	0.597***	0.220**	-0.449***	0.093	-0.618***	-0.105	1.000	–	–	–
Not appreciated	0.241***	-0.605***	-0.261***	0.495***	-0.040	0.656***	0.262***	-0.673***	1.000	–	–
Stressed	0.420***	-0.460***	-0.078	0.365***	-0.307***	0.337***	0.307***	-0.314***	0.285***	1.000	–
Not stressed	-0.199**	0.364***	0.187**	-0.288***	0.078	-0.240	-0.294***	0.269***	-0.240***	-0.402***	1.000

Notes: ***, ** and * signify statistical significance at the 1%, 5% and 10% confidence level, respectively.

Table 3 presents the correlation coefficients for these variables, and they are in line with *a priori* expectations. For instance, often thinking about leaving a job is positively correlated with a recent decrease in job satisfaction, a feeling of lacking information on important decisions, and feeling threatened, stressed and not appreciated by management. Unsurprisingly, the perception that the quality of the work environment is good is positively correlated with being appreciated, not being stressed and experiencing a recent increase in job satisfaction.

Econometric approach

We adopt the formal model for estimating quitting probabilities according to Greene (2003). An important issue in any stochastic modelling process is to identify what influences the dependent variable. In our case, we have two dependent, albeit potentially sequential, variables to model. Let y_{1i} be a latent variable that denotes the probability that a worker is thinking about quitting, which is dependent on a range of motivators, X_{1i}. Also let y_{2i} be a latent variable that denotes the probability that the worker perceives that they work in a good workplace environment, where this is also dependent upon a range of factors, X_{2i}. The model is represented as follows:

$$y_{1i} = \beta_1 X_{1i} + \varepsilon_{1i}$$
$$y_{2i} = \beta_2 X_{2i} + \varepsilon_{2i}$$

where the values for y_{1i} are observable and related to the following binary dependent variables, on the basis of the following conditions:

$Quit_i = 1, \text{if } y_{1i} > 0 \qquad Quit_i = 0, \text{if } y_{1i} \leq 0$

and

$Good\ Place_i = 1, \text{if } y_{2i} > 0 \qquad Good\ Place_i = 0, \text{if } y_{2i} \leq 0$

where $Quit_i = 1$ denotes that the worker is thinking about quitting their job, and $Good\ Place_i = 1$ denotes that the worker feels that they work in a good working environment. The errors $(\varepsilon_{1i}, \varepsilon_{2i})$ are assumed to have the standard bivariate normal distribution, with $E(\varepsilon_{1i}) = 0 = E(\varepsilon_{2i})$, $V(\varepsilon_{1i}) = 1 = V(\varepsilon_{2i})$ and $Cov(\varepsilon_{1i}, \varepsilon_{2i}) = \rho$. Thus the worker's quitting probability can be written as:

$$\begin{aligned}
&P(Quit)\\
&= P(Quit_i = 1, Good\ Place_i = 1)\\
&= P(X_{1i} < x_{1i}, X_{2i} < x_{2i})\\
&= \int_{-\infty}^{x_{2i}} \int_{-\infty}^{x_{1i}} \phi 2(z_{1i}, z_{2i}; \rho) dz_{1i} dz_{2i}\\
&= F(\beta_1 X_{1i}, \beta_2 X_{2i}; \rho)
\end{aligned}$$

where *F* denotes the bivariate standard normal distribution function with correlation coefficient ρ. The bivariate probit model has full observability if $Quit_i$ and $Good\ Place_i$ are both observed in terms of all their four possible combinations (i.e. "$Quit_i = 0, Good\ Place_i = 1$", "$Quit_i = 1$, $Good\ Place_i = 0$", "$Quit_i = 0, Good\ Place_i = 1$" and "$Quit_i = 0\ Good\ Place_i = 0$",); this is the case in our study and full observability naturally leads to the most efficient estimates (Ashford & Sowden, 1970; Zellner & Lee, 1965).

Results

The results of seemingly unrelated bivariate probit estimations are presented in Table 4 and represent the most parsimonious model. The econometric estimation controlled for possible differences across industries through the application of a clustering algorithm to allow for greater similarity between workers in the same industry and greater differences between workers in different industries.

Table 4: Quitting Intentions and Perceived QWE: Coefficient estimates in biprobit model

	(1) Quit		**(2) QWE**	
Constant	-0.668	(0.313)**	0.719	(0.318)*
Parent	-0.477	(0.175)***	–	–
Info lacking	1.403	(0.675)**	–	–
Satisfaction increased	-0.279	(0.172)	–	–
Satisfaction remains the same	*Control variable*		–	–
Satisfaction decreased	0.931	(0.388)**	–	–
Threatened	0.253	(0.246)	-0.737	(0.389)*
Stressed	0.687	(0.277)**	-0.661	(0.168)***
Neither stressed nor not stressed	–	–	*Control variable*	
Not stressed	–	–	6.972	(0.216)***
Appreciated	–	–	0.793	(0.365)**
Neither appreciated nor not appreciated	–	–	*Control variable*	
Not appreciated	–	–	-1.933	(0.331)***
N	118			
Log pseudo likelihood	-79.908			
Rho	-0.789 (0.086)***			

Notes: ***, ** and * represent statistical confidence at the 1%, 5% and 10% levels. Rho suggests strong negative correlation between regressions (chi^2(1)=22.091, $p<0.000$).

Table 4 presents two columns of results which correspond to the biprobit estimation. The first column corresponds to the dichotomous (i.e. yes/no) response to the statement that "I often think of leaving my job." These results are in line with *a priori* expectations that are ingrained in the literature: those respondents who report that they are stressed at work and have experienced a recent reduction in their level of job satisfaction are more likely to think about leaving their job. However, those respondents who are parents are less likely to think about leaving their job, as are those who have recently experienced an increase in their level of job satisfaction.

The second column of results corresponds to the dichotomous response to the statement that they perceive that their workplace "is a good place to work". These results are also in line with *a priori* expectations which were discussed above: perceiving that the workplace is a good place to work is positively influenced by being appreciated by management and not being stressed, and negatively influenced by being threatened or stressed at work and by not being appreciated by management.

Although there is nothing particularly new or surprising about these results, the important thing to note from Table 4 is that there is strong negative correlation between these two sets of regressions, as illustrated through the Rho coefficient and its respective statistical significance. Given the proposed sequential nature of these two issues, it is worth pursuing this line of thought and attempting to identify whether the (direct or indirect) influence of the variables on the quitting regression vary depending on whether the quality of the work environment is perceived to be good. Accordingly, the marginal effects of the variables under the conditions that the QWE variable is equal to 1 and 0 (zero) are presented in Table 5.

Table 5: Determinants of Quitting Intentions and Perceived QWE: Marginal effects

	(1) *Quit given QWE = 1*		**(2)** *Quit given QWE = 0*	
Parent	-0.184	(0.071)***	-0.005	(0.011)
Info lacking	0.515	(0.193)***	0.007	(0.015)
Satisfaction increased	-0.104	(0.063)*	-0.005	(0.011)
Satisfaction decreased	0.361	(0.142)**	0.008	(0.015)
Threatened	0.082	(0.098)	-0.005	(0.016)
Stressed	0.254	(0.104)**	0.002	(0.008)
Not stressed	0.166	(0.036)***	0.199	(108.06)

Notes: ***, ** and * represent statistical confidence at the 1%, 5% and 10% levels.

Table 5 displays the regression estimates of the determinants of quitting intentions having controlled for the determinants of the quality of the work environment; this is tantamount to comparing routes A to C with B to E on Figure 1. Most importantly, and the main result of this paper, these *conditional* marginal effects of the variables influencing the probability of quitting do vary substantially depending on whether the respondent perceives that they work in a good working environment or not. This means that the factors that contribute to thinking about leaving the job are sensitive to employees' overall assessment of the quality of their work environment. High stress levels, lack of information on important decisions, and decreases in job satisfaction have a statistically significant impact on employees' intention to quit in workplaces perceived as being a good workplace environment. Importantly, and the crux of this paper, these issues are ***not*** statistically significant in influencing employees' intention to quit if employees perceive that they work in a bad work environment, which is most likely to be the case if they are stressed, threatened and not appreciated by management.

Rather than simply reporting on the statistical significance of the variables' marginal effects, it is important to emphasise the differences in magnitudes of the marginal effects. Several issues are worth emphasising. First, the influence of being stressed on the thought of leaving is substantially greater in a good workplace than in a bad workplace; it increases the probability of quitting by 25.4 per cent if employees work in a good workplace, compared with merely 0.02 per cent in a bad workplace. This strongly suggests that managers in workplaces with good QWE should reduce stress levels to reduce quitting behaviour.

Interestingly, *not* being stressed has similar effects on the thought of leaving in good and bad workplaces. The effect of not being stressed on the probability of quitting is 20 per cent larger in a bad workplace; it increases the probability of thinking about quitting by 16.6 per cent if employees work in a good workplace, compared with 19.9 per cent in a bad workplace. (These figures suggest that workers want some stress or challenge at work.)

Second, the effect of not receiving information about important decisions on the thought of quitting is 76 times larger if employees are in a good workplace. It increases the probability that the worker will think about quitting by 51.5 per cent if employees work in a good workplace, compared with 0.6 per cent in a bad workplace.

Third, the influence of changes in job satisfaction on the thought of leaving is 48 times greater in a good workplace for reductions, and 21 times greater for increases. Reductions in the level of job satisfaction increase the probability of thinking about quitting by 36.1 per cent if employees work in a good workplace, compared with 0.8 per cent in a bad workplace. The effect of an increase in the level of job satisfaction on the thought of quitting is 21 times smaller if employees perceive they work in a bad working environment; it decreases the probability of thinking about quitting by 10.4 per cent if employees work in a good working environment, compared with 0.5 per cent in a bad working environment. Satisfaction, therefore, is important but not the only influence on quitting behaviour.

Finally, the effect of being a parent on the probability of thinking about quitting is 33 times larger if employees are in a good workplace. Being a parent is associated with a decrease in the probability of thinking about quitting by 18 per cent if employees work in a good (bad) workplace, compared with 0.5 per cent in a bad workplace. Hence, being a parent in a good working environments means employees are very unlikely to quit.

Additional drivers of quitting intentions

The results presented above hold even once we have controlled for a range of socioeconomic variables including age, gender, carer, job status, training, length of time in the industry, organisation and current job, and whether the respondent wanted to have more influence at their workplace. These pseudo-stability test results are not included for brevity.

The data set also included six further questions that relate to QWE, and these variables were used to conduct sensitivity analyses (see Table A1). Their inclusions in the model had no significant impacts on the key results. First, three questions relating to influence on work organisation failed to elicit statistically significant responses and did not affect the qualitative inference of the other results. Second, feeling really tired from work did not affect the probability of thinking about quitting. Third, working a significant degree of overtime lowered the probability of thinking about quitting; this was statistically significant and changed slightly the marginal effects of other variables. This counter-intuitive result could be explained as employees feeling that they are more valued if they work more overtime, in which case, this variable captures a similar issue as the feeling appreciated variable and inclusion of this extra variable may be confounding the model. Fourth, there was a, though, very small statistically significant marginal effect of satisfaction with the safety and comfort of working conditions on the probability of thinking about quitting (0.009, p=0.07). On inspection, this variable had the smallest marginal effect and its inclusion did not appear to bias the observed marginal effects of the other variables on the probability of thinking about quitting. Analysis of a larger data set is encouraged to corroborate these findings.

Conclusion

This exploratory research shows three important findings. Firstly, it confirms the importance of perceptions of the quality of the work environment in the quitting decision, particularly since some more objective measures were not statistically significant as drivers (e.g. overtime, training). Employees are significantly less likely to intend to quit their job if they perceive their working environment to be good. The majority of employees who thought of leaving their job perceived their workplace to not be a good place to work. Good quality of the work environment was indicated by low stress levels, feeling appreciated by management and not feeling threatened. This is consistent with what is suggested by separate sources in the literature (Bockerman & Ilmakunnas, 2009; Boxall et al., 2003; Cottini et al., 2009; Gustaffson & Szebely, 2009). Secondly, the research confirmed that an employee is more likely to want to leave if they are not a parent, believe that they do not receive enough important information in time, are stressed and experience a reduction in the level of job satisfaction.

Thirdly, the impact of these factors on the desire to quit differs in magnitude depending on whether the QWE is rated as being good or bad. In workplaces with a good QWE, the impact of high stress levels, lack of information on important decisions, and decreases in satisfaction are much greater on employees' intention to quit. This finding is interesting, and there are few explanations for this phenomenon in the extant literature because of the paucity of research on quitting decisions within the framework of the QWE.

The results reported here could be compared to another study showing that employees who come to a workplace because of a reputation of a "good employer" may be disappointed when they discover practice differs from policy or reputation (Hom et al., 2008). However, that study relates to turnover in the first year of tenure, and our results suggest that length of tenure/service in the organisation has no effect on the intention to quit. Furthermore, the study by Hom et al. (2008) does not account for the impact of a *lack* of information on the quitting intentions of employees in a good workplace. Landau's (2009) explanation of the impact of the *outcomes* of employee voice provides a stronger basis for our results, by linking employees' expectations and experience. In this way, Landau potentially explains why a workplace perceived as good might be more impacted by decreases in job satisfaction, stress and lack of information from management, thus, contributing to dissatisfaction and increased quitting intentions. We might call this a disappointment effect, whereby the high expectations produced amongst employees by a workplace with good QWE leads to greater disappointment because of decreases in job satisfaction, stress and lack of information from management, and hence, to increased quitting intentions.

Conversely, the results indicate that if the QWE is considered bad by employees, then high levels of stress, information on important decisions and job satisfaction decreases have less of an effect on probability that the respondent will think about leaving. Low stress levels decrease the probability of quitting bad workplaces only slightly more than in good workplaces. Elsewhere, it has been suggested that employees feel resigned to staying and perceive that they have few other opportunities in a poor quality work environment (Taplin & Winterton, 2007). This could imply that in a workplace where employees already feel they are not appreciated by management suffer stress and feel threatened at work, there is a concurrent sense of resignation and disempowerment manifested in lesser reaction to stress, negative changes in the QWE and lack of information about changes and other important issues. In other words, there is no dissonance, or disappointment effect as there would be with a good QWE.

This paper contributes to the literature in a number of areas. First, it has corroborated earlier evidence that an employee is more likely to feel that they work in a good place if they are appreciated, not threatened and not stressed (Bockerman & Ilmakunnas, 2009; Boxall et al., 2003; Cottini et al., 2009; Gustafsson & Szebely, 2009). Secondly, it confirms that perceptions of a bad work environment have a negative impact on quitting behaviour. More importantly, it has shown that the effects on quitting of some key factors that are associated with the QWE are greater in a workplace with good QWE. The factors with greater impact in workplaces with good QWE are high levels of stress, decreased job satisfaction and not receiving information about important decisions. On the other hand, the impact of not being stressed reduces the likelihood of quitting in all workplaces.

Consequently, if the employee perceives that they work in a good work environment, then a business can dissuade them from thinking about quitting their job by ensuring that their level of job satisfaction does not decrease, by continually providing the employee with information about important decisions, changes and future plans in due time, and by ensuring that the employee is not overly stressed with work issues. Organisations that wish to retain their quality workforce should adopt a two-stage approach. They should focus initially on achieving a good QWE without high stress levels and with perceptions of appreciation by management and a lack of threats at work. These prior interventions are essential to reduce later quitting intentions and should be implemented before expending effort on adjusting factors that contribute to job satisfaction and increasing the provision of information to employees of important decision making processes. Retaining low levels of stress remain important in the second stage.

Larger samples are required to fully test the relationships between variables indicated here, and a panel of data could substantiate causation. Ideally, matching employee perceptions of QWE against objective measures of QWE on the basis of paired organisation/employee surveys or case studies would test the relationships between these variables further. However, this study is highly suggestive of a new approach to research over the issue of quitting behaviour and highlights the need for further research into “good” *and* “bad” workplaces, and their differential impact on quitting intentions.

References

Alfes, K., Shants, A.D., Truss, C., and Soane, E.C. (2013), The link between perceived human resource management practices, engagement and employee behaviour: a moderated mediation model. *The International Journal of Human Resources Management,* 24(2): 330-51.

Ashford, J.R., Snowden, R.R. (1970), Multivariate Probit Analysis. *Biometrics,* 26(3): 535-46.

Bockerman, P., Ilmakunnas, P. (2009), Job disamenities, job satisfaction, quit intentions, and actual separations: Putting the pieces together. *Industrial Relations,* 48(1): 73-96.

Boxall, P., Macky, K., and Rasmussen, E. (2003), Labour turnover and retention in New Zealand: the causes of consequences of leaving and staying with employers. *Asia Pacific Journal of Human Resources,* 41(2): 196-214.

Boxall, P., and Macky, K. (2009), Research and theory on high-performance work systems: Progressing the high-involvement stream. *Human Resource Management Journal*, 19(1): 3-23.

Busck, O., Knudsen, H., and Lind, J. (2010), The transformation of employee participation: Consequences for the work environment. *Economic and Industrial Democracy,* 31(3): 285-307.

Cottini, E., Kato, T., and Nielsen, N.W. (2009), *Adverse workplace condition, high-involvement work practices and labor turnover: evidence from Danish linked employer-employee data* (Discussion Paper no.4587), Bonn, Germany, The Institute for the Study of Labor (IZA).

Delgaauw, J. (2007), Where to go? Workers' reasons to quiet and intra- vs interindustry job mobility. *Applied Economics*, 39(16): 2057-66.

Dickey, H., Watson, V., and Zangelidis, A. (2009), Job satisfaction and quit intentions of offshore workers in the UK North Sea oil and gas industry (MPRA Paper no.18666), Retrieved from http://mpra.ub.uni-muenchen.de/18666

Emery, F.E., and Thorsrud, E. (1976), *Democracy at work*, Leiden, Nijhoff.

Godard, J. (2004), A critical assessment of the high-performance paradigm. *British Journal of Industrial Relations*, 42(2): 349-78.

Greene, W.H. (2003), *Econometric Analysis* (5th ed.), London, Prentice Hall.

Guchati, P., and Cho, S. (2010), The impact of human resource management practices on intention to leave of employees in the service industry in India: the mediating role of organizational commitment. *The International Journal of Human Resource Management*, 21(8): 1228-47.

Gustafsson, R.A., and Szebehely, M. (2009), Outsourcing of elder care services in Sweden: effects on work environment and political legitimacy. In King, D. and Meagher, G. (eds.), *Paid Care in Australia. Politics, profits practices*, Sydney, Sydney University Press, pp.81-112.

Gustavsen, B., and Hunnius, G., (1981), *New patterns of work reform. The case of Norway*, Oslo, Oslo University Press.

Harley, B., Allen, B.C., and Sargent, L.D. (2007), High performance work systems and employee experience of work in the service sector: The case of aged care. *British Journal of Industrial Relations*, 45(3): 607-33.

Hom, P.W., Caranikas-Walker, F., Prussia, G.E., and Griffith, R.W. (1992), A meta-analytical structural equations analysis of a model of employee turnover. *Journal of Applied Psychology*, 77(6): 890-909.

Hom, P., Roberson, P., and Ellis, A.D. (2008), Challenging conventional wisdom about who quits: revelations from corporate America. *Journal of Applied Pyschology*, 93(1): 1-34.

Hvid, H., and Hasle, P. (2003), *Human development and working life*, Aldershot, Ashgate Publishing Limited.

Landau, J. (2009), When employee voice is met by deaf ears. *SAM Advanced Management Journal,* 74(1): 4-12.

Lee, T.W., Mitchell, T.R., Sablynski, C.J., Burton, J.P., and Holtom, B.C. (2004), The effects of job embeddedness on organizational citizenship, job performance, volitional absences and voluntary turnover. *The Academy of Management Journal,* 47(5): 711-12.

Macky, K., and Boxall, P. (2007), The relationship between high-performance work practices and employee attitudes: An investigation of additive and interaction effects. *The International Journal of Human Resource Management,* 18(4): 537-67.

Macky, K., and Boxall, P. (2008), High-involvement work processes, work intensification and employee wellbeing: A study of New Zealand worker experiences. *Asia Pacific Journal of Human Resources,* 46(1): 38-55.

March, J.G., and Simon, H.A. (1993), *Organizations* (2nd ed.), Cambridge MA, Blackwell.

Mohamed, G., Taylor, S.G., and Hassan, A. (2006), Affective commitment and intent to quit: The impact of work and non-work related issues. *Journal of Managerial Issues,* 18(4): 512-29.

Perryer, C., Jordan, C., Firns, I., and Travaglione. (2010), Predicting turnover intentions. The interactive effects of organizational commitment and perceived organisational support. *Management Research Review,* 33(9): 911-23.

Reiche, S.B. (2009), To quit or not to quit: organizational determinants of voluntary turnover in MNC subsidiaries in Singapore. *The International Journal of Human Resource Management,* 20(6): 1362-80.

Scott, A., Gravelle, H., Simoens, S., Bojke, C., and Sibbald, B. (2006), Job satisfaction and quitting intentions: A structural model of British general practitioners. *British Journal of Industrial Relations,* 44(3): 519-40.

Scott, D., Bishop, J.W., and Chen, X. (2003), An examination of the relationship of employee involvement with job satisfaction, employee cooperation, and intention to quit in U.S. invested enterprise in China. *The International Journal of Organizational Analysis,* 11(1): 3-19.

Sell, L., and Cleal, B. (2011), Job satisfaction, work environment, and rewards: Motivational theory revisited. *Labour,* 52(1): 1-23.

Simons, K.V., and Jankowski, T.B. (2008), Factors influencing nursing home social workers' intentions to quit employment. *Administration in Social Work,* 32(1): 5-21.

Smith, A., Oczkowski, E., and Smith, C.S. (2011), To have and to hold: modelling the drivers of employee turnover and skill retention in Australian organisations. *The International Journal of Human Resource Management,* 22(2): 395-416.

Taplin, I.M., and Winterton, J. (2007), The importance of management style in labour retention. *International Journal of Sociology and Social Policy,* 29(1/2): 5-18.

van der Aa, Z., Bloemer, J., and Henseler, J., (2012), Reducing employee turnover through customer contact center job quality. *The International Journal of Human Resource Management*, 23(18): 3925-41.

Wood, S.J., and Wall, T.D. (2007), Work enrichment and employee voice in human resource management-performance studies. *The International Journal of Human Resource Management,* 18(7): 1335-72.

Zellner, A., and Lee, T.H. (1965), Joint Estimation of Relationships Involving Discrete Random Variables, *Econometrica*, 33(2): 382-94.

Appendix: Table A1: Specific Questions Asked of Respondents

General QWE and quitting intention
Do you agree with the statement that your workplace "is a good place to work"?
Do you agree with the statement "I often think of leaving my job"?
Specific Quality of The Work Environment Questions
Do you have more work to do than you can accomplish in one shift?
How often have you felt stressed?
My work is appreciated by management
I get information on important decisions, changes and future plans in due time
Have you ever felt threatened at work?
Has your satisfaction with your job changed during the past 12 months?
Additional Drivers
Do you have significant influence on how much work you have to do?
I have significant influence on how my work is done
I should have more influence at my place of work
How often have you felt really tired from work?
Are you required to work overtime?
Are you satisfied with the safety and comfort of your working conditions?

New Zealand Journal of Employment Relations, 40(1): 53-69

The skills productivity disconnect: Aotearoa New Zealand Industry Training policy post 2008 election

GEMMA PIERCY[*] and BILL COCHRANE[**]

This article describes the key public policy changes in New Zealand industry training since the election of the National-led government in 2008, including the main outcomes of the 2012 Industry Training Review which led to the creation of new policy in 2013 and 2014. This paper briefly highlights: the depiction of Industry Training Organisations in the media as poor performers in comparison to other sectors of the tertiary education system; the creation of policy to performance manage these organisations 2009-2010; the review itself; the launch of New Zealand Apprenticeships in 2013; and the Amendments to the Industry Training Act in 2014. Based on the ways in which industry training has been represented and how their functions have been altered since 2008, we argue that the likely policy trajectory for industry training could be one of two scenarios: one which resembles the benign neglect of the 1990s; or one where industry training is undermined through the continued withdrawal of government funding and support. Based on international research on the productivity skills connection, we conclude that regardless of scenario, the post-2008 changes to industry training policy framework greatly reduce the capacity of skill levels to augment productivity within the New Zealand economy. Furthermore, we argue that the loss of the policy emphasis on and specific funding for information collection, co-ordination and consensus making at the sector and industry levels means that industry training has the potential to disconnect and, therefore, lessen its capacity to contribute to social and economic outcomes.

Introduction

Productivity in Aotearoa New Zealand is well below the OECD average (McCann, 2009). In a similar fashion to other nations, New Zealand has looked to skills acquisition as a potential solution to improve productivity since the late 1980s (Ashton & Sung, 2011). Industry training in particular has undergone a raft of policy changes over this time in order to improve New Zealand's international competitiveness and productivity levels (Cochrane, Law & Piercy, 2008; Deeks, Parker & Ryan, 1994; Piercy, 1999; 2011, Rasmussen, 2009). However, these policy changes have not led to the anticipated growth in productivity (McCann, 2009). This has not been a problem solely in New Zealand. Since the early 2000s a number of changes have occurred in academic arguments regarding industry training and productivity policy (Thelen, 2006; Powell, 2005). These new arguments have attempted to account for the failure of industry training policy to effect long term positive impacts on productivity levels and international competitiveness. The arguments focus on: the different types of institutional settings that are needed to create high skill societies; co-ordination failure associated with low skill equilibriums; and the policy

---

[*] Gemma Piercy, Labour Studies, University of Waikato, gemma@waikato.ac.nz
[**] Bill Cochrane, Labour Studies, University of Waikato, billc@waikato.ac.nz

emphasis on counting qualification stocks pushing supply side solutions rather than demand or use (Finegold & Soskice, 1988; Brown, 2001; Thelen, 2006; Warhurst & Finlay, 2012; Dalziel, 2012; Thompson & Smith, 2010). The solutions put forward as part of these arguments advocate a more holistic approach to skill formation that examines the complex web of factors that contribute to skill formation (Scottish Government Social Research, 2008). This includes development of skill formation policy which emphasises a form of economic development which can take account of and respond to regional and sector differences within and between industries. By conceptualising skills development as a dynamic ecosystem that gathers information from all relevant stakeholders at these levels can ensure that industry training can respond to dynamic changes, including the different types of product markets. It also pushes policy makers to consider solutions that seek to effect change in four areas of skill formation: development, supply, demand and deployment (Anderson & Warhurst, 2012; Ashton & Sung, 2011; Buchanan et al., 2001). Currently, the role of government tends to facilitate the development and supply of skills through the Vocational Education and Training system (VET); an approach which is understandable because most VET systems are publically funded and organised. It is the neglect of the demand and deployment or utilisation of skills in policy formation that has created the different types of coordination failure which have limited the capacity of skill formation to contribute to productivity levels. Instead of policy development that maximises the skills, productivity nexus policy has often created a disconnection between skills and productivity. Warhurst and Findlay (2012) and Ashton and Sung (2011) argue that there is a role for government not just in the development and supply, but in facilitating the engagement of all relevant stakeholders in the provision of market information (demand and information coordination); supporting small to medium sized businesses to develop their organisation’s capacity to use training to create innovation and lead to productivity increases (deployment). This second goal is particularly challenging because it involves intervention at the level of the workplace, but lifting the skills of middle management, and supporting better decision-making at the firm level will address the types of coordination failure that beset skill formation systems.

The purpose of this article is to outline the policy changes to industry training implemented since the election of the National-led government in 2008, and to discuss the implications of these reforms. In particular, the paper draws on the skill formation discussion articulated above to argue that the current policy direction is actively undermining the ability of industry training policy to contribute to the growth of the New Zealand knowledge economy and society; a skills productivity disconnect. The paper will first briefly outline the historical context of Aotearoa New Zealand industry training policy. Second, the paper will critically discuss the post-2008 policy reforms including: (1) the depiction of Industry Training Organisations in the media as poor performers in comparison to other sectors of the tertiary education system; (2) the creation of policy to performance manage these organisations in 2009-2010; (3) the Industry Training Review (ITR); and (4) its outcomes which include the creation of New Zealand Apprenticeships in 2014 and the Industry Training and Apprenticeships Amendment Act 2014. The third section of the paper considers the concepts in the policy approach to a high skills society (Brown, 2001; Thompson & Smith, 2010) and the skill ecosystems approach (Finegold, 1999; Buchanan et al, 2001) and the relationship between skills and productivity (Ashton & Sung, 2011; Harris & Harvey, 2008). The paper concludes by outlining the reasons why we think that the post-2008 policy reforms to industry training may not represent sufficient enough change in order to ensure that skills development can lift productivity levels and contribute more proactively to the New Zealand economy.

Industry Training in Aotearoa New Zealand

In the 1980s, New Zealand followed international trends in re-examining its apprenticeship and industry training system driven by both social and economic arguments (Piercy, 1999; Murray, 2001: Brown, 2001; Raddon & Sung, 2005). The social arguments were based on the rhetoric of lifelong learning and the desire to extend access to industry training and higher education to women and other minority groups, such as Māori. The economic arguments were driven by human capital theory and the need to adapt training systems to new technology, broader workplace change and the growth of new occupations in the service sector. These arguments have been maintained in international policy debates since this time period, however, the emphasis on what is meant by the social and economic arguments has changed. For example, the social focus is now on individuals investing in skills development in order to increase their employability; providing social inclusion via employment, thus the social goal is hampered when unemployment levels are high (Brown, 2001; Ashton & Sung, 2011; Piercy, 2011). Furthermore, this change in policy emphasis has shifted the risk of investing in skills from the State predominately to employees and to a lesser extent, employers (Thompson & Smith, 2010).

These arguments were put into practice in New Zealand through the Industry Training Act 1992. This legislation facilitated the creation of a demand based system focussed on drawing out and responding to employers’ needs. Industry Training Organisations (ITOs) were created and given the tasks of developing qualifications and placing trainees in these qualifications through workplace assessment or a tertiary education organisation (TEO), such as a private training establishment (PTE). Funding was allocated to ITOs on a contestable basis in order to create a competitive market (Green, Hipkins, Williams & Murdoch, 2003). Market dynamics created an ad hoc system with inconsistent provision across industries, leaving employers to deal with multiple ITOs or none. Market failure became apparent by the end of the 1990s due to acute skill shortages (Doyle, 1999; Cochrane et al., 2008).

In 1999, the New Zealand Labour Party campaigned on revitalising industry training and addressing market failure. Once elected, the Labour-led government (1999-2008) grafted the Modern Apprenticeships (MA) policy onto the existing ITO system with the addition of a coordinator role. Those receiving coordinator funding would help employers deal with the complexity of the industry training system and help apprentices by checking on their progress a minimum of three times a year. This scheme was designed to entice young people back into industry training, and to provide support in order to mitigate some of the risks of employing young people that employers experienced (Murray & Piercy, 2003; Dalziel, 2013). Increased monitoring occurred to lift ITOs’ accountability for public investment and address the excesses of the market, such as the proliferation and inconsistent provision of ITOs across industries, but intervention was gentle (Piercy, 2005). An industry training review, conducted as part of a wider review of Tertiary Education in 2000-2001, resulted in the renewal of social partnership between unions, ITOs and the Industry Training Federation (a lobby group set up by ITOs in 1998 to secure more funding) (Green et al, 2003). This partnership was driven by the strategy and leadership role for ITOs established by the 2003 amendments to the Industry Training Act and reinforced by other legislation also emphasising partnership and subsidiarity, such as the Employment Relations Act 2000 and Health and Safety in Employment Act 2002 (Cochrane et al., 2008; Piercy, 2005; 2011; Batters, 2010). In 2008, the partners produced a Skills Action Plan to deal with systemic issues within industry training, particularly the shortage of middle management skills (Department of Labour, 2008), but it was not implemented as the Labour-led government lost the 2008 election (Batters, 2010).

Post-2008 election reforms

While the Skills Action Plan and the Skill New Zealand partnership were abandoned following the election of the National-led government in 2008, the industry training framework was initially argued to be a key part of the government's response to the global economic recession. This was particularly true for under-25 year olds and the unemployed, a policy message made clear at the Jobs summit in February 2009 and exemplified in the 2008 Tertiary Education Strategy (Whitham, 2012). However, as 2009 progressed, a different discourse regarding industry training began to emerge, and the policy settings began to be subject to further change (Batters, 2010; Whitham, 2012). For example, in 2009, the data collated by the funding body for tertiary education, the Tertiary Education Commission (TEC), came under increased scrutiny and a number of discrepancies were found in trainee statistics collected from ITOs. It was pointed out that some ITOs were claiming Standard Training Measurement (STM) funding for trainees inappropriately: either for trainees who had ceased studying or for trainees enrolling in multiple qualifications (Ministry of Education, 2011). The Ministry of Education also used aggregate data to argue that completion rates of 35 per cent or less by trainees represent a poor return on investment for government funding, relative to other parts of the Tertiary Education system and overall (Mahoney, 2010).

In response to the criticism of ITO performance, the government made a number of changes to industry training policy in 2010, which included the introduction of performance-linked funding and minimum credit achievement requirements for trainees to maintain eligibility for funding. Two other policy changes of significance were the clear signalling to ITOs that, instead of only discussing merging, they must begin the process of merging, and the establishment of Trades Academies in secondary schools, polytechnics and private training establishments. Dalziel (2013) argues that the Trades Academies have been an effective part of the new industry training policy landscape, providing better linkages between young people and the industry training system. The mergers between ITOs have also been favourably received. Throughout the 1990s, there were as many as 50 ITOs (Piercy, 1999) and their numbers fell in the early 2000s to around 40 (Piercy, 2011). The mergers which occurred in 2013-2014 were designed to decrease the numbers of ITOs which as of 2014 were down to 12. Many of these mergers are based on sector and industry characteristics and have very large coverage, for example the Building and Construction ITO and the Primary ITO. This kind of ITO has the capacity to provide sector and sub-sector leadership by capitalising on skills clusters. In contrast, other ITOs are either small, such as the NZ Marine Industry Training, or comprise coverage that speaks more to historical relationships within the ITO system than industry characteristics for example Competenz and the Skills ITO (http://www.itf.org.nz/itos/).

Another significant change was the removal of government funding for short limited credit programmes, compliance and health and safety training (Ministry of Education, 2011). The decision to remove this funding was based on the belief, reinforced by claims in academic literature, that compliance based training is what employers are most likely to fund (Ashton, Sung, Raddon & Riordan, 2008). It was also argued that short courses serve the needs of employers rather than employees and, as such, the government should not be investing in limited credit programmes (Ministry of Education, 2011).

Industry Training Review

The focus of the review was on the investment made by the government in Modern Apprenticeship Coordinators and in the ITOs themselves, based on the issues identified by the Ministry of Education and the policy changes put in place post-2009. The scope of the review was to consider:

- how industry training has developed in New Zealand
- international approaches to vocational education and training
- the purpose of industry training, and the respective roles of government, employers and employees in achieving the purpose
- the strengths and weaknesses of different elements of industry training, including developing relevant skills, funding, accountability mechanisms, and governance
- the role of industry training within the wider vocational education and training system, including Youth Guarantee provision (Ministry of Education, 2011: 3).

Government officials were asked to prepare four reports as part of this process: (1) the *History of industry training;* (2) *Comparisons with industry training systems in other jurisdictions*[1]*;* (3) *Rationale for government investment in industry training;* and (4) *Performance of the industry training system – data*. The first two reports are available on the Ministry of Education's website. However, the latter two were never published. Instead, the review went forward into the consultation phase, which consisted of two parts. The first consultation document: *Industry training review: Discussion Paper: Key roles in industry training systems* called for submissions concerning the industry training system and the roles of the government, ITOs and co-ordinators (Ministry of Education, 2012b). Further interviews and a survey were completed only with employers as part of this process; the lack of unions further demonstrating the removal of social partnership (Ministry of Education, 2012a).

This was followed by a second round of consultation in the following year on the *Proposal to improve the performance of the Government's investment in industry training* released in August 2012 (Ministry of Education, 2012c). The outcomes of this submission process were put to cabinet in late 2012, and the key initiative of rebooting apprenticeships as 'New Zealand Apprenticeships' was announced in January 2013 and launched in March 2013 (Ministry of Education, 2013). The cabinet paper, released by the Minister in March 2013, detailed the outcomes of the Industry Training Review, including the policy changes for the industry training sector, such as the reforms to Modern Apprenticeship and traineeships (Ministry of Education, 2013). These reforms were then passed into legislation in April 2014 through amendments to the Industry Training Act 1992, 2003 and the repeal of the Modern Apprenticeship Act 2000.

---

[1] This report was held back until after the first phase of consultation.

The main policy objectives of the Amendments are to:

- establish a comprehensive apprenticeship system that provides the same level of support to all apprentices, regardless of age
- focus ITOs on two key functions – setting skill standards for their industries and arranging training
- clarify the functions and powers of the New Zealand Qualifications Authority (NZQA) in relation to ITOs
- include criteria relating to quality assurance in the process by which the responsible Minister recognises an organisation as an ITO (ITF, 2013).

New Zealand Apprenticeships

The first area of change was the creation of New Zealand Apprenticeships (NZA). This new programme required that all level four qualifications regardless of industry categorisation (MA or traineeship) should be combined under the NZA scheme. This was to ensure that trainees enrolled in these level four qualifications (NZA) would be provided with the coordinator funding and functions received by trainees enrolled in Modern Apprenticeship, effectively increasing the funding levels of traineeships. The intention of this change is to increase the completion rates of industry trainees based on the assumption that the coordinator support role is the reason why modern apprentices have high levels of completion rates. However, the MA programme was only offered in certain industries, so it is difficult to tease out whether the higher completion rates are the result of the pastoral care provided by coordinators, or the specific characteristics of the industry. Another change is that the theoretical component of this type of training be improved by stating that all level four qualifications must have at least 120 credits. This increase in the number of credits is to ensure that the apprenticeship system is more academically robust, however, it also increases the threshold of criteria training qualifications need to meet in order to qualify for public funding.

In the cabinet paper, Associate Minister for Tertiary Education, Skills and Employment, Steven Joyce, argued that the creation of NZA would be reinforced through an increased emphasis on quality assurance for ITOs, building on the review and reduction of qualifications work undertaken by NZQA (Ministry of Education, 2013). The aim of increasing the performance of ITOs is to improve the current poor return on investment for the government and also contribute to the Building Better Public Services[2] strategy of lifting the number of level four qualifications attained by those who are under 25 years.

---

[2] This is a reference group run out of the State Services Commission set up in mid 2011 to provide advice to the government on state sector reform. In 2013, the work of this group was augmented by 10 targets which the state sector must try and meet. Target 6 in relation to boosting skills and employment is: “Increase the proportion of 25 to 34-year-olds with advanced trade qualifications, diplomas and degrees (at level 4 or above)” (SSC, 2013).

Prior to the passing of the 2014 Act and as part of the introduction of NZA, the 'Apprenticeship Re-boot' initiative was implemented in March 2013. This programme was designed to provide an increased level of public funding for qualifications that meet the specifications of the New Zealand apprenticeship programme. It also includes specific funding for apprenticeships in relation to the trade-based needs of the Canterbury re-build. Further, in addition to the standard training subsidy (STM), this initiative will provide scholarships of up to $1000 to eligible apprentices for tools. The cabinet paper argued that these measures would meet the skills needs for the Canterbury re-build; help individual apprentices deal with the private costs associated with apprenticeship training; and, most importantly, encourage more employers to take apprentices on as employees. It is too soon to tell if the apprenticeship reboot has had a positive impact, but in the parliamentary debates, the argument was made by National that it had led to an increase in the uptake of apprenticeship training (House of Representatives, 2013).

The changes associated with NZA have great potential, especially the provision of pastoral care to all those enrolled in industry training qualifications regardless of age. However, the loss of limited credit programmes and the requirement to meet the criteria for 120 credits at level four in conjunction with the emphasis on under 25 year olds has the potential to shift the emphasis of industry training in New Zealand onto youth. This could recast industry training into a system that is about labour market entry or front-end training rather than up-skilling for those already in the labour market. Thus, depending on how the programme is implemented, the capacity of the industry training system to meet the needs of unqualified workers already in the labour market will lessen. For example, retail, an industry dominated by women, is one of the few modern apprenticeship training programmes that does not meet the threshold of level four or the 120 credit minimum and, as such, retail training programmes may not qualify to be included in NZA.

It should be noted that Dalziel (2013; 2014) argues the focus on youth access to industry training is a strength of the reforms, and one that could be strengthened by improving the networking capability of careers advisors at a regional level. His focus on the plight of youth not in education, employment and training demonstrates that the government should not take their policy focus away from the under 25s. However, nor should the potential numeracy and literacy benefits to low skill workers associated with participation in even very short industry training programmes be neglected (Cochrane et al., 2008).

The focus on completions embedded into the NZA and ITO performance includes a high risk element for trainees, even if they do manage to end up in employment. Many industry trainees get their first opportunity as adults to lift their literacy and numeracy levels in ways that have relevance to them personally. However, if ITOs need to ensure that their trainees complete credits each year, they are more likely to give opportunities to workers who they know are capable of achieving industry standards easily. International evidence already suggests that industry training tends to go most often to those who have already received some training (Misko, 2008). This potential inequity of access to training was highlighted as an issue in the review documents, but it was not dealt with specifically in the proposed reforms.

The most serious consequence of the creation of NZA is the lack of flexibility embedded within the policy, and the earlier policy changes that involved the removal of limited credit programmes and compliance and health and safety training courses. This focus is likely to lead to an industry training infrastructure that takes a one-size-fits-all approach. This kind of rigidity may well prevent industry training from genuinely responding to different industry sectors' unique requirements.

The role of ITOs and other government agencies

A key part of the legislative changes were focussed on increasing the performance and accountability of ITOs, by setting clearer roles and expectations for them and, by doing so, improves the coordination issues in the wider vocational education and training system. In particular, the requirement for ITOs to focus on qualification completion rates was designed to address the weaknesses in the system. It also included provisions on the role of NZQA in the development of accreditation criteria and the maintenance of quality assurance, which includes the right to impose sanctions (after several warnings) if ITOs should fail to meet accreditation criteria. In line with the NZA, the changes also included placing the coordinator role within ITOs, despite a number of submissions during the review process suggesting that ITOs were not the best suited to provide this service (Ministry of Education, 2013). This concern is understandable given the variable size and coverage of the 12 merged ITOs in terms of the different organisations' capacities to provide pastoral care.

But the most significant of all the changes was the removal of the statutory leadership and strategy role from ITOs. The cabinet paper stated that TEC and the Ministry of Business, Innovation and Employment (MBIE) would step up and take on this role (Dalziel, 2013; Ministry of Education, 2013). In the first reading of the Bill, Stephen Joyce also made the point that removing the role from ITOs would incentivise industry groups to take on the role (House of Representative, 2013). Given cuts to the state sector, the capacity of MBIE and TEC to provide specific industry-based information and build direct relationships with employers in order to provide industry-based strategy is, at this stage, unclear. In addition, while it may be an improvement for industry bodies to take greater responsibility in providing leadership around skill formation, this will only occur if such groups are given the capacity to deliver on this need. The parliamentary debates in Committee were particularly fierce in relation to the removal of the leadership function, where numerous MPs repeated the statement that all those who made a submission to the select committee had stated their opposition to this change in the role of ITOs. This was highlighted as the most serious problem with the Bill by Labour, New Zealand First and the Greens when they withdrew their support at the third reading (House of Representatives, 2014b).

The other reason given for the withdrawal of support was the proposal to make a contestable fund available for employers and private MA coordinators to access in order to provide training within enterprises. All submitters to the select committee except Business NZ spoke out in opposition to this policy (House of Representatives, 2014a). The Minister for Tertiary Education, Skills and Employment, Steven Joyce, argued in the cabinet paper that this initiative, in part, acknowledged the excellent work of some private modern apprenticeship coordinators as well as employer complaints about difficulties associated with dealing with ITOs. The rationale given for this move in the cabinet paper (Ministry of Education, 2013) and in the select committee (House of Representatives, 2014a) was the need to place further competitive pressures on ITOs.

This move to withdraw direct government funding and support for the development strategies for skill formation is a serious weakness of the reforms, and could very well lead to a disconnection between industry and the training system. Our rationale for arguing that there will be a greater likelihood of coordination failure issues is outlined in the following section.

Skill formation and productivity

Throughout the 2000s, industry training systems, internationally, have come under scrutiny in relation to their ability to meet the skill needs of economies, increase productivity and to improve the employability of citizens (Whitham, 2012; Piercy, 2011; Thelen, 2004; Ashton & Sung, 2011; Warhurst & Findlay, 2012). Amongst theorists, a consensus arose that concentrating on the industry training system alone was inadequate. Rather, a broader focus on the skills formation system as a whole was required if questions such as “why was the promise of human capital theory not being realised?” were to be addressed and coordination failure be identified and responded to (Buchanan et al, 2001; Thelen, 2004; Keep & Mayhew, 2010).

Finegold and Soskice (1988) provided insights into why some skill formation systems seemed to be more successful than others when they classified different skill formation systems as being high or low skill equilibriums. They used this model to argue that the United Kingdom’s skill formation system was trapped in a low skill equilibrium, whilst Germany was in a high skill equilibrium. This assertion stemmed from an analysis of the countries’ economies and systems of capitalism, labour market dynamics, industrial relations frameworks, as well as the industry training systems, demonstrating the need to focus not just on industry training but the institutions by which it is framed (Finegold & Soskice, 1988; Thelen, 2004). Their analysis prompted a number of studies into the characteristics and qualities of skills and, in particular, what characterises a high skills approach to skill formation. The findings of this research are well represented in Brown’s (2001) seven Cs of high skills. These are: Consensus, Competitive Capacity; Capability; Co-ordination; Circulation; Co-operation; and Closure. These seven elements speak to the attitudes and resources that countries need to develop and deploy if they want to move to a model of high skills formation. ‘Consensus’ is the need to ensure that all relevant stakeholders are consulted and involved in decision making regarding skills development. Many societies which are viewed as having a high skills equilibrium provide government funded but devolved decision making structures which involve unions, employer groups and government (Powell, 2005; Brown, 2001). This form of subsidiarity allows for the development of ‘Co-operation’ between and within industry groups, something that does not tend to occur in market-based approaches that are predicated on the importance of competition (Ashton & Sung, 2011). Co-operation is required for effective skills development if it is to be of the kind that provides workers with portable and relevant skills, an outcome that is vital, given that government funding is focussing on securing economic and social goals. This connects to ‘Closure’ which is the use of skills formation in ensuring that social mobility is afforded to all by ensuring that both the compulsory schooling sector and industry training operate on a meritocratic basis. This approach will ensure that the social goals of inclusion and equality are delivered on by the education system. Competitive capacity is about ensuring that those involved in innovation have the skills and resources to capitalise on new developments. This is not just about encouraging greater investment in research and development. It is about ensuring that organisations can move swiftly to respond to and operationalise changes in technology or systems. Capability is an important feature that connects to competitive capacity and it speaks to reconceptualising workers as lifelong learners. Consequently, the education and training systems need to meet this need of promoting not content, but instead the capacity to learn and to provide opportunities for workers to engage in upskilling throughout their lifetime. This requirement is not to be taken lightly, as workers can become responsible for taking on the risk of ensuring their employability (Thompson & Smith, 2010). If 'closure' is also to be delivered on, the State must play a leadership role in lifelong learning. The arguments on the concept of 'co-ordination' highlight that market-based models tend to emphasise supply side issues, such as qualification stocks and employability and that, instead, what is needed is better linkages between matching supply and demand for skills (Dalziel, 2014; Brown, 2001). Brown (2001) argues that the State is best placed to provide the kinds of leadership that will help establish what a country 'needs' in terms of skill development by coordinating stakeholders and information gathering. Circulation connects to this point, but refers to the diffusion of skill within and between industries and individuals. This diffusion of skill is a requirement that will be delivered on if capability, cooperation and coordination are addressed adequately within a skill formation system.

This wide-ranging and industry linked thinking about high skills development has been operationalised to a greater extent by a concept developed by Finegold, and refined by the work of Buchanan et al (2001) called skill ecosystems. Skill ecosystems is a more expansive model of skill needs within industries which encourages policy makers, employers, communities and individuals to conceptualise skill needs in four different areas:

- "the development of skills
- the supply of skills
- the demand for skills
- the deployment of skills" (Anderson & Warhurst, 2012: 117).

This slightly different way of thinking retained aspects of the skill equilibrium concept in terms of the emphasis on institutions, but the model emphasises not just "skills supply but also its development, demand and use…[and] the system's *dynamism and continual evolution*" (Anderson & Warhurst, 2012: 113, emphasis added). This model recognises that skill development, demand and use are in a constant state of change, thus the skill formation system also needs to capture this dynamism. The information networks required to identify, understand and respond to these changes are challenging to develop, but can provide great improvements to the quality of training as well as to the quality of work (Windsor & Alcorso, 2008). Alongside the dynamism, the skill ecosystem concept pushes out the understanding of coordination failure beyond matching the supply and demand of skill. This allows for the development of approaches that place equal emphasis on understanding business strategies, employment practices and job design as well as industry training systems (Buchanan et al, 2001).

We argue that the current approach in New Zealand focusses on the 'demand' for skills through a market approach and, to some extent, the 'development' through NZA, but the supply and, most importantly, the deployment of skills is not addressed specifically. Dalziel (2012) offers a solution to the supply issue by advocating better matches between the demand and supply of labour through regionally based networks of careers advisors. This solution still does not deal with the needs of deployment as it retains a focus on the VET system and does not address the issue of organisational development. Skills and economic development policy must be linked if training is to augment productivity levels (ILO, 2008). The reason why New Zealand's productivity must be addressed, alongside industry training policy, is because the productivity of its workforce is central to the country's ability to improve living standards. As Krugman (1997: 11) observes "Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker". For New Zealand, this bodes ill as its productivity performance over the previous several decades has been poor, with the growth rate of GDP per hour worked in the 2000s being amongst the lowest in the OECD. This is despite a prolonged period of restructuring which, if conventional wisdom is to be believed, should have seen New Zealand's economy grow strongly (de Serres, Yashiro, & Boulhol, 2014).

Furthermore, we argue that Buchanan et al.'s (2001) addition of three levels of competencies (skills) is also very significant because it means that the skill formation system can be re-conceptualised in relation to the need to develop, supply and deploy skills at a high, intermediate and routine level. Ashton and Sung (2013) argue that productivity gains can only be secured if senior management makes the right kinds of decisions for the sector and product markets, and that, in turn, middle management have the skills to implement the new technology and training systems. Managerial capacity is particularly challenging for SMEs, as such it is vital and the industry training system can deliver skills development and deployment at all three levels.

This argument is based on the understanding that most industries have interconnected and interlocking clusters of skills at the high, intermediate, and routine levels. For instance, while the aerospace industry requires advanced levels of skill in general, there is considerable heterogeneity in skills levels within the industry more broadly with the range of occupations being required; managers, engineers, technicians, machine operators, fabricators, assemblers, support staff and general labourers/warehouse persons and so on (Kraemer-Mbula, 2009). Moreover, many of these occupations perform similar activities in a number of different industries (Christinger, Fowler & Kleit, 2012). Altering the skill formation system in order to capture the benefits of clustering facilitates an industry/sector or regional approach to skills demand and deployment that Ashton and Sung (2013) recommend to strengthen the skills productivity connection. This kind of approach pushes policy makers to look beyond higher education as a site for developing skills because, as Finegold (1999) and Buchanan et al. (2001) argue, industry training systems are often not where the coordination issues are emerging from. For example, investment in technology alone, or research and development alone, will not necessarily deliver on productivity gains, in fact, it could lead to decreases in productivity. Instead, companies need to ensure that managerial capacity, alongside technology/research and development and training are connected to deliver on specific product market needs (Ashton & Sung, 2013).

Conclusion

Some of the changes proposed could improve the provision of industry training. For example, greater levels of accountability for the work of ITOs have been required since the development of the model in the 1990s. As such, these measures could provide sufficient motivation for ITOs to address the coordination issues that have plagued the system. The emphasis on completions could also serve to improve the return on the government's investment in industry training. However, it is the provision of pastoral care to all workers enrolled in apprenticeship qualifications through the extension of the coordinator role that is likely to provide the most positive outcomes. Providing additional support to apprentices could make a vast difference to older workers choosing to take on apprenticeship training and for those already enrolled who are struggling to complete.

We argue that, in terms of the connection between productivity and skills, the current reforms provide little capacity for improving New Zealand's economy. Leaving skills development to market dynamics will lead us back to the extensive coordination failure of the 1990s with skills shortages, mis-matches and under-utilisation all likely to occur. Such failures do not rest on the administrative inadequacies of a particular market-led regime alone, but rather speak to basic weaknesses in an approach to skill formation that only focusses on the stocks of qualifications (Keep, 2006; Anderson & Warhurst, 2012). This is where skill ecosystems can provide the most use as this approach encourages policy development that allows differences to be identified at the regional, industry, sector and product market level. In the review documents and other Ministry of Education reports, a point made consistently is that the statistics in industry training in terms of participation numbers, participant type, and completions vary extensively across industry – a point ignored in the Cabinet Paper and media items as the sector was damned as a whole by the negative discourse. However, it is this issue of industry variation that is of the most serious concern. This is because the reforms have moved forward on a "one-size-fits-all" approach glossing over this significant issue of industry variation in terms of training needs, skill acquisition, capacity for deployment and utilisation of skill. The work of the Skills Action Plan developed in 2008 indicated that industry differences mattered and need to be taken into account. If this is not considered, then it is likely that coordination issues will continue to be a problem. Furthermore, we argue that these policy reforms do not address coordination problems that stem from the variation of skill needs between and within industry.

Providing such finely calibrated information can be achieved if all social partners are called to the table because organisations like unions and ITOs, especially when they have high industry coverage, are aware of the sectoral, sub-sectoral and product market related differences that need to be taken into account (Raddon and Sung, 2005). Dalziel (2014), in his work on skill ecosystems, also identifies another group who could provide additional insights, especially on the supply side, which are careers advisors. As such, we argue strongly that if the industry training system is to move forward towards achieving optimal conditions for skill development, then social partnerships need to be strengthened again and more stakeholders introduced, such as career advisors and educational institutions (Dalziel, 2014; Warhurst & Findlay, 2012).

The skills leadership role and the development of strategy, regardless of who completes the task, need to be funded by the State and industry partners to a level that will facilitate coordination across sector bodies, ITOs, unions and educational institutions. Social dialogue or consensus is a vital part of making skill formation systems more effective in developed economies (ILO, 2008; Powell, 2005). This is particularly important for sectors with low employer engagement, such as the service sector, because skills development and deployment is at the routine and intermediate level, and not well connected to labour market mobility and remuneration. In these sectors, government leadership is required because the sectors lack the capacity and drivers for engagement in skill formation. For example, sectors which have low skill needs are likely to be locked out of skill development attached to qualifications by the introduction of NZA. This is very serious as it is workers in sectors with low skill needs that require the most assistance in improving their employability and, thereby, their social inclusion. This potential exclusion represents a waste of human potential and will keep a large proportion of the population locked into low wage sectors. Thus, the social as well as the economic goals of skill formation are at stake if the skills productivity disconnect is not addressed. Policy makers need to consider solutions that seek to effect change at four areas of skill formation: development, supply, demand and deployment. In order to do this, skill formation in New Zealand needs to be reconceptualised as policy process that can gather information from all relevant stakeholders in order to ensure that industry training can respond to dynamic changes at a sector and sub-sector level including the different types of product markets.

References

Anderson, P., & Warhurst, C. (2012). Lost in translation? Skills policy and the shift to skill ecosystems. In T. Dolphin and T. Nash (eds.), *Complex New World: Translating new economic theory into public policy* (pp. 109-120). London: Institute for Public Policy Research.

Ashton, D., & Sung, J. (2011). *Skills in Focus.* (Published by Skills development Scotland and the Scottish Funding Council). Retrieved from https://www.skillsdevelopmentscotland.co.uk/media/117328/productivity%20and%20skills%20-%20skills%20in%20focus%20paper.pdf

Ashton, D., Sung, J. Raddon, A., & Riordan, T. (2008). *Challenging the myths about learning and training in small and medium sized enterprises: Implications for public policy Employment.* (Working Paper No. 1). Geneva: ILO.

Batters, T. (2010). *New Zealand industry training policy in the 2008-2010 environment. (*Unpublished Master's thesis). University of Waikato, Hamilton, New Zealand.

Brown, P. (2001). Skill formation in the 21st century. In P. Brown, A. Green & H. Lauder (eds.), *High skills: globalization, competitiveness and skill formation* (pp. 1-55). Oxford: Oxford University Press.

Buchanan, J., Schofield, K. Briggs, C. Considine, G. Hager, P. Hawke, G. Kitay, J. Meagher, G. Macintyre, J. Mounier, A. and Ryan, S. (2001). *Beyond flexibility: Skills and work in the future*. Sydney, Australia: NSW Board of Vocational Education and Training

Chrisinger, C.K., Fowler, C.S., & Kleit, R.G. (2012). Shared Skills: Occupation Clusters for Poverty Alleviation and Economic Development in the US. *Urban Studies,* 49(15): 3403-3425. doi:10.1177/0042098011433489

Cochrane, B., Law, M., & Piercy, G. (2008). Industry training organisations in changing times: new research possibilities. *New Zealand Journal of Employment Relations*, 32(3): 40-56

Dalziel, P. (2012). *Towards a New Zealand System of Skill Ecosystems*. (EEL Research Report No. 11). Lincoln University: Agribusiness and Economics Research Unit.

Dalziel, P. (2013). Education and skills. In M. Rashbrook (ed.), *Inequality: A New Zealand Crisis* (pp.184-194). Wellington: Bridget Williams Books.

Dalziel, P. (2014). *Regional Skill Ecosystems to Assist Young People Making Education Employment Linkages in Transition from School to Work.* Lincoln University: Agribusiness and Economics Research Unit.

Deeks, J, Parker, J., & Ryan, R. (1994). *Industrial relations in New Zealand*. Palmerston North: Dunmore Press.

Department of Labour. (2008). *The New Zealand Skills Strategy: Action Plan 2008*, Wellington: Author.

de Serres, A., Yashiro, N., & Boulhol, H. (2014). *An International Perspective on the New Zealand Productivity Paradox* (Working Paper No. 2014/1). Wellington, NZ: New Zealand Productivity Commission.

Doyle, S. (1999). *Workers' organisations and private sector training: The New Zealand Council of Trade Union's strategy for a skilled workforce*. Paper presented at ILO APSDEP Regional Seminar, Chiba, Japan

Finegold, D. (1999). Creating Self-Sustaining, High-Skill Ecosystems. *Oxford Review of Economic Policy*, 15(1): 60-81

Finegold, D., & Soskice, D. (1988). The Failure of Training in Britain: Analysis and Prescription. *Oxford Review of Economic Policy*, 4(3): 21-53

Green, N., Hipkins, C., Williams, P., & Murdoch, C. (2003). *A brief history of government funding for industry training 1989-2002*. Wellington, New Zealand: The Industry Training Federation

Harris, P., & Harvey, P. (2008). *The Skills-Productivity Nexus: Connecting Industry Training and Business Performance.* Wellington: The Department of Labour and the Industry Training Federation. Retrieved from http://www.dol.govt.nz/PDFs/Skills-Productivity-Nexus.pdf

House of Representatives. (2013, November 5). *Parliamentary Debates (Hansard) Industry and Apprenticeships Amendment Bill – first reading.* (Volume 694; Week 58). [HANSARD – debate]. Retrieved from http://www.parliament.nz/en-nz/pb/debates/debates/50HansD_20131105_00000036/industry-training-and-apprenticeships-amendment-bill-%E2%80%94

House of Representatives. (2014a, April 8). *Parliamentary Debates (Hansard) Industry and Apprenticeships Amendment Bill – in committee.* (Volume 697; Week 69). [HANSARD – debate]. Retrieved from http://www.parliament.nz/en-nz/pb/debates/debates/50HansD_20140408_00000016/industry-training-and-apprenticeships-amendment-bill-%E2%80%94

House of Representatives. (2014b, April 15). *Parliamentary Debates (Hansard) Industry and Apprenticeships Amendment Bill – third reading.* (Volume 698; Week 70). [HANSARD – debate]. Retrieved from http://www.parliament.nz/en-nz/pb/debates/debates/50HansD_20140415_00000020/industry-training-and-apprenticeships-amendment-bill-%E2%80%94

ILO (International Labour Organisation). (2008). *Skills for improved productivity, employment growth and development*. (International Labour Conference, 97th Session, 2008) [Report V]. Geneva: ILO.

ITF. (November 2013). Industry training and apprenticeship reform Bill. *Real skills 56*. Wellington: Author.

Keep, E. (2006). Market Failure in Skills. SSDA *Catalyst*, Iss 1.

Keep, E., & K. Mayhew. 2010. Moving Beyond Skills as a Social and Economic Panacea? *Work, Employment and Society* 24(3): 565-577

Kraemer-Mbula, E. (2009). Aerospace. In A. Kraak (ed.). *Sectors and Skills : The Need for Policy Alignment*, (pp. 45-63). Cape Town S.A: HSRC Press. Retrieved from http://www.hsrcpress.ac.za/product.php?productid=2256&cat=7&page=3&freedownload=1

Krugman, P.R. (1997). *The age of diminished expectations: US economic policy in the 1990s*. Cambridge, MA: MIT press.

McCann, P. (209). Economic geography, globalisation and New Zealand's productivity paradox. *New Zealand Economic Papers*, 43(3): 279-314

Mahoney, P. (2010). *Comparing Modern Apprenticeships and industry training*. Learners in tertiary education series). Wellington: Ministry of Education. Retrieved from http://www.educationcounts.govt.nz/__data/assets/pdf_file/0006/79431/Comparing_Modern_Apprenticeships_27072010c.pdf

Ministry of Education (July 2011). *Terms of Reference: review of industry training*. Retrieved from http://www.minedu.govt.nz/~/media/MinEdu/Files/EducationSectors/TertiaryEducation/PolicyAndStrategy/IndustryTraining/ReviewOfIndustryTrainingTORJuly2011.pdf

Ministry of Education. (2012a). *Employer interview and survey results*. Retrieved from http://www.minedu.govt.nz/~/media/MinEdu/Files/EducationSectors/TertiaryEducation/PolicyAndStrategy/IndustryTraining/ResultsOfEmployerInterviewsSurvey.pdf

Ministry of Education. (2012b). *Industry training review: Summary of Submissions Received on the Discussion Paper: Key roles in industry training systems.* Retrieved from http://www.minedu.govt.nz/~/media/MinEdu/Files/EducationSectors/TertiaryEducation/PolicyAndStrategy/IndustryTraining/SubmissionsSummary.pdf

Ministry of Education. (2012c). *Industry Training Review: Summary of Submissions received on the Consultation Document – Proposal to improve the performance of the Government's investment in industry training.* Retrieved from http://www.minedu.govt.nz/~/media/MinEdu/Files/EducationSectors/TertiaryEducation/PolicyAndStrategy/IndustryTraining/IndustryTrainingConsultationDocumentAugust20129August.pdf

Ministry of Education (2013). *Final Decisions - Industry Training Cabinet Paper*. Retrieved from http://www.minedu.govt.nz/NZEducation/EducationPolicies/TertiaryEducation/PolicyAndStrategy/ReviewIndustryTraining/FinalDecisionsIndustryTrainingCabPaper.aspx

Misko, J. (2008). *Combining formal, non-formal and informal learning for workforce development*. Adelaide: National Council for Vocational Education Research.

Murray, N. (2001). *A History of apprenticeship in New Zealand.* (Unpublished Masters Thesis). Lincoln University, Christchurch, New Zealand

Murray, N., & Piercy, G. (2003). *Learning from* the master? A comparison of 'Modern Apprenticeships' in Britain and New Zealand. Paper presented at 5th International Conference Researching Policy and Practice in Vocational Education and Training, University of Greenwich, London.

Piercy, G. (1999). *Strategy and vision: The influence of the AMWU on the NZEU 1987-1992 with respect to education and training reforms.* (Unpublished Master's Thesis). University of Waikato, Hamilton, New Zealand

Piercy, G. (2005). *Riding the knowledge wave: an examination of policy implemented by the Labour led coalition Government focussed on work-based learning.* Paper presented at *4th International Conference on Researching Work and Learning*, OVAL Research, UTS: Sydney.

Piercy, G. (2011). Access and Equity in Aotearoa/New Zealand: increasing participation via policy and practice. In S. Jackson (ed.), *Innovations in lifelong learning: Critical perspectives on diversity, participation and vocational learning* (pp.167-186). London: Routledge.

Powell, M. (2005). *Skill formation and globalisation*. Aldershot, England: Ashgate Publishing.

Raddon, A., & Sung, J. (2005). *The role of employers in sectoral skills development: international approaches.* Paper presented at 4th International Conference on Research Work and Learning. OVAL Research, UTS: Sydney.

Rasmussen, E. (2009). *Employment Relations in New Zealand*. Auckland: Pearson.

Scottish Government Social Research. (2008). *Skills utilisation literature review*. Edinburgh: Education Analytical Services, Lifelong Learning Research: Author

SSC (State Services Commission. (2013). *Better public services: boosting skills and employment.* Retrieved from http://www.ssc.govt.nz/bps-boosting-skills-employment

Thelen, K. (2004). *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan.* Cambridge: Cambridge University Press.

Thompson, P., & Smith, C. (2010). Debating labour process theory and the sociology of work. In P. Thompson and C. Smith (eds.), *Working life: Renewing labour process analysis* (pp.11-28). Basingstoke, UK: Palgrave Macmillian.

Warhurst, C., & Findlay, P. (2012). *More effective skills utilisation: Shifting the terrain of skills policy in Scotland.* (SKOPE Research Paper No. 107). University of Sydney; University of Strathclyde.

Whitham, M. (2012). *"It's about community" – Finding Local Solutions to Local Problems: Exploring Responses to the Social Problem of Youth Unemployment*. (Unpublished Master's thesis). University of Waikato, Hamilton, New Zealand.

Windsor, K., & Alcorso, C. (2008). *Skills in Context: A Guide to the Skill Ecosystem Approach to Workforce Development*. Sydney: NSW Department of Education and Training.

New Zealand Journal of Employment Relations, 40(1): 70-86

New Zealand's Employment Law Agenda 2014: Collective Bargaining and Unions in an Election Year

STEPHEN BLUMENFELD[*]

This paper considers changes made to the ERA (ERA) 2000 since the election of a National-led Government in 2008 as well as the recently proposed changes to New Zealand's employment legislation. Analysis of the impact or likely impact of those changes is offered in light of the original object of the Act: "to build productive employment relationships through the promotion of good faith in all aspects of the employment environment and of the employment relationship". This paper considers, further to this, that any advancement towards balancing of relative bargaining power between employers and employees represents an improvement in employment relations. This is to suggest that any assessment of the changes made over the previous six years to New Zealand's legislative regime for regulating collective bargaining, as well as those statutory amendments to the country's employment legislation proposed by the current Government, should focus on the question of whether those changes have resulted – or and will result, as the case may be – in genuine improvements to collective bargaining and employment relations more generally.

Introduction

As enshrined in the Employment Contracts Act (ECA) 1991, the National Party's industrial relations policy following the 1990 general election in New Zealand resulted in the total abandonment of compulsory unionism and removal of the monopoly in wage bargaining that trade unions had enjoyed in most sectors for nearly a century (Geare, 2001). This, in turn, precipitated a sharp decline in union membership and density as well as in the share of the country's workforce represented in collective bargaining. It is ironic, therefore, that collective bargaining did not become an effective mode of determining wages, hours and working conditions in New Zealand until enactment of the ECA. Rather, for most of the last century, the predominant system for determining wages and conditions of work in this country was one of conciliated and, if required, arbitrated bargaining for awards, and that system remained essentially intact until 1991 (Dannin, 1997).

Since that time, New Zealand employment relations system has progressed from one which provided virtually no protections for trade unions and in particular collective bargaining, to a system that now relies on the duty of good faith to protect and promote collective bargaining (Davenport & Brown, 2002). Under its core conventions, collective bargaining is recognised by the International Labour Organisation (ILO) as an effective tool to protect those in weak bargaining positions. It is also acknowledged internationally as a means of overcoming any power imbalance between employers and employees which may result in unjust employment terms and conditions. An essential component for effective collective bargaining, therefore, is that the representative bodies on both sides have relatively equal bargaining power. This typically necessitates appropriate legislative support to enhance the bargaining power of the weaker party (Goldberg, Sander & Rogers, 1992).

---

[*] Dr Stephen Blumenfeld is the Director of Centre for Labour, Employment and Work, Victoria University, Wellington. Contact: stephen.blumenfeld@vuw.ac.nz

With this purpose in mind, both key pieces of employment legislation enacted in New Zealand in the past quarter century were, in large measure, intended to enhance the relative bargaining power of either the employer party, in the case of the ECA, or the employee party, with enactment in October 2000 of the ERA. Often, the means by which these opposing policy goals is effected is either by making it easier or more difficult for trade unions to organise workers, depending on where those setting the policy believe the balance of power in collective bargaining falls. In this context, legislation enacted to amend those statutes in that period has, likewise, frequently been aimed at giving greater influence to one party or the other (Blumenfeld, 2010).

Freedom of Association and the Right to Collective Bargaining Under the ERA

Freedom of association and the right to organise, as enshrined in the ILO's core conventions on those matters, form the *conditio sine qua non* for effective collective bargaining to take place. The viability of collective bargaining as an institution rests on the existence of a process of representing groups of workers who share a common interest in its outcomes (Blanpain & Colucci, 2004). To that end, in nearly all industrialised and developing countries, trade unions fulfil this role by negotiating their members' terms and conditions of employment. Nonetheless, if collective bargaining is to have a meaningful impact on those terms and conditions, its 'reach' or influence must extend to a significant proportion of the workforce. For this to happen, both parties to collective bargaining – unions and employers – must be free to exercise the right to form and join representative organisations of their own choosing (Traxler, 1998).

Yet, notwithstanding that the law surrounding 'good faith' in collective bargaining was placed as the centrepiece of the country's employment relations system, the employment law reforms undertaken following election of a Labour-Alliance coalition overnment in November 1999 did little to change either the form or extent of collective bargaining in New Zealand (Anderson, 2010). Those reforms, as enshrined in the original ERA, were aimed at augmenting trade union recognition and power by restoring unions' pre-ECA monopoly rights to bargain collectively and regulating the behaviour of the parties in collective bargaining. In this regard, the ERA introduced a number of changes to New Zealand's law regulating bargaining, including:

- requiring 'good faith' bargaining;
- extending coverage to all union members falling within the coverage clause of a collective employment agreement(CEA);
- enhancing access rights for unions to workplaces;
- limiting 'direct dealing' and communication with employees during bargaining;
- restricting strike-breaking by employers;
- extending the right to strike to secure a multi-employer collective agreement;
- allowing unions a 20-day advantage when initiating bargaining of an existing CEA; and
- extending terms and condition up to 12 months during renegotiation of an expired CEA.

Early in its second term, the Labour Government initiated further legislative reforms aimed at bolstering support for 'good faith' bargaining by placing restrictions on employers' ability to 'pass on' terms and conditions determined through collective bargaining, as well as imposing specific requirements on employers during restructurings. Legislation enacted in December 2004 made 'passing on' terms and conditions agreed in collective bargaining to employees covered under individual employment agreements with the same employer unlawful if done where the employer's intention is to undermine the union's effort to achieve a collective agreement. In addition, new rules were imposed on employers restructuring of their business where the restructure involves 'vulnerable workers' and mandate that all employment agreements – collective or individual – contain an employment protection provision.

Amendments to the ERA which were enacted in 2004 also augment the 'good faith' requirements by requiring parties involved in bargaining to conclude a collective agreement in the absence of a genuine reason not to do so, notwithstanding any deadlock over particular matters. At the same time, the Employment Relations Authority was empowered, upon referral from either party, to 'facilitate' bargaining where bargaining has reached an impasse. As part of this process, the Authority was also granted the power to make recommendations about the bargaining process and to stipulate provisions that must be included in the new collective agreement. This implies that, where a serious and sustained breach of the duty of good faith has occurred, the Authority now has jurisdiction to determine and fix provisions of the CEA.

Holidays Act Amendments Under National

Notwithstanding its promise during the run up to the 2008 general election that it would not make any significant change to New Zealand's employment laws during its first term, changes were made to the by the National to the Holidays Act 2003, in particular, during that time. These changes include allowing employees to negotiate the transfer of a public holiday to another day, allowing employees to take a week's pay in lieu of their fourth week entitlement to annual leave under the Act, and doubling the penalties for employers who breach the Act. Changes under the Holidays Amendment Act 2010 also allow employers to require proof of sickness or injury from first day of illness or injury, albeit at the employer's expense.

With respect to employer policies ruling out transferring a public holiday to another day, an employer may now adopt a policy that the whole or part of its business will not enter into an agreement to transfer a public holiday. Employees now also have the option, upon agreement with their employer, to cash in their fourth week of annual leave, an entitlement extended to all employees under the previous government, hence allowing employees to take three weeks' holiday and be paid for the fourth while still working. The maximum penalties for non-compliance with the Holidays Act increased from $5,000 to $10,000 if the employer is an individual, and from $10,000 to $20,000 if the employer is a company or other body corporate. These changes all took effect on 01 April 2011.

Additionally, for work on public holidays, alternative holidays, sick leave and bereavement leave an employee is now entitled to be paid either their *'relevant daily pay'* or '*average daily pay*'. An employer may now use the latter where it is not possible or practicable to determine relevant daily pay, or where the employee's daily payment varies within the pay period in which the holiday or leave falls. In addition, the calculation of average daily pay has also changed, from the average of the four calendar weeks before the end of the pay period immediately before the calculation is made, to an average over the 52 calendar weeks before the calculation is made. As of 1 April 2011, where an employer and employee cannot agree on what day the alternative holiday should be taken, employers now have the final say, on a reasonable basis, as to when an alternative holiday is taken. Employers will be able to give employees 14 days' notice of when they require them to take the alternative holiday.

In spite of these changes made in its first term to the Holidays Act, along with its coalition partner Act, National did not support a private member's bill introduced by Labour MP David Clark to 'Mondayise' Waitangi day and ANZAC day during its second term. Nevertheless, in April last year, the Holidays (Full Recognition of Waitangi Day and Anzac Day) Amendment Bill narrowly passed its third reading by 61 votes to 60, with the effect that, if either Waitangi Day or Anzac Day should fall on a Saturday or Sunday, for those employees who would not work otherwise work on that day, the public holiday must be treated as falling on the following Monday. While the Transport and Industrial Relations Select Committee, which had a National party majority, had recommended that the Bill not be passed, the Labour and Green select committee members released minority views in support of the legislation, which will not have any practical effect until 2015, with that year being the next time either Waitangi Day or ANZAC Day will fall on a weekend.

90-day Trial Periods Legislation

Also in its first term, John Key's National-led Government introduced 90-day grievance-free trial periods. Under the changes enacted under the Employment Relations Amendment Act 2008, workers employed in New Zealand by small and medium enterprises of fewer than 20 workers are permitted to hire workers on a grievance-free trial basis without the right of appeal against unfair dismissal in first 90 days, regardless of the reason for the dismissal. In fact, no reason need be provided by the employer for the dismissal. The 2008 Act also repealed the right of an employee to bring a personal grievance if the employee is treated on a different basis as a result of being a member of Kiwisaver. Two years later, under changes enacted in the Employment Relations Amendment Act 2010, the 90-day trial period provisions were extended to include all employers, in particular those with 20 or more employees. As a consequence, all employers in New Zealand are now entitled to include a 90-day trial period in a new employee's employment agreement.

Changes to Collective Bargaining Under National

Under the Government's package of proposed reforms, employers would be permitted to opt out of multi-employer bargaining at the beginning of the bargaining process, if they elect to do so. Specifically, the Employment Relations Amendment Bill 2013 provides that, where an employer is an intended party to such an agreement and has received a notice initiating bargaining for that agreement, the employer may opt out of bargaining by giving a written opt-out notice to all other intended parties identified in the notice initiating bargaining not later than 10 days following receipt of that notice. The notice would take effect on the date this notice is given, whereupon the employer is no longer a party to bargaining for the collective agreement and ceases to have any further obligations under the ERA.

National also has proposed equalising the timeframes in which the parties have to initiate bargaining, making it more difficult for unions to determine the form and scope of collective bargaining. In addition, National intends to remove employees' automatic entitlement to meal and refreshment breaks, although the legislation would still require the employer to offer compensatory measures. If the employer and employee cannot agree on those measures in terms of other breaks, though, the employer will maintain the right to unilaterally decide what compensatory measures will be provided.

Another Labour-backed private member's bill, the Parental Leave and Employment Protection (Six Months' Paid Leave) Amendment Bill, extending paid parental leave from 14 to 26 weeks, was successfully blocked by National from passing in this Parliament, with National holding Peter Dunne's proxy on procedural matters. Both the Maori Party and United Future MP Peter Dunne, who usually vote with National, had previously supported the Bill, introduced by Labour MP Sue Moroney. Finance Minister Bill English had indicated that, had the bill passed, the Government would have used its special financial veto power to stop it becoming law. Despite this, earlier this year, the Government's Budget included extending parental leave from the current 14 to 18 weeks, and the Government has recently released a discussion document on its proposal to make paid leave available to non-parent carers and parents in casual or new jobs, along with more flexibility around unpaid leave.

The changes proposed in the collective bargaining regime by the current Government in its most recent Employment Relations Amendment Bill, which is currently stalled in Parliament and unlikely to be acted upon until after the general election in September, are aimed at removing what it contends are some of the obstacles employers presently face when engaged in collective bargaining. In particular, the Government proposes a return to the original position in the ERA where the duty of good faith does not require the parties to conclude a collective agreement. The Act currently provides that the duty of good faith requires a union and an employer bargaining for a collective agreement to conclude a collective agreement, unless there is a genuine reason, based on reasonable grounds, not to. The 2013 bill provides that the duty of good faith does not require those parties in those circumstances to enter into a collective agreement or to agree on any matter for inclusion in a collective agreement.

In proposing this change to the country's employment laws, the Government has highlighted what it perceives are the destabilising effects of the requirement to conclude bargaining. It is perhaps ironic, therefore, that the requirement to settle was given greater emphasis a decade ago – albeit under a Labour-led Government – when the Act was amended at the end of 2004 an effort to further promote the virtues of '*good faith*' employment relationships. The Employment Relations Amendment Act (No 2), which came into effect on 1 December 2004, more than four years after the initial enactment of the ERA, offered greater legislative support for collective bargaining by requiring that:

- employers not discourage employees from participation in collective bargaining or from being covered by a CEA;
- employers and unions who are deadlocked on a specific issue must continue bargaining on other issues; and
- collective bargaining must lead to a CEA unless there are '*genuine reasons*' not to; these reasons must be based on '*reasonable grounds*'.[1]

The ERA was also amended at that time to prevent employers from automatically passing on collectively-bargained terms and conditions to employees who are not part of the collective bargaining process or covered by the CEA. This particularly includes non-union employees whose work falls under the coverage clause of that agreement. A breach of good faith can occur, though, only if the employer has deliberately sought to undermine the bargaining process or the CEA. As such, most employers negotiate, *ex post* collective bargaining, very similar if not the same terms and conditions with their non-union employees. Through emphasising the application of the '*good faith*' requirement to individual agreements, the 2004 amendments require that those agreements be based on '*genuine*' individual bargaining.

---

[1] Grounds that are not reasonable include opposition or objection in principle to collective bargaining or agreements, or disagreement about the inclusion of a bargaining fee clause in a CEA.

Under the Government's proposed changes to New Zealand's collective bargaining regime, the Employment Relations Authority would be empowered, in certain circumstances, to declare that collective bargaining has ended. Currently, the law requires that that the parties conclude a process of collective bargaining, unless there is 'a genuine reason, based on reasonable grounds' not to. This is what prevented the employer in the long-running dispute at the Ports of Auckland from declaring all its workers jobs redundant and effectively sacking striking dock workers at the Port. This change, though, will afford employers the right throw in the towel at any point during bargaining at which they are frustrated in their efforts to reach agreement with a union, and the union and its members will have no recourse. Equally, employers will be able use the threat of contracting out the jobs of striking workers to compel agreement on their terms.

National contends that this law change would result in less protracted interest disputes, as bargaining will simply be declared to be at an end in such situations. Under this proposal, either party bargaining for a collective agreement may apply to the Employment Relations Authority for a determination as to whether the bargaining has concluded. The Authority may then make such a determination if it is satisfied that the parties have attempted to resolve all issues in dispute by way of mediation and, where applicable, facilitation under the Act, that that those attempts have failed, and that further attempts are unlikely to be successful.

When called upon to make such a determination, the Authority may make a declaration that bargaining has concluded or that bargaining has not concluded, in which case it may make a recommendation to the parties as to the process they should follow to resolve the difficulties. Where the Authority determines that the bargaining has concluded, none of the parties to the bargaining may initiate further bargaining earlier than 60 days after the date of the declaration, unless the other parties agree to this. Where the Authority determines that bargaining has not concluded, none of the parties may make another application for such a determination from the Authority, until the recommended process has been followed or until 60 days after the Authority's determination unless the other parties agree.

The Employment Relations Amendment Bill 2013 would effectively remove the wording in the Act which prevents employers from refusing to engage in collective bargain, preferring instead to place all of their employees on individual employment agreements. If enacted, these changes will significantly impact collective bargaining, as it implies employers can engage instead in 'surface bargaining', a strategy in collective bargaining in which one of the parties merely goes through the motions of bargaining, with no intention of reaching an agreement. Further to this, where bargaining is deemed to have ended, the expired collective agreement is likewise deemed to be no longer in effect, the union cannot reinitiate bargaining for at least 60 days, and the employer can place all of its employees on individual agreements and restructure its business, as the good faith bargaining rules no longer apply.

Workplace Access and Union Delegate Rights

The 2010 reforms to the ERA also reduced rights of union to access workplaces in order to meet either with their current members or with prospective members. These changes imply that employers can refuse a union access to the workplace, at least for a period of time. Union representatives now must ask for the employer's consent before entering a workplace, and the employer must respond by the following working day. If denied access, the union representative must be given written reasons no later than the following working day. An employer who fails to respond to an access request within two working days is taken to have given their consent, though, and penalties can be imposed if consent is unreasonably withheld or written reasons for withholding consent are not provided.

Other legislative reforms under National during its first term impacted workers and employment relations in New Zealand. Among the more controversial changes, the Employment Relations (Film Production Work) Amendment Act 2010 effectively removes the right of those working in the film industry to query whether their contract is in fact a contract of service and the worker technically an employee, rather than a contractor under a contract for service. As a consequence of this legislation, workers in New Zealand’s film industry have less protection than workers in other industries, who are still able to challenge their employment status on the grounds that, despite the wording of their contract suggesting the contrary, they are in fact an employee and have the rights and entitlements which flow from that, including entitlement to be paid at least the statutory minimum wage and holiday pay in accordance with the Holidays Act.

Changes to the Rules Pertaining to Industrial Action

Under National MP Tau Henare’s member’s bill on secret ballots for strikes, the Employment Relations (Secret Ballots for Strikes) Amendment Act 2012, which took effect on 15 May 2013, all proposed strikes must be voted upon with a majority of members of the union potentially affected by the strike voting in favour of the proposed industrial action before that action is considered lawful. This change to the legislation governing strikes, which does not apply to strikes that relate to health and safety issues, requires union rules to provide for secret ballots for any strike. Where a union’s rules do not provide a process for holding a secret ballot, transitional provisions require a union to amend their rules no later 14 May 2014.

Despite this change to the legislation governing a union’s conduct when considering recommending strike activity, it has long been the case that most trade unions in New Zealand have imposed upon themselves these same requirements on strike ballots of their members. Yet, while most unions have not needed to change their rules as a consequence of this change to the ERA, the passing of a law requiring unions to conduct a secret ballot of their members before going on strike points to yet another example of the Government attempting to gain greater control over union affairs. Further to this, this change to the Act does not impose a similar restriction on company boards or employer associations in a lockout.

National also supported a National MP Jami-Lee Ross’s private member’s bill, the Employment Relations (Continuity of Labour) Bill, which would allow employers to bring in other workers who do not normally do that work when there is a strike. The purpose of this bill was to repeal Section 97 of the ERA, which currently prevents the use of volunteers, contractors, or other casual employees by an employer during a strike or lockout. While unions would maintain the ability to strike, if this bill had passed, the law change would have given employers the ability to replace striking workers temporarily and maintain business continuity during a work stoppage. Its impact would have been to weaken bargaining strength of workers and reduce the effectiveness of strikes. The bill was, nevertheless, voted down by Parliament by the narrowest of margins, 61 to 60, at its first reading in November last year.

Despite failure of the Employment Relations (Continuity of Labour) Bill, as part of its package of proposed changes to the ERA under the Employment Relations Amendment Bill 2013, National continues to support changes to strike notice requirements. At present, the ERA places strict notice requirements on unions representing workers in essential industries, such as hospitals. The Government's proposed change in this regard would impose a requirement on unions in all industries to provide written notice of their intention to strike and further written notice if they decide to withdraw the notice. This would apply to all forms of industrial action by unions, regardless of duration or form.

National has also proposed allowing for partial pay reductions where employees have engaged in partial strike action, such as work-to-rule or work slowdowns. It remains unclear, though, how employers might determine any pay reduction. Currently, employers typically make this assessment on a 'time-lost' basis, but this is feasible only where some or all employees wholly withdraw their labour services, as in the case of 'rolling' strikes, a partial strike tactic employed in the past across the education sector, including at several ITPs and universities. The impact of this proposed change will depend on whether any such pay reduction is measured purely on a 'time lost' basis or whether employers are somehow able to take account of the 'quality' of the work not performed. To the extent to which employers are able to do this, the new rules pertaining to industrial action could potentially be used to hinder work-to-rule efforts or other situations where employees are able to structure their work so as to cause maximum disturbance for minimum time off.

National's proposed change implies that an employer would be able to deduct an estimated amount of pay where workers are still working but refuse to do any part of their normal work, for example when workers have decided as a form of lawful strike action during collective bargaining that they would not answer phones for a period. The union could challenge the rate of deduction through a legal process. However, the employer could instead opt for a standard deduction of 10 per cent. This will obviously discourage workers from taking even limited strike action. The employer, however, can suspend striking workers or lock them out. Hence, this proposed change, if enacted, would add another sanction to employers arsenal of economic actions they have available to impose in a strike situation.

Proposed Changes to Part 6A

Another area where change has been proposed is in Part 6A of the ERA, under which 'vulnerable workers' have the right to elect to transfer to a new employer on their same terms and conditions of employment in sale-of-business or contracting situations. At present, although a new employer is required to take on the old employer's annual and sick leave liability, the Act is silent with regard which employer, the predecessor or successor, should bear any cost involved in the transfer. Previously, the High Court had ruled that a predecessor employer bears the onus of paying the cost of these accrued liabilities, and it is likely that the change process established under these administrative amendments to Part 6A will comply with this ruling. The Government's proposed changes also will impose a requirement that the predecessor employer provide individual employee information, including any operative employment agreement and PAYE records, to the successor employer, as well as a requirement that employees must transfer to a new employer within five working days. Additional penalties and compliance orders for non-compliance with Part 6A will also apply.

In addition to these other proposed changes to the requirements under Part 6A, the most significant change proposed in this regard is an exemption for successor employers employing fewer than 20 employees from the provisions of Part 6A. On the face of it, this change in the legislation appears to benefit small and medium size businesses, which will now face lower compliance costs, hence giving those employers an advantage in tender situations. A likely unintended consequence of this change, however, would be to encourage larger employers to franchise, as there appears to be nothing in the new legislation which would stop larger contracting firms from forming small or medium-sized subsidiaries in an effort effectively to skirt the law. Therefore, while additional penalties and compliance orders for non-compliance with Part 6A will also be introduced as part of this package of legislative changes, for the most vulnerable of workers in New Zealand, this one change may effectively remove any protection they may have gained when Part 6A was first introduced into the legislation in 2004.

Other changes to the Act proposed by National are ostensibly intended to clarify that employers can directly communicate with employees during collective bargaining and can include details of any settlement offer. Under Section 4 of the ERA, which concerns good faith employment relations, an employer may communicate with employees during collective bargaining, provided the requirement that the parties deal with each other in good faith is observed. These include that the employer recognises the role and authority of its employees' chosen union representative, that it does not attempt to bargain directly or indirectly with those employees, and that it does nothing to undermine the bargaining or the authority of the union or its representative. In these respects, any communication by the employer must be consistent with the employer's overriding duty of good faith under the ERA. Despite this requirement, an employer is permitted to provide employees with factual material about the bargaining such as the employer's proposals for the collective agreement.

Removal of Protection for New Workers

A further change proposed by the Government in its stalled Employment Relations Act amendments is removal of the '30-day rule', which requires non-union members to be employed under the terms and conditions of any collective agreement in force which covers their work for the first 30 days of their employment. Currently, under s 62 of the ERA, a new employee appointed to a position covered by a CEA has two options, depending on their union membership status. On the one hand, if the employee is a member of a union that is party to the CEA and that agreement covers the position in which the employee is employed, the employee is bound by the CEA. Alternatively, where the employee is not a member of a relevant union, for the first 30 days they are employed on an individual agreement with terms and conditions identical to those found in the collective. Only at the expiry of this 30-day period, and providing the employee does not subsequently become a union member, can the new employee's terms and conditions be varied without regard to the terms of the collective agreement.[2]

Notwithstanding this status quo, repeal of the 30-day rule for new employees will allow employers covered by a collective agreement to employ new non-union employees on individual terms and conditions, offered by the employer and accepted by the employee, *at the onset of employment.* This change will force a new worker to choose straight away whether to join the union and be covered by the collective or to agree to the employer's terms and conditions under an individual employment agreement, hence making them vulnerable to pressure from the employer to accept a worse offer. All any non-union employee needs do in order to gain access to the terms and conditions of any collective agreement covering their work, though, is simply join the union that negotiated that agreement. Hence, there remains little incentive for employers to alter terms and conditions negotiated with their unionised employees' union representatives when determining what terms and conditions to offer to their non-union employees or, in particular, those who are newly hired.

---

[2] By contrast, the ECA did not require that existing collective employment contracts be extended to cover new employees. The matter of extension was yet another issue over which the parties to a collective contract could negotiate (Foster, Murrie & Laird, 2009).

Flexible Working Conditions

Cabinet has also approved, as part of these changes to New Zealand's employment laws, extension to all employees of the right to request, from their first day on the job, flexible working arrangements for work/life balance reasons – such as shortened days, working from home, job sharing and compacted weeks. Previous to now, this entitlement was limited to those with caregiving responsibilities. The primary drawback to this proposed change is, therefore, that workers with caregiving responsibilities will henceforth have to compete for this benefit along with all other employees desiring greater work-life balance. Given that employers are under no obligation to grant any request made under this legislation as it currently stands, this change will obviously render it less likely that those whom the law was originally intended to help will in fact get that assistance. Changes to the process that employees must follow when making a flexible working request have also been proposed, including a reduced one-month period within which employers must make a decision on any request.

The legislation, if enacted, will also provide employers with more flexibility in determining rest and meal breaks. If the employer and employee cannot agree upon when a rest or meal break is to be taken or for how long, the employer may specify times and durations that best suit the employer's operational environment or resource needs. Rest and meal breaks need not be provided if the employer and employee can agree on compensatory measures or if the employer cannot reasonably provide break periods, given the nature of the employee's work. Nevertheless, where rest and meal breaks are not provided, reasonable compensatory measures must be available, such as time off work.

Individual Terms and Conditions and Due Process

If an employer and employee have entered into an individual employment agreement or have bargained for individual terms and conditions, the employer must keep a signed copy of the agreement or of the current terms and conditions under which the employee is working. If the employee has given the employee a copy of an intended agreement, the employer must keep a copy even if the employee has not signed it, or has not agreed to any of its terms and conditions. ('Intended agreement' also includes part of an intended agreement.) The employer must not treat an intended agreement as the employee's employment agreement if the employee has not signed it or agreed to any of its terms and conditions. In such cases, the employee's terms and conditions will be governed by common law. This particular provision came into force on 1 July 2011. An employee who asks for a copy of either a signed or unsigned intended agreement (or of any signed or unsigned terms and conditions) must be given a copy 'as soon as is reasonably practicable'. Failure to comply can result in an action brought by a labour inspector and a penalty imposed by the Authority. Before bringing an action, the labour inspector must give the employer seven days to remedy the breach.

The due process requirements of dismissal have also steadily eroded under National Government. The 2011 amendments to the ERA, which ostensibly add clarification of the process requirements, set out factors the Employment Relations Authority or Court must consider in unjustifiable dismissal cases. In particular, the range of reasons an employer could use to justifiably dismiss a worker was broadened by changing the test of justification from what a reasonable employer ‘would’ have done to what a reasonable employer ‘could’ have done. The specific areas that must be considered in weighing up if the test of justification has been met are:

- whether having regard to the resources available to the employer, the employer sufficiently investigated the allegations against the employee before dismissing or taking action against the employee;
- whether the employer raised the concerns that the employer had with the employee before dismissing or taking action against the employee;
- whether the employer gave the employee a reasonable opportunity to respond to the employer’s concerns before dismissing or taking action against the employee;
- whether the employer genuinely considered the employee’s explanation (if any) in relation to the allegations against the employee before dismissing or taking action against the employee; and,
- any other factors the Authority or Court considers appropriate.

Other factors that may be considered are likely to include issues such as advising the employee of their right to representation and indicating how seriously the employer views the matter. Importantly, amendments to the good faith disclosure of information provisions in National’s package of reforms mean employers will be able to withhold evaluative material that formed the basis of an employer’s decision to dismiss the employee, either on the grounds of redundancy or for any other cause. To this end, the new legislation would effectively overturn the Employment Court’s 2011 decision in *Vice-Chancellor of Massey University v Wrigley,* in which two employees of Massey University and members of the TEU were determined to have the right to access confidential information during a restructuring.

Changes to the Minimum Wage and Minimum Wage Review Process Under National

With regard to the statutory minimum wage, in its first term, the fifth National Government increased this from $12.00 to $13.00 an hour, and to $14.25 an hour in its second term, which amounts to an average annual increase in the nominal minimum employers in New Zealand must pay employees of 3.1 per cent, far short Helen Clark’s Government’s nominal 7.9 per cent average annual increase in the adult minimum wage. In 2012, Cabinet also agreed to adopt a cyclical process for the review of the minimum wage rate. The process comprises a comprehensive review to be completed every fourth year, with a streamlined process in the intervening three years focussing on fewer key factors and with limited formal consultation. Under this streamlined process, the issues under consideration each year will be limited to cost of living and effect on employment, and equity considerations may be made only every fourth year.

Furthermore, with enactment of the Minimum Wage (Starting-out Wage) Amendment Act 2013, which took effect on 01 April 2013, National reduced the minimum wage for workers aged 16 to 19 to 80 per cent of the adult rate. For those of either 16 or 17 years of age, this applies for any six month period from when they start a job. For those aged 18 or 19 years who have been on a benefit continuously for at least six months prior to commencing employment, this alternative minimum wage applies for a period of six months. The implication of this is that an 18-year-old who had previously worked for two years but was then on a benefit for six months can be paid 80 percent of the minimum that a new worker of 18 years of age with no experience can be paid.

An Assessment of National's Proposed Changes on Collective Bargaining

In general, the changes to the collective bargaining regime approved by Cabinet last year aim to remove provisions crucial to unions and union security in New Zealand. In particular, the Government intends to remove the 'good faith' requirement that the parties to collective bargaining conclude a collective agreement. In 'certain circumstances', the Employment Relations Authority will be empowered to declare collective bargaining has ended. What 'circumstances' in which the Authority will elect to intercede is anyone's guess, although negotiations that extend beyond 12 months – a seemingly growing phenomenon in New Zealand – would seem to be what the Government most desires to curtail with this change. Yet, despite National's proposed changes to the wording of the Section 4, because direct communication with employees was never prohibited under the Act, it is unlikely those changes will have any real impact on collective bargaining or on either party's conduct and communications during collective bargaining.

Another change proposed by the current Government will undermine the ERA's support for multi-employer bargaining, such as the Nurses' multi-employer collective agreement (MECA), which covers all District Health Boards. The Government contends its proposal to allow employers to opt out of MECA bargaining is intended to expedite the time devoted to bargaining with unwilling employer parties. Nevertheless, by allowing employers to opt out of multi-employer collective bargaining, bargaining in the public sector, where most multi-employer bargaining currently takes place, will likely be impacted. In addition, this change would remove the right of union members to strike to secure a multi-employer collective agreement, marking a return to the position under the ECA. This, of course, is a double-edged sword: unions will no longer have – if they ever did – the ability to compel employers into MECAs to which they have no desire to be party, but neither will employers be able to compel unions into undesirable multiparty bargaining arrangements.

Yet, despite the fact that unions have had this right, experience has proven that it is nigh impossible for unions to compel intransigent employers to agree to a bargaining process which would lead to a MECA, let alone engage in multi-employer bargaining beyond those initial meeting of the parties. Achieving such agreements is ultimately dependent upon the wilful acquiescence of all parties to the proposed multiparty bargaining structure (Foster et al., 2009).

In addition, National's proposal to change the strike notice requirements would allow a period of time for employers to influence the work environment to avert the impact of industrial action and make pay deductions from the onset of industrial action. As it would apply to unions in all industries, the purpose of this change does not appear to relate to public interest, as does the current strike notice requirements applied to union representing workers in essential service. Also, despite that penalties are now in place for unreasonable denial of a union access to a workplace, the 2010 amendments to the Act also removed reinstatement as a primary remedy for dismissal. This renders union delegates and activists vulnerable to dismissal, as the employer is less likely to be required to reinstate the worker, even if the dismissal is determined to have been unjustified. In sum, the intent of these legislative changes appears to be to place further limits on unions' ability to operate effectively in the workplace, hence weakening unions' power during collective bargaining.

Despite National and Act rejecting the Holidays (Full Recognition of Waitangi Day and Anzac Day) Amendment Bill and the Prime Minister's unsuccessful effort to pressure coalition partner Peter Dunne into changing his vote, the Government elected not to exercise its financial veto to stop the bill. The significance of this with respect to proposals from National to amend New Zealand's employment laws is that the Government's other coalition partners, United Future and the Maori Party, supported this legislation. Furthermore, the Government's proposals regarding extending paid parental leave entitlements have no doubt been influenced by the fact that opinion polls indicate strong support for family-friendly policies from the voting electorate, and this being an election year.

The desire to avoid a perception that it is anti-worker has also likely influenced the Government's support for other measures which, on their face, might appear antithetical or counter to its neo-liberal political philosophy. In particular, despite its lack of support for most legislative measures to extend statutory entitlements for workers, National has introduced changes on foreign charter vessels (FCV), health and safety and migrant worker rights during its second term. For example, while no legislation has been enacted yet, as a result of a ministerial inquiry into the treatment of crew aboard South Korean fishing boats working New Zealand waters, the Government has declared its intention to end the use of FCVs, which will now be required to reflag to New Zealand and follow New Zealand's employment laws. Furthermore, in the aftermath of the Pike River disaster, National is proposing to place an increased onus on employers in matters related to health and safety, including a duty on directors, chief executives and others in governance roles to be pro-active in health and safety, with significant liability if this duty is not met.

Perhaps the biggest threat to union security under changes to the collective bargaining regime approved by Cabinet in May 2013 but still awaiting enactment more than a year later is the proposed removal of the '30-day rule', which requires that non-union workers be employed, for their first 30 days of their employment, under the same terms and conditions as those in any collective agreement covering their work. Currently, a new worker in a workplace hired to perform work which is covered by a collective employment agreement is automatically employed on the basis of that collective agreement for their first 30 days of employment. This is intended to protect newly hired workers from being offered inferior terms and conditions to those enjoyed by all others doing that work for the employer. Yet, under the changes proposed by National, employers will be able to employ workers who are not union members on individual terms and conditions offered by the employer and accepted by the employee, from day one on the job.

Furthermore, despite the fact that there would still appear to be a clear disincentive to employers, offering worse terms and conditions under individual agreements to new employees, this change will undoubtedly make it easier for employers to undermine the collective agreement and employ casuals on lower rates. To that end, the Cabinet briefing paper to the Minister of Labour from the Cabinet Economic Growth and Infrastructure Committee notes:

> Repealing the 30-day rule will provide employers with more flexibility on what they are able to offer new employees as their starting terms and conditions of employment. It will enable employers to offer individual terms and conditions that are less than those in the collective agreement.

Further to this, in the long run, this will undermine all workers' terms and conditions, including those covered by the collective. This change, in addition to the others National proposes aimed at limiting the power of unions in collective bargaining, will no doubt discourage workers from getting involved in collective bargaining and from being part of the union.

Moreover, this change will likely have a negative impact on union membership of more vulnerable workers, in particular, as new workers will be employed on terms that are inconsistent with the collective agreement and may fear adverse consequences if they, then, opt to join the union and, therefore, the collective agreement. In addition, workers on 90-day trial periods may be hesitant to join the union and, thereby, the collective agreement, given that their employment may be terminated during the first 90 days for any or no reason at all. As it currently stands, though, those fears are likely allayed to a large extent by the offering by the employer of terms and conditions that are identical to those under the CEA. This was the primary intent of the 30-day rule when it was first enacted in October 2000, to ensure that those vulnerabilities of new workers are not exploited. Furthermore, under the Government's proposed changes, new employees will need to be made aware of any collective agreement covering their work by someone other than their employer, as is presently the case.

As there is a significant imbalance of bargaining power in favour of the employer at the point of accepting a new job, new workers may be compelled to agree to worse terms and conditions than existing workers. In this respect, the 30-day period, as it now applies, offers a significant protection for new workers while they get information and experience in the workplace. As it currently stands, the ERA effectively provides for the automatic extension of the terms and conditions of a collective agreement to all new employees whose work falls under the coverage clause of that agreement, regardless of the union status of those employees (the 'free rider' issue). Importantly, even after the expiry of the initial 30-day period, individual employees who decide not to join the union will retain the terms of the collective as an individual agreement until variations are agreed. The individual employee is, therefore, in a strong bargaining position, even if they do not join the union.

Labour's Proposed Changes to New Zealand's Employment Legislation

At its annual conference last year, the New Zealand Labour Party (NZLP) changed its constitution, giving its affiliated unions a 20 per cent share of the vote for party leader, hence, underscoring the importance of employment policy to its members and as an election issue. It was virtually inevitable then that distinctions between Labour's and National's approach to employment law were prevalent during the contest for leadership of the NZLP between David Cunliffe, Grant Robertson and Shane Jones later in the year. Not surprisingly, all three pledged to roll back a number of National's employment law changes and highlighted specific changes they would make following a Labour Party victory in the 2014 general election.

During the recent contest for leadership of the NZLP, David Cunliffe, the eventual victor in that contest, highlighted some of the fundamental employment law changes he would make if he were the Prime Minister following the next general election, which is set for this September. Labour has argued the legislative changes enacted at the end of 2013 and initially set to take effect in 2014 will allow employers to refuse to negotiate a collective agreement with their employees, pay new workers less than the rate in the collective agreement, opt out of industry agreements in order to undercut their competitors on wages, deny workers meal and rest breaks, reduce the wages and conditions of vulnerable workers, such as cleaners when taking over a new contract, dock the pay of workers taking partial strike action, impose more restrictions on the right to strike, and refuse to provide employees the information they need to challenge an unfair redundancy or dismissal.

In October of last year, in his inaugural speech as party leader before delegates to the New Zealand Council of Trade Unions biennial conference in Wellington, the newly elected leader of the NZLP said his party would focus on turning back the tide of ‘anti-worker’ legislation introduced under the National Government. Labour MP David Cunliff promised to eliminate the ‘discriminatory’ youth wage, to consider paying remissions on student loans to encourage selected professions into the regions, and to extend paid parental leave from 14 to 26 weeks in his first term. Labour has promised to up the minimum wage from $13.75 to $15.00 an hour, which would increase on an annual basis, and implement the living wage of $18.40 an hour for the core public service. The Labour Party leader said the scheme to ensure employers who paid a living wage were favoured when tendering for government contracts would also be implemented as soon as possible. If elected, he hoped to extend paid parental leave in the first term.

Among the recent changes to the ERA made by National which Labour has indicated it would reverse, 90-day grievance-free trial periods are the most prominent. Labour has also pledged to restore reinstatement as a primary remedy for workers found to have been unjustifiably dismissed and to repeal the changes affecting workers in New Zealand’s film industry as a consequence of the dispute arising over production of the Hobbit films. All three candidates for the Labour Party leadership also pledged to raise the minimum wage to $15 an hour and pledged their support for a ‘living wage’, currently reckoned to be $18.40 an hour, as a minimum for all government employees and contractors. Since that time, Labour has declared its support for industry agreements between unions and employer organisations, which would set a floor for employment standards across any industry in which such an agreement had been reached.

Conclusions

The next New Zealand general election will be held Saturday, 20 September 2014, with the possibility of further amendments to New Zealand’s employment laws being mooted in Parliament shortly thereafter, depending on the outcome of that election. While it might seem surprising that employment law would have salience as an election issue in New Zealand more than 14 years passed since the ERA was first enacted, the regulation of employment relations in New Zealand has nevertheless been a movable feast for nearly a quarter century now. When and if changes in the *Employment Relations Amendment Act 2013* are incorporated into the legislation, the *ERA* will have been amended and printed in 25 versions since first being enacted in October 2000.

One of the objectives of the ERA 2000, as stipulated in Section 3, is the promotion of collective bargaining as the preferred means of determining working conditions. A related objective of the Act is to promote observance in New Zealand of the principles underlying ILO 87 on Freedom of Association, and Convention 98 on the Right to Organise and Bargain Collectively. These objectives were to be accomplished primarily by means of the Act’s registration, access and bargaining provisions (Boxall, 2001). Despite these objectives, most of the reforms to New Zealand’s employment relations regime enacted under the current National-led Coalition Government in its first two terms commencing in 2008, as well as those reforms it proposes to enact either prior to or soon after the upcoming general election, are effectively aimed at undermining these objectives of the ERA, as originally intended.

Furthermore, while legislation, in itself, rarely transforms the nature of specific employment relationships, it can strongly influence the environment within which those relationships endure

(Traxler, 1998). Whether the goal to promote collective bargaining has yet been realised, let alone whether the ERA is even capable of delivering such an outcome with its original framework, is still a matter for debate. What is clear, nonetheless, is that the a number of changes to New Zealand's employment legislation enacted since National formed the Government in November 2008 have rendered the prospect of promoting collective bargaining through that statutory enactment more remote than ever, since the ERA was first enacted in October 2000.

It may, nevertheless, seem premature to be considering changes to the Act that might – and then again, might not – come into effect more than a year from now, especially in light of the fact that a number of recently enacted changes to New Zealand's employment laws have yet to come into effect. NZLP, though, has ensured that employment relations and the regulation of employment remain in the minds of voters throughout 2014. In particular, the constitutional change made at NZLP's annual conference in 2012 giving the Party's affiliated unions 20 per cent of the vote for the Party's leadership, underscores the importance of employment rights to Labour's overall political agenda, even several months out before the next general election.

Further to this, less than a year out from the election, the National-led Government proposed amending the legislation to provide greater flexibility for employers, including removing the requirement to conclude collective bargaining and saying when bargaining ends. Labour, on the other hand, is proposing new industry standard agreements representing the minimum employment standards in a particular industry, agreed between unions and employer organisations in that industry; to repeal many of National's amendments to the ERA, including 90-day probationary periods; to restore reinstatement as a primary remedy for unjustifiably dismissed workers and to repeal the changes affecting film and television workers as a consequence of the Hobbit crisis.

In general, changes to the collective bargaining regime approved by Cabinet aim to remove provisions crucial to unions and union security in New Zealand. For one, the Government intends to remove the 'good faith' requirement that the parties to collective bargaining conclude a collective agreement. In 'certain circumstances', the Employment Relations Authority will be empowered to declare collective bargaining has ended. What 'circumstances' in which the Authority will elect to intercede is anyone's guess, although negotiations that extend beyond 12 months would seem to be what the Government most desires to curtail with this change.

Needless to say, however, there is genuine concern amongst all unions in New Zealand that collective bargaining will simply be declared to be at an end if the employer and union reach a stalemate following protracted negotiations. Although, given that the parties will still be required to bargain *in good faith with the intention of reaching an agreement*, it is also hard to imagine any circumstance under which the Authority would declare that bargaining had ceased. Therefore, a key conclusion of this analysis is that legislation enacted and proposed by National during its two terms are effectively aimed at re-balancing rights within what is, more or less, the same decentralised wage-fixing framework as had existed under the ECA 1991 (Geare, 2001).

References

Anderson, G. (2010). 'The Sky Didn't Fall In': An Emerging Consensus on the Shape of New Zealand Labour Law? *Journal of Labour Law*, 23: 94-120

Blanpain, R., & Colucci, M. (2004). *The globalization of labour standards: The soft law track*. The Hague: Kluwer Law International

Blumenfeld, S. (2010). Collective Bargaining in Erling Rasmussen (ed.). *Employment Relationships: Workers, Unions, and Employers in New Zealand* (pp.40-55). Auckland: Auckland University Press

Boxall, P. (2001). Evaluating continuity and change in the ERA 2000. *New Zealand Journal of Industrial Relations,* 26(1): 27-44

Dannin, E. (1997). *Working Free: The Origins and Impact of New Zealand's Employment Contracts Act.* Auckland: Auckland University Press

Davenport G,. & Brown, J. (2002) *Good Faith in Collective Bargaining*. Wellington: LexisNexis Butterworths

Foster, B., Murrie, J., & Laird, I. (2009). It takes two to tango: Evidence of a decline in institutional industrial relations in New Zealand. *Employee Relations,* 31(5): 503-514

Geare, A. (2001). The Employment Contracts Act 1991-2000: A decade of change. *New Zealand Journal of Industrial Relations*, 26(3): 287-306.

Goldberg, S., Sander, F., & Rogers, N. (1992) *Dispute Resolution. Negotiation, Mediation, and Other Processes*. Boston: Little, Brown and Company.

Traxler, F. (1998). Collective bargaining in the OECD: developments, preconditions and effects. *European Journal of Industrial Relations,* 4(2): 207-226