Contents Page: NZJER, 2016, 41(1)

Tribute from the Editors

It is with great sadness and loss that we farewell four of our friends and colleagues – Chief of the Employment Relations Authority Rosemary Monaghan, Prof John Deeks, Mr Peter Conway and Dr Gay Simpkin. To lose four such important individuals in a short space of time has been extremely hard for all of us. Each of these remarkable people made enormous contributions to the discipline of Employment Relations and in particular our understanding of the complexities of the changing world of work. One of the many characteristics they shared was courage – the courage to stand up and to argue for what they believed was right. The other characteristic they shared was determination. They continually strived to combat the rhetoric with solid, rigorous research. In particular, the value of their research was to document the effects of neo-liberalism and the rise of managerialism and to draw attention the steady deterioration of wages and conditions of New Zealanders. Finally, they were nurturing. They supported and encouraged hundreds of young scholars and practitioners ensuring that the next generation will also have life-long passion for Employment Relations.

Haere, Haere, Haere Rest in peace.

Felicity Lamm, Erling Rasmussen, Rupert Tipples
Editors

Eulogy: Rosemary Monaghan

CHIEF EMPLOYMENT COURT JUDGE GRAEME COLGAN [*]

I have known Rosemary as a lawyer and, more recently, in my role as a Judge of the Employment Court where I got to assess, critically, some of Rosemary's work. I also had frequent informal but professional dealings with Rosemary about matters of common interest in employment law. I am speaking not only on behalf of my current fellow Judges of the Employment Court, but also of the now former Judges of the Court.

As I have said, in many ways, my professional relationship with Rosemary was rather like being an examiner marking her exam papers but without any end to that role in sight. Rosemary was the eternal student sitting exams and I, and my colleagues, the eternal markers of those exam papers. I know also that, as Chief of the Employment Relations Authority, Rosemary had a job that is sometimes described as 'herding cats', with the cats being the individual and independent judicial decision makers on the Authority. Rosemary herded her cats and kept them as well contained, albeit temporarily, as any musterer could have done.

Rosemary was, in all things, professional and discreet. In discussing a problem or a difficult issue, Rosemary always anonymised the participants so that it remained an issue of principle and not of personality. Rosemary took professional criticism professionally although I have to say it is difficult to find much for which to criticise her in her important work as an Employment Relations Authority Member. Rosemary was both objective and sensitive to human frailties. She was unafraid to make what might be perceived as unpopular decisions, but expressed them always in a way that left the participants with their dignity intact. These were all judicial qualities and, I suspect, ones influenced by, if not inherited from, Rosemary's late father, District Court Judge Gerrard Monaghan.

Rosemary was a 'proper' person, not in a conventional or fusty sense but one who knew instinctively what was the right thing to say at the right time, how to say it, and to whom. 'Proper' has its place in the world in which Rosemary and I operated and, in my view, she got it just right. She was also committed to improving the quality of Employment Relations Act decision making through her own leadership by example and through continuing education for her colleagues. Two of my colleagues, Judges Christina Inglis and Tony Couch, have spoken warmly of working closely with Rosemary on continuing professional programmes.

In our different ways, we will all miss Rosemary enormously but I know that her legacy to employment law and employment relations will long endure. If others of us do as well as Rosemary did, we will indeed have succeeded.

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[*] Chief Employment Court Judge Graeme Colgan, chief Judge's Chambers, Employment Court.

Eulogy: John Deeks

NIGEL HAWORTH[*]

Emeritus Professor John Deeks died in September 2015. John was a leading scholar in employment relations in New Zealand and, rightfully, claims a distinguished place as a founder of the discipline here. He was deeply respected and liked as a colleague, mentor and friend.

John's roots lay in the post-war UK, where he developed a love of both scholarship and sport, and a particular interest in literature. Indeed, in his undergraduate career at Cambridge, he attended lectures by Raymond Williams, WH Auden and FR Leavis. However, half way though his Cambridge degree, John turned to Economics and Sociology, as a result of work experience in ice cream manufacturing and working in Harrods during his gap year. He learnt from that experience two things – never to eat mass-produced ice cream, and working-people need to be protected from predatory employers.

John was a thinking Social Democrat by inclination, but his work experience made him a powerful advocate of work relations that are fair, respectful and responsible. He developed that interest in work and working-people in his postgraduate course in the London School of Economics, where he worked with Baroness Nancy Seear, staunch advocate of women's rights and equal pay. During this time, John developed a love for research and for fieldwork, particularly in the construction sector. His stories of fieldwork visits to the Glasgow construction industry matched Billy Connolly in their earthiness.

Eventually, John came in 1972 to New Zealand and the University of Auckland. He had job offers in the UK and elsewhere, but he liked the idea of New Zealand. He came, and he stayed first in the University of Auckland's Continuing Education centre, then in the newly-formed Management department, which grew rapidly under his and others' leadership.

He may have left English as a scholarly pursuit, but his fascination with literature continued all his life. He was a very able poet, and produced a stimulating and challenging collection of poems. He also wrote two unpublished novels and much more, including a TV script. One reason he gave for his untimely retirement was his desire to write creatively, an option not associated in his mind with his scholarly outputs. In this, I think he was wrong. John's capacity to write in lucid, compelling style is precisely what a scholar should do, and we were the poorer for his departure from the University.

His reading was wide and catholic, steeped in the classics but always in touch with the leading edge of modern literature. And he loved poetry. His love of literature conditioned his academic career. To the end of his working life, he abhorred poor quality writing. When he was confronted by such writing, his hackles rose, and he could be formidable. This was also true of

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sloppy thinking by colleagues. John possessed the ability to ask the most precise and telling questions in seminars, never to polish his own reputation, always to require greater clarity of thinking.

John's impact in the University and beyond remains strong and well-recognised. He was justly elevated to a Chair and led his department on several occasions. He was instrumental in setting the foundations of what is today an internationally recognised department of 35 full-time staff, a far cry from the six staff in place in 1988.

His leadership combined professionalism and high standards with compassion and judgement. He could recognise nonsense at a great distance, and paid it short shrift. He loved rigorous argument, and could be a challenging questioner in seminars. He cared deeply for the well-being of staff and students, particularly when they were facing adversity.

His impact in employment relations in New Zealand was great. He was a founder of the New Zealand Journal of Industrial Relations and contributed greatly to both academic and policy debates in employment relations in the 1970s and 1980s. He created a strong employment relations group in Auckland, which, in different form and locations, continues today.

He wrote well and often, but always because he had something thoughtful to say, and desire to say it well. His approach to scholarship drew on his Cambridge years, where quality trumped quantity and where books still mattered.

His book on business and modern culture (Business and the Culture of the Enterprise Society, Quorum Books, 1993) captures his elegance in prose, the extent of his reading and the quality of his insight. It is a brilliant book, yet remains somehow obscure, for John was also quite unable to engage in self-promotion. His interest in small firms led to a range of international publications. John also wrote knowledgeably and well about many issues in New Zealand, including productivity performance, employment relations and neo-liberalism, and bargaining. Of course, a major contribution was the writing with various collaborators of what was, for many, the best textbook on New Zealand employment relations. He also jointly edited two major collections (Controlling Interests: Business, the State and Society in New Zealand, AUP, 1992, and Business and New Zealand Society, Longman Paul, 1994)

His contribution to university life went beyond departmental leadership and scholarship. He actively campaigned for the construction of the University Marae, at a time when university authorities could not see the point of such a building. He was a staunch member of the AUS (now TEU). He played an active and constructive role in Faculty management.

John is remembered in the University and in the wider employment relations world as an excellent and valued colleague. He is sorely missed.

Eulogy: Peter Conway

PAUL CHALMERS[*]

It is said of Peter Conway that he was soft on people and hard on issues. That was true but there was one person he wasn't soft on, and that was himself. One conversation I had with Peter in his office in 2013 focussed on why he looked so grey and what was the reason his left arm was shaking? He smiled at my concern and said "I'm just tired mate".

What tuckered Peter out and what got him in the end was the sense of responsibility he had for holding together the Labour Movement in New Zealand, as it attempts to weather the passing storm of fundamentalist economics and the plundering by the super rich. Peter's time as a leader in the Movement coincided with a period of membership decline and the apparent inability of unions to connect meaningfully with the mass of the people they aim to represent.

None of this was Peter's doing. His union trajectory took in the times of the qualified preference clause and compulsory unionism; when union bosses could comfortably argue the toss between the amazing Soviet model (would you like a study tour to Moscow comrade? – he never went) or Chairman Mao and his workers' paradise.

Meanwhile, workers in New Zealand happily picked up the 'going rate' and prepared to forget about the movement that had brought them the weekend and decent pay. Peter observed the frailties of this pseudo militant model and felt the new force of monetarist economics brewing in the United States. I asked him in the 90s why he wanted to do economics. He felt unions were being outgunned by economically literate employers and the only way to fight fire was with fire. His Masters in Economics was accompanied by a shrewd appreciation of strategic unionism encouraged by his great friend, Paul Tolich, and also by an understanding of the limitations economic analysis had in dealing with the raw power of the boss. Both Peter and Paul saw the need for unions to be more proactive and positive at both the industrial and political level. Not just at the table for their muscle, but for the sophisticated contribution they could make to the debate.

Yet, Peter combined a sophisticated analysis with an ability to cut through the economic mumbo jumbo and connect it with ordinary lives. Arthur Grimes notes in his obituary of Peter that: "He was especially appreciated for his ability to explain economic issues in a simple and convincing way through the media."

Why was Peter so concerned about the plight of working people? His early commitment to fairness took root at home and his membership of the Christian Youth Movement, as a teenager, saw him connect with the radical Young Christian Students (YCS) at Victoria University in the early 70s. YCS also had a passion for music and parties, and Peter felt right at home. At this point across the globe, student Christian movements were questioning the role of both the state and the church in repressing working people and liberation theology was on everyone's lips. It was in this

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[*] Paul Chalmers Director of New Zealand Xtreme

environment that Peter met Paul Tolich, Paul Swain, Pip Desmond, Sue Ryall, Petra Van den Munkoff, John Ryall, Colin Feslier, Pat Martin, Gabriel Brettkelly, Celia Lashley and others, and began to challenge the conventional views on feminism, abortion, the Vietnam War and NZ's love of racist South Africa.

Given what we knew of Peter then; his commitment to the movement, his quiet resolution and attention to detail and his determination, it was not hard to predict his life path.

His final contribution was his contribution to the NZCTUs seminal piece on insecure workers, which notes that "it would be surprising if the total numbers were less than 40% and may well be 50% and more." When Peter looked at that figure, as a champion for the working poor, it must have been very tough. Knowing Peter, he would have taken it hard and redoubled the effort.

Eulogy: Gay Simpkin

RAY MARKEY[*]

Gay Simpkin was one of those rare people who bridged the worlds of activism and the academy. She was a passionate and effective feminist and union activist, as well as a highly successful, incisive, and reflective scholar in labour studies. Each sphere also benefited from the other – her academic work was informed by the practical experience of her activism, which in turn benefited from her sharp analytical ability and application of broad comparative, historical and theoretical perspectives to practice. In these ways she was an inspiration across both spheres.

I came to know Gay well in 2005, soon after I arrived from Australia to take up a position at Auckland University of Technology as Professor of Employment Relations. She was then an organiser with the Post Primary Teachers' Association. We soon teamed up in forming the Auckland Labour History Group of which she became secretary. Gay was a very well organised and effective secretary of the Auckland Labour History Group, which benefited greatly from her fine attention to detail, process and record keeping - it was basically her efforts that kept us ticking over. Under her stewardship we organised a number of well-attended labour history events that many people attending her tribute will remember.

Gay also became a valued contributor to the New Zealand Work and Labour Market Institute (now Work Research Institute) when I formed it at AUT and she retired from the PPTA. She became a Project Officer with the Institute, and she had main responsibility for two significant projects. The first was conducting case studies of a small number of New Zealand schools for a comparative study of employee participation and quality of the work environment in New Zealand and Denmark. Based on this research, we subsequently wrote an article together with a Danish colleague, Herman Knudsen, in the British based journal, the *Industrial Relations Journal* (I give a reference below, and I'll also send a soft copy by email upon request). In this study we were able to demonstrate that if you give workers a say in decision making in their workplaces, they will rate their work environment much more positively. Gay also led a major Institute project on Union Effectiveness in New Zealand Schools on behalf of the Institute, sponsored by the PPTA.

In my work with Gay I benefited greatly at a personal level from her support, loyalty and wise counsel. My partner, Fran Laneyrie, also loved her warm spirit. The Institute benefited from her research skills, her cool reflection and logic, her intelligence, her common sense, and again, her fine attention to detail in which she never allowed the big picture to be lost. In the Labour History Group and the Institute her colleagues valued her collegiality, commitment, and wry humour. And because of all of Gay's efforts, she made a significant contribution generally to the discipline of labour studies, historically and in contemporary employment relations.

After I returned to Australia in late 2011, I saw Gay less frequently. But on periodic return visits to Auckland I always looked forward to joining her over a meal and glass of wine at Vivace's. Gay's style was quiet, but she was highly effective as a scholar and activist because of her integrity and intellectual depth. Gay will be sorely missed by activists and scholars alike.

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The Impact of Domestic Violence on the Workplace

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Abstract

This study explored the impact of domestic violence on absenteeism, worker productivity, and workplace responses to domestic violence, based on a survey of New Zealand employees. One thousand six hundred and thirty-eight (1638) completed questionnaires were returned, 249 from respondents who had direct experience of domestic violence. The majority of respondents were women. Domestic violence affected over a third of respondents' ability to get to work and their work performance. The opportunity to discuss the violence with someone at work resulted in positive outcomes. The study suggests that raising awareness of domestic violence as a workplace issue and developing appropriate legislation and workplace policies and practices would potentially benefit both workers and the employers.

Key words: Domestic Violence, Workplace

Introduction

Since the 1970s, the problem of intimate partner violence (IPV) has been framed as a criminal issue, a health issue, and a human rights issue (Campbell, 2002; Carlyle, Slater, & Chakroff 2008; United Nations Population Fund, 2014). More recently, there has been a growing focus on the impact of the experience of domestic violence on the workplace (e.g. Logan, Shannon, Cole, & Swanberg, 2007; McFerran, 2011a; Reaves & O'Leary-Kelly, 2007). Such interest is likely due to the influence of theories of "spillover," first described by Wilenskey (1960), who proposed that positive or negative influences in one context (e.g. family life) may impact or "spillover" to other contexts (e.g. work). The concept had its origins in business and management studies and underpinned studies, such as those conducted by Bolger, Delongis, Kessler, and Wethington (1989), who investigated influences of family life on career aspirations and promotion, and reported a negative influence of home conflict on performance at work. Over the years, and particularly in the 1980s and 1990s, such research expanded to explore the relationships between job satisfaction and family life, and other life domains, such as social and health (e.g. Crohan, Antonucci, Adelmann, & Coleman, 1989; Leiter & Durup, 1996; Loscocco & Spitze, 1990).

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 Domestic violence is a serious and widespread issue. Globally, it is estimated that 30 per cent of women will experience physical or sexual violence by an intimate partner sometime in their life (Garcia-Moreno et al., 2013), which is comparable to the rates of IPV reported by New Zealand women (Fanslow & Robinson, 2004). While directly comparable figures for men are difficult to ascertain, recent figures from the USA suggest that around 14 per cent will experience serious physical violence at the hands of an intimate partner in their lifetime (Breiding, Basile, Smith, Black, & Mahendra, 2015). However, while there is emerging information on the prevalence of violence against men, to date, we are aware of no research that has explored the impact of this violence on men's ability to participate in employment.

Women who have experienced IPV frequently report that perpetrators of domestic violence engage in actions to sabotage their ability to go to work by a variety of means, including controlling finances so that they cannot meet the costs associated with work, including transportation; failing to meet childcare commitments; and physically threatening or restraining them (Brandwein & Filiano 2000; Swanberg, Logan, & Macke, 2005).

Harassment of victims while they are at work is not uncommon. Reports have been made of perpetrators repeatedly ringing or texting or physically stalking the victim, coming to the workplace and disrupting operations and, in some cases, violently attacking their victim and co-workers (LeBlanc & Barling 2005; Tiesman, Gurka, Konda, Coben, & Amandus, 2012; Tombs, 2007).

Studies have also shown that individuals who experience IPV have difficulty maintaining consistent employment as, frequently, they are forced to resign or their positions are terminated (Swanberg & Logan, 2005; Swanberg, Macke, & Logan 2006). In addition, their capacity to work is often compromised by a number of factors, including feeling distracted, tired and unwell; needing to take time off for medical or legal reasons; being late for work; and being too upset to work (Crowne et al., 2011; McFerran, 2011a; 2011b; Moe & Bell, 2004; Swanberg et al., 2006). In addition to jeopardising the person's employment, these factors have the potential to impact on the safety of themselves and those around them (Versola-Russo & Russo 2009). Further, many women who have left their abusive partner have reported that they were unable to look for work or accept a position because they were afraid their abuser would be able to find them and cause them harm (Logan et al., 2007).

The inability to maintain regular employment can contribute to increased levels of poverty, stress, and ill health, which creates far reaching consequences for those experiencing IPV, their family, and wider society (Brush, 2000; 2004; Moe & Bell, 2004; Reeves & O'Leary-Kelly, 2007; Tolman & Rosen, 2001). For example, as a result of IPV, victims are more likely to have additional medical expenses; incur costs associated with relocation; need to replace destroyed property, and pay for legal advice or representation (Day, McKenna, & Bowlus., 2005), whilst perpetrators may take various steps to limit access to resources by using violence and harassing behaviour to either stop the woman from working or make working difficult (Adams, Tolman, Bybee, Sullivan, & Kennedy, 2012; Anderson et al., 2003). The instability created by the abuse often results in victims being unable to stay with a single employer for an extended period of time, contributing to loss of the opportunities that come with sustained employment such as promotion and other benefits (Moe & Bell, 2004).

Importantly, employment and the subsequent economic security that can arise from employment can help to create pathways out of the violence. We know that, when victims rely on the perpetrator for financial support, they are more likely to stay in the abusive situation (Tolman & Wang 2005) and that economic security provided by employment can result in a stronger sense of self and feelings of competence (Rothman, Hathaway, Stidsen, & de Vries 2007). Furthermore, Tolman and Wang (2005) reported that the workplace can also serve as a place of respite from perpetrators, providing important periods of time of physical safety where plans to leave abusive relationships could be made.

The impact of IPV on the workplace can also have significant consequences for the employer. Threats to safety and security may result in serious occupational, health, and safety consequences for both workers and workplaces. In addition to the potential loss in productivity noted above, IPV can result in substantial economic costs to the employer as a consequence of staff loss and the resultant recruitment costs (Reeves & O'Leary-Kelly, 2007).

Increased awareness of these consequences for individuals and employers has contributed to a growing recognition of the need to address the impact domestic violence has on the workplace. For example, in Australia, the Australian Domestic Violence Rights and Entitlements Project (McFerran, 2011a) has led to some of the world's most progressive domestic violence workplace policies. More recently, an international collaboration, led out of the Centre for Research and Education on Violence against Women and Children at the University of Western Ontario, has been established in order to mobilise knowledge about domestic violence and its impacts on workplaces and workers. At present, however, little is known about the New Zealand experience; therefore, the current study was designed to contribute to the international movement and, more specifically, to begin to understand the impact of domestic violence on the workplace in New Zealand.

Methods

The aim of the study was to understand the impact of domestic violence on the workplace in New Zealand. In particular, to understand how experiencing domestic violence impacts on an individual's ability to fulfil their duties as an employee and, in turn, how the workplace responds to domestic violence. To this end, the researchers worked in collaboration with the New Zealand Public Service Association (PSA) to undertake an online survey of a sample of PSA members. Approval to conduct the study was granted by the University of Auckland Human Participants Ethics Committee (Ref # 9671).

Sample and Procedure

The PSA represents approximately 58,000 New Zealand workers and is New Zealand's largest union. Members are drawn from five employment sectors: community public services, district health boards, local government, public service, and the state sector and represent a wide range of occupations, including allied health and disability support workers and clerical and administration workers.

The sample size was determined by the PSA to ensure representation from sectors across the breadth of the membership without placing undue demands on members and employers by over surveying the membership. Thus, 10,000 randomly selected PSA members were invited to complete the survey. In total, 1,638 completed questionnaires were returned representing an overall response rate of 16 per cent. Of these, 249 (three per cent) were received from respondents who reported having personally experienced domestic violence while in paid employment.

The majority of those who had experienced domestic violence were women ($n = 215$, 86 per cent) and were over the age of 35 (93 per cent), with most being in the 45-54 age range. Most respondents were born in New Zealand (73 per cent) and identified as New Zealand European or other European (77 per cent), with Māori accounting for 14 per cent. Respondents most commonly worked in District Health Boards (DHB) (40 per cent) or the local government sector (27 per cent). When comparing the breakdown of the sample by sector to that of the entire PSA membership, the proportion of state sector employees was similar (Sample [11 per cent] vs PSA [14 per cent]). However, overall the study sample was under-represented with respect to public service employees (Sample [16 per cent] vs PSA [36 per cent]) and overrepresented with respect to local government employees (Sample [27 per cent] vs PSA [10 per cent]) and DHB (Sample [40 per cent] vs PSA [28 per cent]). With regard to the roles employees held, the majority were clerical or administrative workers (29 per cent), in professional roles (21 per cent), or were registered social, health or education professionals (22 per cent). Nearly all reported that they were in permanent full time employment (80 per cent) or permanent part time employment (16 per cent).

Survey Distribution

Prior to the distribution of the survey, the PSA sent out an email to employers and PSA union delegates, informing them that the survey would be distributed to randomly selected members. Subsequently, an email was sent via the PSA email system to the selected members inviting them to complete the anonymous survey. A URL, embedded in the email, took them to the survey site, which included an explanation of the questionnaire and set out their rights as study participants. A unique coded URL was attached to each emailed survey to ensure it was not possible to identify the source of the returned questionnaires, thus, maintaining anonymity.

The survey was open for a period of three weeks from 14 June 2013 until 5 July 2013. Two follow up reminder emails were sent to encourage participation, one at the end of the first week and one at the end of the second week. When the survey closed, the PSA forwarded the data in an Excel spreadsheet to the researchers for analysis. While the wider study involved the impact of violence from the perspective of those directly affected and that of co-workers, this paper only reports the findings associated with those who had direct experience of domestic violence (n=249).

Survey Instrument

The Australian Domestic Violence Workplace Rights and Entitlements Project survey (McFerran, 2011a) was used. Questions were organised under seven sections/categories: demographic profile, experience of domestic violence, impact of domestic violence on getting to work, impact of domestic violence in the workplace, support in the workplace, protection orders and family court, and employed friends/colleagues' experience of domestic violence. There were 38 questions in total, the majority of which also had sub-questions. For each question/sub-question, respondents were presented with a number of response options and asked to select those that applied to them. Respondents were not required to answer all questions in each section due to branching. The original questionnaire was modified for local use.

Data Analysis

For the purpose of analysis, the data were imported into SPSS V. 21.0 (IBM Corp, 2012). Descriptive statistics (percentages and frequencies) were generated. Where appropriate chi-square tests were also conducted to determine if there were differences in the experiences of domestic violence according to gender, age, sector of the PSA the respondent was employed in and their role.

Results

Respondents' experience of domestic violence

Chi-square analysis was undertaken to determine if experience of domestic violence while in paid employment differed as a function of gender, age, sector, role, or employment type. A significantly greater proportion of those experiencing domestic violence while in paid employment were female ($n = 215$, 86 per cent), (male, $n = 30$, 14 per cent), $X^2_{(df1)} = 24.28$, $p = .000$, and aged over 45, with most being in the 45-54 year age bracket: 18-44 (n = 70, 28 per cent); 45-54 ($n = 105$, 42 per cent); 55 and over ($n = 74$, 30 per cent), $\chi^2_{(df2)} = 12.83$, $p = .002$. Of those who provided information on when they had experienced domestic violence ($n = 234$), 79 per cent reported it had occurred more than 12 months ago.

Relationship to perpetrator

Respondents were asked about the perpetrator, their relationship, and their living arrangements. The majority of respondents identified the gender of their perpetrator as male ($n = 239$, 85 per cent). Most of the respondents (77 per cent) reported that they were not currently living with the abusive/violent person, while 8 per cent reported they were employed at the same place as the person perpetrating the violence.

Impact of domestic violence on ability to work

The impact of the violence on respondents' ability to go to work is summarised in Table 1. Over a third of respondents reported that the abuse impacted on their ability to get to work. This was most commonly due to physical injury or restraint (62 per cent) or fear for their children's safety (41 per cent). More than half reported having to take time off work, most commonly for health or medical reasons and/or to attend counselling. Analysis showed that reasons for taking time off did not differ as a function of age ($\chi^2_{(df2)} = 5.773$, $p = 0.056$), sector ($\chi^2_{(df5)} = 3.208$, $p = 0.668$), role ($\chi^2_{(df1)} = 0.004$, $p = 0.095$), or employment type ($\chi^2_{(df2)} = 3.759$, $p = 0.153$).

Table 1. Impact of Domestic Violence on Ability to Work

Measure	n	%
Ability to get to work affected (*n* = 248)		
Yes	95	38.3
No	153	61.7
What affected ability to go to work (*n* = 95)		
Physical injury or restraint	59	62.1
Fear of leaving children alone with abusive/violent person	39	41.1
Hiding or stealing car keys or transportation money	25	26.3
Refusal or failure to show up to care for children	23	24.2
Verbally berated or threatened	19	20.0
Mentally/emotionally unable to cope with work	19	20.0
Personal documents hidden or stolen	14	14.7
The threat of deportation	1	1.1
Took time off work because of domestic violence (*n* = 245)		
Yes	131	53.5
No	114	46.5
Reason for time off (*n* = 131)		
Health/medical reasons	68	51.9
Attend counselling	64	48.9
Attend appointments (e.g. Police/lawyer)	41	31.3
Accommodation purposes (e.g. Had to move house)	36	27.5
Attend Court	29	22.1

Note: Percentages do not all equal 100 per cent due to multiple responses possible.

Impact of domestic violence in the workplace

Over half of the respondents (55 per cent) reported that they directly experienced domestic violence while at work. As can be seen in Table 2, 30 per cent reported being harassed via phone calls, email, or text messages, and 30 per cent reported being stalked in or around the workplace. When asked how the experience of domestic violence impacted on their work performance, the majority said that they were often late to work, while a smaller number

reported being distracted, tired or unwell while at work. Respondents also indicated that the domestic violence they experienced affected their relationships with co-workers, with 60 per cent, reporting that it resulted in tension and conflict.

Table 2. Impact of Domestic Violence in the Workplace

Measure	n	%
Experiences of domestic violence in the workplace ($n = 139$)		
Harassed through phone calls, emails, or text messages	41	29.5
Stalked outside/in/around the workplace	41	29.5
Abusive/violent person turned up at workplace and wanted to talk	25	18
Threatened you	16	11.5
Abusive/violent person disrupted the workplace	12	8.6
Threatened co-workers	2	1.4
How domestic violence impacted work performance ($n = 224$)		
Was late for work	189	84.4
Distracted/tired/unwell	35	15.6

Note: Percentages do not equal 100% to due to multiple responses possible.

Help seeking and workplace support

Respondents were asked a series of questions about what help they sought in the workplace and what support was offered. Slightly more than half (53 per cent) of respondents chose not to discuss their abuse with their co-workers. Disclosure rates did not differ as a function of gender, sector, role, or employment type. Only age showed a significant difference, with a greater proportion of older workers disclosing (45-54 years [22 per cent] and over 55 years [19 per cent]), than those in the 18-44 year group (12 per cent), $\chi^2_{(df2)} = 86.23$, $p = .013$.

Of those who disclosed, most were likely to speak about the violence with a co-worker (69 per cent) or supervisor/manager (54 per cent) than an HR person (7 per cent) or union delegate (4 per cent) (see Table 3). However, among those who did not discuss the abuse with co-workers, 24 per cent of respondents said their co-workers knew about the violence anyway. Privacy and shame were the most common reasons given for not discussing the abuse/violence at work. The outcomes of disclosing to someone in the workplace are shown in Table 3. Around two thirds reported positive outcomes as a result of disclosing; with almost 50 per cent of this group reporting that they were given paid time off. In all cases where a co-worker asked for time off to support their colleague, (n = 9), this was granted.

Chi-square analysis revealed no difference as a function of age ($\chi^2_{(df4)} = 2.201$ $p = 0.699$), employment sector ($\chi^2_{(df10)} = 5.635$, $p = 0.845$), role ($\chi^2_{(df2)} = 2.976$, $p = 0.226$), or type of employment ($\chi^2_{(df4)} = 2.701$, $p = 0.609$) on the outcome of discussing the violence with someone in the workplace.

Table 3. Help Seeking and Workplace Support

Measure	n	%
Reasons for not Discussing Abuse/Violence (n = 132)		
Privacy	49	48.0
Shame and privacy	25	24.5
Shame	20	19.6
Fear of dismissal	8	7.8
Possible of Person the Abuse was Discussed with (n = 95)		
Co-Worker	81	69.2
Supervisor/Manager	63	53.8
HR Officer	8	6.8
Union Delegate	5	4.3
Outcome of Discussing Abuse with the Workplace (n = 112)		
Positive things happened	73	65.2
Negative things happened	3	2.7
Nothing happened	36	32.1
Responses by the Workplace (n = 73)		
Time off (paid)	36	49.3
Time off (unpaid)	7	9.6
Alerted security staff	7	9.6
Changed/screened work numbers or emails	6	8.2
Alerted the police	5	6.8
Provided transport between work and home	4	5.5
Moved you to a safer place at work	3	4.1

Note: Percentages do not all equal 100% to due to multiple responses possible.

Summary

In summary, most respondents in this study were women over the age of 35, who had been abused by men and were in full-time employment at the time they experienced the domestic violence. Around 40 per cent reported that their ability to get to work was impacted by domestic violence, mainly due to physical injury or restraint and/or concerns for the safety of their children. Over half reported that they had to take time off to deal with issues related to domestic violence, with the most frequent reason being physical and mental health issues. Similarly, over half of the respondents who had experienced violence while at work with harassment, such as texts, phone calls, emails, and being stalked in and around the workplace, being reported as the most common forms of violence. Most respondents did not discuss the abuse they were experiencing with anyone in the workplace, with the majority stating that shame and privacy were the main reasons for not doing so. However, around two thirds of those who did disclose the domestic violence to those in the workplace reported positive outcomes.

Discussion

The results of this study adds to the growing body of knowledge about the ways in which domestic violence impacts the workplace, from the perspective of those who have directly experienced domestic violence. The majority of those who reported experiencing domestic violence while in the workforce were women. Most reported that the abuse was historical and that they were no longer living with the perpetrator. This may reflect the fact that victims are more likely to feel comfortable reflecting on their experience after they have had the opportunity to address issues related to their safety. That said, about a quarter of respondents with personal experience of domestic violence reported that they had experienced the violence in the preceding 12 months.

The findings confirm that experience of domestic violence has significant implications for the workplace. For example, over half of the respondents reported that the violence they experienced impacted on work attendance, that is, their ability to get to work on time, or at all. In addition, the findings showed the extent to which perpetrators are prepared to go to in order to prevent victims from going to work. Physical injury or restraint and psychological abuse were common reasons, as were concerns for the safety of children. Such findings are similar to those found internationally, such as Swanberg and Logan (2005), who reported that the majority of victims in their study were physically restrained or beaten to such a degree that they could not go to work. Further, Moe and Bell (2004) and Swanberg et al., (2006) reported that the safety of children, while in the care of the perpetrator, was a frequent concern for victims. This concern is not unfounded, as other studies have shown that children witnessing domestic violence experience trauma and are more likely to also be experiencing abuse (Hamby, Finkelhor, Turner, & Ormrod 2010; Murphy, Paton, Gulliver, & Fanslow 2013). Therefore, it is understandable that respondents in this study would report concern for the safety of their children.

Fewer than half of the respondents reported that they had talked to anyone at work about the violence. This is not surprising, in that the literature indicates that victims of domestic violence often face repercussions, such as job loss or having their hours of work reduced. However, when employers are known to offer assistance, employees are more likely to disclose abuse, utilise services, and report more favourable outcomes (Swanberg et al., 2006). Given this, a finding of particular concern in this study is that, in approximately one quarter of cases where the violence was discussed with a supervisor/manager or someone from HR, and in almost a third of discussions with co-workers, there was no outcome and, in a small number of cases, there was a negative outcome. It is possible that one of the reasons why respondents in the present study did not report more offers of assistance is because managers and co-workers genuinely did not know what, if anything, they could do. There is also the possibility that managers and colleagues feel that asking a co-worker about potential domestic violence would be seen as intrusive, and that by not calling attention to signs of abuse they were respecting the victim's privacy. This finding lends support to previous research that points to the fact that managers (and co-workers) need training on how to recognise and respond to the signs of abuse (Murray & Powell, 2008).

Given the number of respondents who identified issues related to children as a reason for work disruptions, it could be beneficial for workplaces to consider the role childcare plays in a victim's ability to work and, if possible, to consider providing entitlements that might lessen the difficulty in finding appropriate childcare. While childcare issues are commonly cited in the international literature as being a concern for working women experiencing domestic violence (Moe & Bell, 2004; Swanberg et al., 2006), there were no examples found in the literature of workplaces taking steps to specifically address this concern.

Another concerning, although not surprising, finding was that around half of the respondents reported that their ability to go to work was compromised by physical or emotional health issues. The health ramifications of domestic violence have been well described (Campbell, 2002; Campbell et al., 2002; Coker, Smith, Bethea, King, & McKeown, 2000; Guruge, 2012) and have been shown to have direct, immediate, and long term impacts on victims' ability to work (Swanberg et al., 2005; Swanberg et al., 2006).

Strengths and Limitations

The fact that men had an opportunity to participate in the survey is a strength of this study. While males only accounted for 14 per cent of the sample, this aligns with Breiding et al.,'s (2015) assertion that 14 per cent of males will experience serious physical IPV in their lifetime. However, the small number of men who participated in the present study precluded separate analysis of the data according to the sex of the respondent.

There are several further limitations which should be kept in mind when considering the findings from this study. First, the overall sample is relatively small. It is not known how many potential participants did not complete the survey because they had recently resigned, were between jobs, or were currently not in a position to take on employment as a result of an abusive situation. Secondly, the sample does not reflect the full ethnic diversity of New Zealand, being comprised mainly of New Zealand European or Other Europeans, and Maori. This might be because ethnic minority groups are underrepresented in the PSA membership. Thirdly, women under the age of 35 were underrepresented. This could be due to the lower work participation of women with younger age. Statistics New Zealand (2016) has indicated that, in the fourth quarter 2015, the labour force participation rate of women in younger age groups (20-24, 25-29, and 30-34) was about 73 per cent, whereas that of women in older age groups (35-39, 40-49, and 50-54) was about 82 per cent. The other alternative reason for this underrepresentation may be that domestic violence is preventing younger women from returning to work. According to the Annual Report of National Collective of Independent Women's Refuges (2015), 54 per cent of women using refuge services between July 2014 and June 2015 were aged under 35, compared with 41 per cent of women who were 36 years old and above. However, further research to explore this underrepresentation issue would be worthwhile. Representativeness of the sample is an issue that should be addressed in future research.

Conclusion

This study has produced important insights into the impact of domestic violence on the workforce and, while similar studies have been conducted overseas, this is the first study to address this issue in New Zealand. The findings also lend support to spillover theory in that they clearly show that the effects of domestic violence are not confined to the home but have significant impact in the workplace. Finally, in light of the findings, and given that current annual cost of domestic violence to New Zealand employers has been estimated to be at least $368 million (Kahui, Ku, & Sniveley, 2014), it is imperative that domestic violence is recognised as an issue to be addressed in the workplace and that policies which support victims, perpetrators and co-workers are implemented.

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The Role of Contextual Factors in Employer Recruitment Decision Making: Evidence from Regional Australia

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Abstract

Various scholars have suggested that the skills of accredited, permanent immigrants in Australia are, on average, underutilised. However, most research to date has approached this issue through a human capital perspective. Surprisingly, little is known of how the community context in which employers operate can influence their recruitment and selection behaviour towards immigrant professionals. This paper reports the findings of a study examining how regional community characteristics such as dense networks, bonding activities and trust influence employer screening of immigrant professionals in the IT and accounting industries. The paper draws on 21 in-depth, face-to-face interviews with human resource professionals and recruiters within a regional Australian town. We describe how these recruiters' reported lack of experience with newly arrived immigrant groups, and their dense community networks, based on trust, appear to shape attitudes towards the employment of minority ethnic immigrant professionals. A new conceptual framework incorporating community contextual factors is offered for further research into this area.

Key words: employment outcomes, immigrant professionals, trust, community characteristics, recruitment

Introduction

As is the case in several OECD countries, Australia has a formalised immigration program to attract highly skilled professionals (Chaloff & Lemaitre, 2009). These skilled migrant policies are aimed at institutional development and combating skill shortages (Cameron, 2011). The top five countries of origin for General Skilled Migration visas granted include: India (21 per cent), China (20 per cent), United Kingdom (14 per cent), Sri Lanka (five per cent), and Malaysia (five per cent) (Australian Bureau of Statistics, 2011). Despite the rigorous assessment of immigrants' qualifications and experiences, permanent skilled immigrants from non-English speaking backgrounds (NESBs) are less successful in finding employment that matches their skills than their English-speaking counterparts who arrive in Australia under the skilled migration program (Hawthorne, 2011; Kostenko, Harris, & Zhao, 2012).

Green, McIntosh, and Vignoles (2002) define skill underutilisation as a case of 'over education' of skilled immigrants where immigrants have excess qualifications relative to the requirements

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of a specific job. Typically, this is the result of immigrants being forced to accept work in less skilled occupations when compared with their occupation before migration (Productivity Commission Research Report, 2006). This pattern of accepting lower skill jobs through economic necessity is particularly prevalent among Non-English speaking Background (NESB) immigrants and can lead to continuing under-employment and blocked career paths (Bertone, 2008).

The research to date on skilled migration and employment outcomes has mainly identified how immigrant human capital and, to a lesser extent, other barriers such as discrimination and prejudices impact on unemployment and under-employment of immigrant professionals (Ho & Alcorso, 2004). In this article, we will provide an overview of these traditional or past approaches to the problem. Following from this, we present a conceptual model which incorporates community contextual factors (level of exposure to diversity at organisational level, social networks, bonding and trust) which appear to also influence employers' recruitment decisions towards skilled immigrants. We use the exploratory data collection undertaken in our study as a platform for developing this framework and for future theorising and research. Overall, our paper seeks to answer the question: What factors operating in a regional context potentially shape attitudes towards the employment/under-employment of immigrant professionals from (NESBs)?

Traditional approaches to the understanding of immigrant employment outcomes

Researchers have consistently postulated that immigrants' inferior employment outcomes are influenced by individual immigrant based human capital attributes. Edwards (2004: 80) describes human capital as the "stock of productive knowledge, skills and competencies such as numeracy, writing and reading". This human capital is acquired through formal education (especially post-school education), labour force experience and communication skills (Productivity Commission Research Report, 2006).

Human capital theory assumes that differences in human capital result in differing labour market outcomes. (Cobb-Clark, 2003; Ho & Alcorso, 2004). For instance, many researchers including, Chiswick and Miller (2002), and Dustmann and Fabbri (2003), have called attention to the English language skill deficits of immigrants and the tendency for these to result in lower employability and earnings. According to much of this research, immigrants from English Speaking Backgrounds (ESB) tend to have higher incomes than immigrants from Non-English Speaking Backgrounds (NESB), in part because of the inferior level of English language proficiency levels of the latter (Birrell, Hawthorne & Richardson, 2006).

While economic theory tends to view English language and other human capital attributes as objective 'supply side' factors, critical social researchers, such as Alcorso (2003) and Ho & Alcorso (2004) have argued how susceptible these factors are to social biases, interpretation and perceptions by labour market players, viz managers, clients and co-workers. As some researchers have noted, often it is not the level of proficiency alone which is important, but rather the *way* that English is spoken, including accent, idiom and syntax (Hosoda & Stone-Romero, 2010). Moreover, the absence or possession of other 'soft' skills (beyond accent and idiom) can become crucial in the employment process both at recruitment and beyond (Ho & Alcorso, 2004; Cook, Zhang & Wang, 2013).

This line of analysis has led to theories about the interaction of cultural identities within the employment context, given that such identities may be a powerful factor for all parties involved in the employment relationship. Some researchers (Markus, 2009) have suggested that immigrants may face discrimination and prejudices within the hiring process if their cultural identities deviate significantly from the dominant Anglo-Celtic culture prevailing in Australian workplaces. Research suggests that barriers to entering the labour market may be based on identifiable features of group identity, such as cultural background (Watson, 1996), ethnicity (Dunn, 2004), names (Booth, Leigh, & Varganova, 2011), and to a lesser extent, religion (McAllister & Moore, 1989).

This paper builds on such theory and takes the analysis further. It examines how community characteristics and social behaviour in a geographic context can shape the employment outcomes of skilled migrants. To this end, we will draw on the economic geography literature on spatiality and sociological theories of social capital.

The spatial community context that shapes employer attitudes

Labour geographers emphasise the effects of place and specificity on the labour market (Peck, 1996). Furthermore, they acknowledge that relationships happen over a particular space and thus recognise the relevance and influence of spatial context on labour market outcomes (Massey, 1994).

In this paper we examine how the "particular articulation of [social relationships].., a particular moment in those networks of social relations and understandings" (Massey, 1994: 5, as cited in Mylett, 2003: 75) shape recruiter attitudes and the employment screening process involving skilled NESB immigrants during the recruitment and selection phase. To understand social relationships and how these influence recruiters' behaviour within a community context, we also examine the role of social capital in relation to skilled NESB migrants seeking employment in the host community.

Social capital is built on relationships based on shared identity, common fate or social intimacy that lead people to draw on particular people to achieve a set of goals based on obligation, track records, actions or responses (Coleman, 1988). It can be seen as the 'glue' that holds groups of individuals together in communities (Pooley, Cohen & Pike, 2005). Social capital is the combination of 1) networks: which can be defined in terms of geography, density (the proportion of people who know each other), and closure (intra versus inter community links); 2) social norms: rule, values and expectations shared by a group of people; 3) sanctions: formal and informal rewards and punishments; 4) competencies: individual's personal resources, including self-esteem and self-efficacy; and, 5) trust, reciprocity, interaction within the community (Halpern, 2005; Pooley et al., 2005).

According to Gao (2005), trust underlies successful relationships, transactions, and employment and lays the foundation for a potential relationship between the job seeker and the employer (Model & Lin, 2006). According to Lipnack and Stamps (1994: 188) "People generate trust through their interpersonal networks of relationships". However, immigrants and minority ethnic groups may have fewer interpersonal networks of relationships compared to the native-born. This can become an issue within the labour market. For example, when trust is embedded in the relationship between the jobseekers and the job informants, it benefits

jobseekers and enables them to "gain an advantage over the competitors for a targeted position" (Gao, 2005: 198).

The greater the level of personal networks and trust established by immigrants within the community they live in, the greater their potential for better employment outcomes. However, Hatton and Leigh (2011) argue that immigrants assimilate as communities, not only as individuals. This means that as an individual, an ethnic immigrant may find it difficult to establish a sense of trust between their ethnic culture and the native-born culture on their own. The longer the immigrant community has been established within the community, the more the host society comes to accept that ethnic group (Hatton & Leigh, 2011). This then leads us to the issues of bonding and bridging capital in relation to skilled immigrants.

According to Woolcock (2000), bonding is described as the strong ties developed between people of similar background and interest. These types of bonding relationships will include family and friends, where they provide material and emotional support to each other. (ibid.) They tend to be more inward-looking, protective and reflect strong 'in-group' loyalty. When community groups are too tightly bonded and not accepting of diversity, Fukuyama (1999) states that there are 'negative externalities' for the society. On the other hand, Woolcock (2000) says that bridging is a relationship people make with friends, associates and colleagues from different backgrounds (different socioeconomic status, age, generation, race or ethnicity). Putnam notes further that there is a positive link between the level of tolerance, acceptance and social participation among people (Putnam, 2000).

Accordingly, we postulate that if a particular community displays characteristics of low exposure to diversity, and exhibits dense social networks and bonding activities that accentuate the need for trust within the community, then employers and recruiters in such communities will be unfavourably disposed towards the screening of new ethnic immigrant professionals. This approach can be utilised to explain contextual community characteristics that shape employer/recruiter attitudes and job screening which in turn can result in underemployment (skill underutilisation) or unemployment of immigrant professionals, as outlined in following figure.

Figure 1: Regional community characteristics' influence on employer screening and recruitment

Community factors shaping employer attitudes		
Level of density in networks and community bonding activities	Level of importance placed on trust and commitment to the community	Level of diversity and experience with ethnic groups

Research strategy and process of analysis

This study employed a qualitative approach to the interpretation of recruitment behaviours of a group of employers/recruiters in a regional area of New South Wales, Australia. It sought to examine the interconnections and relationships within real-life phenomena that are too complex for survey based or experimental strategies (Yin, 2003). Such a strategy enabled the

researchers to build a descriptive, multi perspective and interpretive analysis of community based contextual factors that can influence employers/recruiters in the recruitment and selection of migrant professionals. At the heart of this approach is the quest to shed light on "the social processes of interaction that individuals within a culture implicitly know but those outside the culture do not" (Bluff, 2000: 115).

The selected regional town, Wollongong, is situated in the Illawarra region and lies directly south and southwest of metropolitan Sydney and northeast of Australia's capital city, Canberra (Illawarra Regional Information Service, 2008). Situating the study within Wollongong is acceptable because it exhibits a suitable level of business activity, employer organisations and professional working population to examine the spatialised nature of social phenomena. Wollongong is the tenth largest city in Australia, is a leading coal exporter, the location of the largest integrated steel plant in the southern hemisphere (Illawarra Regional Information Service, 2008), and there were, prior to this study, approximately 110,000 persons, including 11,000 and 22,000 professionals (Australian Bureau of Statistics, 2006). According to the Australian Bureau of Statistics (2011), 73 per cent of the population living in Wollongong were born in Australia while the next largest group was from the United Kingdom. Forty-seven per cent of the population indicated that both parents were either from an Australian, English, or of Irish heritage. Thus, Wollongong offers a suitable research context, characterised by sufficient employer activity, ideally suited to meet the research objectives of this study.

The research focussed on the recruiting practices of employers and agents into two professional occupations – accountancy and information technology. Accounting and computing occupations were selected because these are the top two nominated occupations by skilled immigrants in Australia and, as such, form a large component of the skilled immigration program with its focus on occupations in demand within the Australian labour market (Department of Immigration and Citizenship, 2009).

Data collection

According to Guest, Bunce, & Johnson, (2006: 61) "research that is field oriented in nature and not concerned with statistical generalizability often uses non-probabilistic samples" and the most commonly used samples, particularly in applied research, are purposive (Miles & Huberman, 1994). The empirical data for this study were collected between 2008 and 2009. We examined published recruitment advertisements on seek.com.au and in regional newspapers over a period of six months (January to July 2008). Based on those sources, we identified key organisations that had advertised computing and accounting based employment positions. We then used word of mouth referrals to approach these organisations and their HR managers to create a purposive sample composed of recruiters from these organisations. This proved to be the most effective way of gaining access. Out of the referred participants, we were able to achieve a 90 per cent success rate (20 participants agreed out of 23 potential participants approached). In contrast, our success rate from cold calling or approaching potential participants without any referral (using the contact HR professional on the computing and accounting recruitment advertisements) was only 10 per cent (one participant agreed out of 10 potential participants approached). The characteristics of the interview sample are consistent with those of the IT and accounting industries (i.e. male dominated) and of the type of organisations that operate in a regional town.

Table 1: Research organisation and interviewed participant characteristics

Type of organisations	4 (Semi-public)	17 (Private)	
Employees	11 (Less than 50)	(5) Over 100	(5) Over 1000
Gender representation of senior management	13 (All male senior management)	(2) All female senior management	6 (Combination of male and female senior management)
Age of interviewed participant	(2) Less than 30	13 (30-50 years)	6 (Over 50)

This informal process of seeking participation in the research defined the nature of the relationship, with trust an emergent outcome of the personal referrals made to gain access to participants. The element of 'trust' aided the participants' ability to be candid and open about the areas of discussion. As the research focussed on issues pertaining to immigrants and their employability at skill accredited levels, establishing a 'trusting' relationship with the participants was fundamental to this study. For instance, it was important that the research participants were comfortable about discussing issues such as discrimination and racism potentially facing NESB immigrant professionals.

Purposive sample size generally relies on the concept of saturation (Guest et al., 2006). Theoretical saturation of categories occurs when no new properties are revealed about these categories and thus there is no need for collecting more data (Hood, 2007; Guest et al., 2006). Similarly, we found that the later interviews in this study only reconfirmed the previously disclosed community based factors as potentially influencing employers' attitudes and behaviours in a recruitment context. This suggests that the interview sample size (21) was sufficient for our needs in this study.

In general, the interview length was between 70 to 90 minutes, and all interviews were recorded digitally and then transcribed. Interviews were "guided conversations rather than structured questions" (Yin, 2003: 89). We used open ended questions and ensured that the approach was conducive for the research participant to answer questions (Yin, 2003). We used different stages of the interview to verify participant feedback. For example, when inquiring about participants' views on recruiting immigrant professionals into computing and accounting roles, generally the participants did not indicate any apprehension with regard to employing immigrant professionals from diverse ethnicities. After discussing some other issues, we then went on to query their views on the immigrant professionals' communication skills. Such questions generated fine-grained detail with participants sharing their personal experiences.

In addition to the primary data gathered through in-depth interviewees, the researchers also made use of multiple secondary sources (Yin, 2003), such as participant observation and analysis of organisational documents. This enabled the research to triangulate the findings and ground theory generation in a dynamic manner (Sieber, 1973). Some of the key secondary data sources included EEO policy documents and staff origins analysis provided by participants, data provided by four representatives of relevant professional, migration and employment based organisations and associations as well as participant observation at local business networking events.

Data analysis

The study made use of codes, memo writing and integrative diagrams to analyse the data. Codes help to "capture patterns and themes and cluster them under a 'title' that evokes a constellation of impressions and analyses for the researcher" (Lempert, 2007: 253). This then facilitated the formation of categories. Categories are higher level codes that have grown in complexity and abstraction (Bryant & Charmaz, 2007: 18). See Table 2 for a sample of coding and categories developed from this study.

Table 2: Sample of coding and categories

Quotes	CODES →	THEMES →	CATEGORIES
A lot of people are born and bred here, whereas in Sydney a lot of them are transients or people who are new to Sydney.	More people born and bred in Wollongong and fewer transients	Dense networks	Regional community characteristics
Everyone knows everyone in Wollongong.	Family feel and low anonymity		
It might be on a conscious or sub conscious level. Because of the ignorance, they [Wollongong community] consider women in a Hijab in some way related to the al Qaida group. (HR Specialist)	Media influence	Importance of trust	
… it is better the devil you know. Stick with who they know rather than risking trialling with someone else. (Recruitment Consultant)	Prefer to deal with known persons and in-group loyalties		
The Macedonians, Italians, Croatians, Maltese are already in. There is a different group: Vietnamese, Chinese, Indians, Sri Lankans, Singaporeans are still new. Even in my own mind, they fall into two separate groups. (Recruitment Consultant)	In-group and out-group prejudices		
The employers are able to build relationships, and see if that person is reliable and trustworthy, has got a good work ethic, and has got sound values. When you build work experiences in a voluntary basis how many times will that person get a job versus a person who does not have that experience?	Volunteering and engaging with community	Commitment to community	
In our organisation there is a large English percentage, followed by Italians and Macedonians. According to the Census, in 2006, the English and the Italians decreased and Chinese have increased. So if you are to look at the representation of the Asians, we only got a handful. Out there [in the residential community], the Chinese population is increasing but not in here [in the organisation]. Our workforce does not represent the changes.	Low diversity at management level and Fewer Asians within the community	Lack of experience in dealing with Asians	

Such analysis was combined with continuous memo writing (Charmaz, 2006) and use of integrative diagrams (Strauss, 1987) to clarify relationships between categories and to expand the definition of the categories and to understand the data (Urquhart, 2007; Weiner, 2007). For example, coding, memo writing and diagrams made it evident that the community characteristics influencing employers were interconnected and could influence each other to negate or further shape employer behaviour in the region.

Findings and Discussion

1. Experience of dealing with non-European immigrant groups

According to the employer/recruiter interviewees, many Wollongong employers lack experience of working with non-European ethnic immigrants in a professional capacity. Although Asian students have attended the University and Vietnamese have worked at the steelworks since the 1970s, it is only since 2003 that more immigrant professionals from Asian countries/backgrounds (Chinese and Indians) have settled in Wollongong (Australian Bureau of Statistics, 2006). The region also features small business ownership by Vietnamese and Lebanese immigrants, but this is in a community context where European and Anglo-Celtic ancestries are dominant (Australian Bureau of Statistics, 2006). As such, the Wollongong community lacks exposure to newly arrived immigrant ethnic groups such as Asian professionals.

According to the interviewees, Wollongong also exhibits fewer numbers of transients and more residents who have lived and worked all their lives in the Wollongong community.

> Most people had never left Wollongong or only ever lived and worked in Wollongong (Recruitment Consultant, private organisation).

> A lot of people are born and bred here, whereas in Sydney a lot of them are transients or people who are new to Sydney…. in Wollongong it's different. …..To a certain level, even some of our social acquaintances, they sort of –have been here for ever and ever (Senior manager private organisation).

These comments indicate a particular view (which may or may not be correct) that suggests Wollongong employers and the community generally tend to lack experience in dealing with diverse, non-European ethnic cultures. Drawing on Putnam's (2000) view that regional communities may have fewer individuals who exhibit tolerance of social differences (in comparison to metropolitan communities) we can interpret the following interviewee comments as indicating a slowness to adapt to cultural diversity in the community:

> In our organisation there is a large English percentage, followed by Italians and Macedonians. According to the Census, in 2006 the English and the Italians decreased and Chinese have increased. So if you are to look at the representation of the Asians, we only got [sic] a handful. Out there [in the residential community], the Chinese population is increasing but not in here [in the organisation]. Our workforce does not represent the changes (HR professional, semi-public organisation).

>   You can see some organisations, where the majority of the staff is from Anglo Saxon
>   background, no one from ethnic backgrounds (Senior Manager, private organisation).

This visibly low ethnic diversity at organisational and community levels together with the lower degree of integration of Wollongong businesses into the international economy (Markey, Hodgkinson, Mylett, Pomfret, Murray, & Zanko, 2001) may have contributed to interviewees' lack of experience in dealing with behavioural differences and dress attire of particular newly arriving ethnic groups, as the following comment suggests:

>   There are clients who will not be able to handle, for instance if an Arabian woman came
>   with a shawl. They would not be able to handle it culturally because they will have
>   internal issues with their own people, because it will make their employees feel
>   uncomfortable. I think they would not know how to act (Recruitment Consultant,
>   private organisation).

Altogether 30 comments were made along these lines, suggesting low levels of cultural sensitivity and understanding of the ethnic behaviour and practices of newer minority groups. These findings suggest that employers would be more cautious about employing NESB immigrant professionals belonging to particular ethnic groups. These attitudes extended beyond Asians (Indians and Chinese) to other groups, such as immigrants from the Middle East, as the next section outlines.

2.   *Trust and proximity*

Within the context of the Wollongong community, trust is an important aspect in establishing relationships. For example, according to the interviewees, members of the Wollongong community prefer to deal with people who are known and trusted, rather than take a risk with unknown persons. For example, a typical response was:

>   Trust is an important element in Wollongong. I definitely come across that here. Here
>   either their children go to the same school or they are on the same board or there is
>   some kind of connection (Recruitment Consultant, private organisation).

Members of the Wollongong community display strong relationships that encompass networks and interactions across both professional and personal spheres. Similar findings were observed in a study conducted in a regional town (Armidale, NSW), where the respondents (women entrepreneurs) "used a range of formal and informal sources of support for their businesses" (Conway & Sheridan, 2005: 72). The inter-connections between personal and professional spheres result in relationships that exhibit high levels of trust and mutual obligation. This is supported by the work of Edwards (2004) who says that when people in a network actively and regularly interact, they are more likely to have high quality personal relationships, high levels of trustworthiness, and a strong sense of obligation to and expectations of each other.

As a consequence of this strong affinity, familiarity and mutual obligations between the community members living in Wollongong, interviewees noted that there was a prevailing requirement to abide by community based values:

>   We have got that familiarity in Wollongong. We are small enough that if you do the
>   small thing wrong, you can't be anonymous. Anonymity comes with large cities. Say
>   we had an argument or something and then I go drop the kids we can be at the canteen

together working… You have to live by your values more. And you know more people and more related to more people (Senior manager private organisation).

Within such a close-knit community, newly arriving non-European immigrant professionals may find it difficult to establish trusting relationships. Evidence of this is found in the caution expressed by Wollongong community members toward newcomers:

And I think it's probably because for years and years they [Wollongong community] had bands of different cultures coming in. and I think they [Wollongong community] have become more cautious than before (Recruitment Consultant, private organisation).

This is supported by Pretty, Bishop, Fisher, & Sonn (2006) who note that a local community may find it hard to trust new ethnic groups because Australians want familiarity, and act as a community to exclude people and things that are different. This lack of trust can be augmented by perceptions created by the media about certain ethnic and cultural groups, as one interviewee explained:

It might be on a conscious or sub conscious level. Because of the ignorance, they [Wollongong community] consider women in a Hijab in some way related to the al Qaeda group sic (HR professional, semi-public organisation).

You paint everyone with the same brush. People who look similar to people who do the wrong things, or dressed similar [al Qaeda terrorists] are thought to be the same. Subconsciously it happens (HR professional, semi-public organisation).

The threat of terrorism has made Australian society adopt a protective approach (McKay, 2005). Consequently, if and when an immigrant professional looks similar to those who are associated with terrorism, such persons may be associated with this undesirable element. According to Fevre (1992: 73-74), although "employers want to select the best person for the job", their lack of access to reliable information may lead them to take shortcuts and apply categories. Fevre cites Banton's (1983) study on highly qualified black professionals in the United Kingdom and the United States to illustrate how employers mistakenly exclude members of a category they regard as unsuitable for the job. Similarly, another interviewee explained:

My sister-in-law was born in Sri Lanka, but lived in Sydney and speaks like an Australian and when she moved into Wollongong she felt she was not accepted. People go and look and say you look new. I really don't think Wollongong is as multicultural as Sydney is, as accepting, as diverse or assimilated (Recruitment Consultant, private organisation).

As did another:

Even for myself, I come from XXX and I lived [sic] here for years, I sometimes feel like an outsider. People coming from overseas are going to feel a little bit left out. And I think it's probably because for years and years they had bands of different cultures coming in and I think they have become more cautious than before (Recruitment Consultant, private organisation).

This attitude of 'mistrust and exclusion' results in what one recruiter referred to as a level of cultural immaturity among particular Wollongong employers. Cultural immaturity can be characterised by the employer's cautious attitude towards demographic changes and their inability to promote the recruitment and selection of immigrant professionals who are culturally distant from their own origin:

> The media has instilled in us that anyone wearing a Hijab – they are Muslims and then they are highly religious and they are different. Some of the organisations [clients] would say, you know, 'get us someone else'. We are just not culturally mature or ready for that. They are used to the Italians, the Macedonian. Wollongong is still a bit backwards, still a bit young culturally, to take more changes (Recruitment Consultant, private organisation).

Such community behaviour and attitudes potentially undermines the employability of new immigrants, particularly in professional positions which they have not traditionally occupied, and as a corollary impacts on the transfer of their human capital to the new host country (Man, 2004). Further, the community based trust and proximity of 'insiders' can augment the exclusion of some ethnic groups and congeal existing in-groups in Wollongong.

3.   Dense networks: community affiliation and lack of anonymity

> Wollongong is a regional city (or as community members describe a 'country town'), with fewer transients and more people who are born and bred in the region. You will find that it is not uncommon to talk to someone and find out that they are somehow connected to you – six degrees of separation from everyone. Everyone knows everyone in Wollongong (HR professional, semi-public organisation).

> From a social point of view, Wollongong has got a long standing family kind of a feel about it. … Everybody knows bits and pieces about everybody (Senior manager private organisation).

This establishes stronger connections between people, a family oriented community culture and low levels of anonymity between community members. According to the interviewees, many people living and working in Wollongong have either been employees at one of the larger organisations in the region or are acquainted with persons working within these large employer organisations. This further accentuates the density of professional networks within Wollongong. The following comments illustrate these tendencies:

> It's just strange the degree of separation. There doesn't happen to be any. Really, really close. There is always someone who has some connection to Company x, or someone consulting there (HR professional, private organisation).

> Wollongong is a big country town and people know people. It's not like Sydney – a little bit anonymous in Sydney, whereas here it's not the case (Recruitment Consultant, private organisation).

Establishing strong formal and informal relationships and networks within the community becomes central to the success of individuals and business organisations:

> Networks are important in Wollongong. Business is relationship oriented. In some ways, in Wollongong, you need to work at the relationships a bit more (HR professional, semi-public organisation).

As discussed, the Wollongong community is reported by interviewees as displaying high levels of affiliation, strong relationships, and a strong sense of trust between community members. Such characteristics indicate that the Wollongong community is characterised by dense networks, as discussed in Edwards (2004).

3.1. Bonding activities

Edwards (2004) cautions against the development of intense levels of bonding relationships within a community. According to the interview data, Wollongong community members tend to establish relationships with people who they have known for many years.

> … it is better the devil you know. Stick with who they know rather than risking trialling with someone else (Recruitment Consultant, private organisation).

A further characteristic of the bonding activities within Wollongong is the way that Wollongong employers seem to categorise community members into two groups: the in-group and the out-group. The in-group consists mainly of persons originating from an Anglo-Australian ancestry. However, persons originating from Italian, Greek, Macedonian, Lebanese, Croatian and Maltese backgrounds (groups which have been residing in the region for decades) are also considered as part of the 'in-group'. These latter groups have lived in Wollongong since the early days of the steel works and the coal mines and includes second and generation community members. The out-groups are those ethnic groups that are new to the community s (e.g. Asians from India and China). As such, in-group members have not yet generated a trusting relationship with these new ethnic group members:

> The Macedonians, Italians, Croatians, Maltese are already in. There is a different group: Vietnamese, Chinese, Indians, Sri Lankans, Singaporeans are still new. Even in my own mind, they fall into two separate groups (Recruitment Consultant, private organisation).

These new Asian ethnic groups are considered the most dissimilar culturally and in appearance to the local residents of Wollongong, part of a broader phenomenon described as social distance (Portes & Rumbaut, 2001). Similarly, Wong's (2010: 198) research on recruiters demonstrates how recruiters viewed "Asian ICT professionals as 'them' and 'they' and as people unable to fit into 'our' way of life or share and/or enjoy our sense of humour".

The manifestation of an in-group/out-group mindset can "cause positive and negative discrimination, such as better jobs offered to members of the in-group, refusal of employment to a member of the out group, or lower wages paid to out-group members" (Tubergen, Mass, & Flap, 2004: 709). As one interviewee noted:

> Although Wollongong is multicultural, I still think there is a bit of discrimination. You can see, some organisations, where majority of the staff are Anglo-Saxon background but no one from ethnic backgrounds (Senior Manager, private organisation).

> Sometimes, employers will tell us, I don't want these types of immigrants etc, because they had some bad experience with some for example an Indian professional (Recruitment Consultant, private organisation).

This form of in-group loyalty has been noted previously within industrialised regional towns in Australia. Ellem (2008), noted that the town of Broken Hill exhibited similar in-group formations as Wollongong. During the early 1930s, the local union Barrier Industrial Council (BIC) created spatial eligibility conditions for admittance to union membership and jobs based on birth, residence or marrying within the Broken Hill community. This literature, though historical, suggests that the in-group loyalties observed in Wollongong may not be atypical in modern regional Australia. These subtle in-group/out-group behaviours may create a social barrier reinforcing and reproducing prejudices and preferences and increased distance between the locals and the newly arriving immigrant groups.

When immigrant professionals live or work within communities that display in-group and out-group behaviours, they may need to work harder to establish their credibility and become a part of the existing community relationships and networks. Accessing the existing community networks and relationships is important as the Illawarra regional labour market tends to be relatively closed and relies on "word of mouth" as a recruitment method (Markey et al., 2001). This is confirmed by HR professionals in Wollongong.

> …only few jobs are advertised. The rest are filled through people you know (Recruitment Consultant, private organisation).

Word of mouth recruitment is considered by employers to be cost effective and useful for a range of reasons (Jenkins, 1986). However, such recruitment practices tend to reduce the level of diversity by limiting the chances of persons from under represented community groups and encourages a 'like me' employment outcome (Iles & Auluck, 1991).

Implications for employer screening of immigrant professionals during pre-employment

The existing literature confirms that both overt and covert employer prejudices impact on the labour market outcomes of immigrants to Australia (Productivity Commission Research Report, 2006). However, so far, very little in-depth empirical research has been conducted to understand how community based contextual factors influence employer evaluation of immigrant professionals' candidate criteria during the pre-employment or recruitment phase. The findings of this research identified some key contextual community characteristics and processes that potentially influence employers in their assessment and willingness to recruit immigrant professionals.

One of the key contextual community factors identified was the dense social networks within the regional community. Drawing on Edwards (2004), and Stone and Hughes' (2001) description of dense networks, this regional community displayed network arrangements built on similarities in terms of background, age, level of education, social status, or shared attitudes and interests.

The next contextual based community characteristic that potentially influenced the employer evaluation was the level of importance the regional community members placed on dealing

with people they 'trust'. The community's experiences with previous waves of ethnic migrant groups together with media generated fears created an apprehensive approach towards newcomers resulting in an in-group and out-group mentality.

The findings also give insight into how employer policies and preferences on recruitment and selection reinforce the potential to "contribute to the creation of disadvantaged labour market groups…" (Rubery, 1994: 53). For instance, the Wollongong employer preferences expressed by the 21 recruiters interviewed for this study seem to influence their level of tolerance, stereotypes, and comfort levels, resulting in the reported short listing and selection of persons who are closely matched to the existing profiles of professionals within their organisations. As illustrated by Massey (1994) and Peck (1996), the webs of interconnecting relationships between community based factors (level of density and bonding in the community networks, level of exposure at work to new ethnic migrant groups, importance of trust) interact with each other to create the conditions for inferior employment outcomes for NESB immigrant professionals, including under-employment and unemployment.

To ensure fairer employment outcomes in the future for skilled immigrant professionals, HR practitioners could become more externally focussed and build new alliances beyond the workplace with the new migrant community groups. Such actions would then enable HR practitioners to be engaged more strategically (Lansbury & Baird, 2004) and manage the future sourcing of candidates into their organisations.

Conclusion

A significant proportion of permanent skilled immigrants in Australia remain underemployed in the labour market relative to their skill sets. Scholarly work attempting to identify the causes of this underemployment of immigrant professionals has tended to focus on immigrants' human capital deficits. Yet, other literature suggests that skill utilisation of immigrant professionals can depend on employers – on their values, social conventions, information exchange and awareness in relation to new immigrant skills and on the operation of social networks that may facilitate and impede immigrant access to employment. Our study recognises the need for more focussed research that examines the complex mechanisms by which group identity, including discrimination and prejudice, influence employer behaviour within the screening process of immigrant professionals. In this paper, we have focussed on the ways that trust, familiarity and community norms operate for and against immigrant professionals within a regional recruitment context and in turn potentially contribute to discrimination and prejudice.

The findings illustrate how contextual based community factors may operate to exert an unfavourable influence on the employer's screening process of NESB immigrant professionals. However, it is possible that the webs of interconnecting relationships between contextual community based characteristics can result in a favourable evaluation of skilled NESB immigrant professionals during the pre-employment phase, depending on local circumstances.

The paper has put forward a new conceptual framework for understanding how such community contextual factors interact and the results they may lead to. More research is required across a range of regional locations and for different occupations and incoming groups to test the usefulness and validity of the framework.

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Some willingness to engage: A survey of employment relations practices and employee voice opportunities in SMEs in regional New Zealand

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Abstract

This paper addresses the paucity of data on employment relations practices and employee voice in SMEs in New Zealand. The survey forms part of a larger project into determining the inter-relationship of employment relations practices and occupational health and safety outcomes in SMEs through the concepts of the 'good employer' and 'decent work'. The survey data on practices and voice found that there was some willingness on the part of some employers to engage in participative practices but, in others cases, managerial discretion was predominant. Overall, it is unclear whether employment practices and employee voice will improve even though there is supportive legislation in the new Health and Safety at Work Act.

Introduction

Although researchers recognise the important contribution small and medium enterprises (SMEs) make to innovation, job creation and economic development, the plethora of literature focusses on finance, marketing and operational management in SMEs (Wilkinson, 1999). Researchers also draw attention to a dearth of information on employment management practices and issues in SMEs (Coetzer, Cameron, Lewis, Massey & Harris, 2007; Edwards, Ram, Gupta & Tsai, 2006; Forth, Bewley & Bryson 2006; Lamm, Massey & Perry, 2007; MED, 2004; NZHRC, 2010; Wilkinson, 1999; Woodhams, Howard, Johri,Shulruf & Yee, 2007). The main assumption is that SME employers are paternalistic and favour an individualistic approach to managing the employment relationship and occupational health and safety (OHS) risk (Atkinson & Curtis, 2004: McDonald, 2005; Wilkinson, 1999). This assumption is compatible with unitarist ideological beliefs and is a significant issue as the literature shows that the unitarist management norm to protect managerial prerogative prevails in New Zealand workplaces (Geare, Edgar & McAndrew, 2006; 2009) as well as Australian SMEs (McDonald, 2005). Patmore (2015) argues that Australian and New Zealand legislative regimes that are reliant on voluntary participation may contribute to a unitarist workplace culture. The available literature also suggests there may be some tension between employment practices in SMEs and pluralist assumptions embedded in legislative employment protections, albeit eroding protections.

This article forms one part of a larger research project to determine the inter-relationship of employment relations practices and OHS outcomes in SMEs through the concepts of the good employer and decent work. The project addresses the lack of research on the inter-relationships between employment relations (ER) and OHS systems and practices, particularly in SMEs. The significance of the project lies in examining the complex relationships between management practices and systems, and how these influence the control of hazards and risks in the SME workplace.

Definitions of size vary between countries and over time (Forth et al., 2006; Storey, Saridakis, Sen-Gupta, Edwards & Blackbrun, 2010; Wilkinson, 1999). Definitions of large enterprise also vary within New Zealand. Whereas Coetzer et al., 2007 and Knuckey, Johnston, Campbell-Hunt, Carlaw, Corbett & Massey, 2002 define them as over 50, Ryan and Fursman, 2005 and Woodhams et al., 2007 define them as employing over 100 employees. The definition of small enterprises (SE) and medium enterprises also varies widely in international studies, however, fewer than 20 employees is commonly used to define SEs in New Zealand (Coetzer et al.*,* 2007; Knuckey et al. 2002; Legg*,* Battisti, Harris et al., 2009) and Australia (Kotey & Slade, 2005). This study adopts the New Zealand Business Demography Statistics (Statistics NZ, 2013) classification of enterprise size, i.e. SEs employ less than 19 employees, and medium enterprises employ 20-49 employees. As SMEs employing between 1-49 employees contribute a third of the GDP (MBIE, 2014) there is a growing need to understand the policies implemented in practice in these enterprises.

The article also provides an insight into SME management practices and reviews relevant literature on employee voice in the determination of pay and terms and conditions of work and operational decision-making. The remainder of the article focuses on the survey methodology, results and findings.

Management Practices in SMEs

The literature supports the perception that compliance will not be sufficient if the employer wants to gain strategic advantage, by attracting and retaining an appropriately skilled and motivated workforce who fit into the organisation (Bewley, 2006; Boxall, 1991; Department of Labour (DoL), 2003, Hull & Read, 2009; Sengupta, Edwards, & Tsai, 2009). However, employment management practices will differ between large enterprises (LE) and SMEs. In general, management and organisational factors that influence management practices in SEs are training and industry experience, new technology, influence of quality management, influence of large business, and use of advisors. Structural issues that have an impact on management practices are size (Champoux & Brun, 2003; Coetzer et al., 2007), industry and sector differences (Kersley, Alpin, Forth, Bryson, Bewley & Oxenbridge, 2006; Legg et al., 2009) and ownership influence (Knuckey et al., 2002; Marchington, 2015).

Although it is difficult to generalise ER practices, some studies have suggested personnel and OHS management practices are more likely to be informal and *ad hoc* compared with LEs (Coetzer et al. 2007; Gilbert & Jones, 2000; Gilman, Edwards, Ram & Arrowsmith, 2002; Hasle & Limborg, 2006; Legg et al., 2009; Massey, 2004; Wilkinson, 1999). Where formal practices are present these are often related to the management of OHS (Coetzer et al., 2007; Gilbert & Jones, 2000; Massey, Lewis, Cameron, Coetzer & Harris, 2006). Formal policies and practices are written down, regularly applied within an organisation, and assured to take place (Barrett & Mayson, 2007). Though 35 per cent of SEs used written mechanisms, such as emails, a suggestion box, and employee surveys that facilitate upward communication, the presence of a human resources (HR) administrator was not significantly associated with these arrangements in SEs (Forth et al., 2006). Furthermore, workforce meetings and team briefings were less common and less regular in SEs than in medium enterprises and LEs. Downward communication mechanisms, such as using a management chain, newsletters, notice boards and company intranets were also less common in SEs.

Despite the presence of formal OHS practices in some SEs, there is concern that many employers are isolated, lack knowledge of the enterprises OHS risks and legislative obligations, and lack the resources to implement effective OHS management systems (Champoux & Brun, 2003; Legg et al., 2009). Moreover, few SE employers seek external advice (Combined Chamber of Commerce 'Red Tape' Survey 2003, as cited in de Bruin-Judge, 2006). An additional concern in New Zealand is that

few workplaces are large enough to sustain the formal structures necessary to achieve the standards set out in employment legislation, and international and national standards (Haynes, Marchington & Boxall, 2006; Waldergrave, Anderson & Wong, 2003). Wilkinson, Dundon and Grugulis (2007) had similar doubts whether employment law based on collectivist frameworks ensured the fair treatment of employees considering the high degree of informality in employment relationships. A later study showing that even the smallest enterprises in the UK had some formality, usually formal dispute resolution procedures (Forth et al., 2006), corresponds with a growing recognition that adopting formal practices is a means of reducing SME vulnerability to litigation (Harris, 2000; Kotey & Slade, 2005).

However, there is some debate on whether formal HRM practices are appropriate for SEs (Kotey & Slade, 2005; Rasmussen, 2009a; Storey et al., 2010), moreover, that informal practices are largely well-founded, effective and not necessarily inferior to LE practice (Coetzer et al., 2007; Gilbert & Jones, 2000; Massey et al., 2006). Storey et al.,'s (2010) results confirm that formality is not always the answer. Compared with LEs, employees in SEs had the highest levels of satisfaction decreasing as enterprise size increased. There is, nonetheless, agreement that formalising employment policies ensures consistent and fair treatment of all employees as the number of employees increases (Knuckey et al. 2002; Kotey & Slade, 2005; Storey, 1994; Wilkinson, 1999).

While the implementation of high levels of HRM practices were reported to enhance employment relationships in Australian SMEs (Wiesner & McDonald, 2001; Wiesner, McDonald & Banham, 2007), Kotey and Slade (2005) cautioned that appropriate balance needs to be aligned with the size and strategy of the enterprise. They found that micro and SMEs adopted standardised HRM practices. In addition, a significant number of enterprises implemented more formal practices with growth. The authors proposed that formal practices may even be counterproductive at certain enterprise sizes and suggested that SE employers need to maintain a balance between HRM practices that facilitate accountability and control, reduce the risk of litigation, and ensure compliance with statutory requirements, while at the same time offering adequate flexibility for timely responses to changing strategies. Kotey and Slade's (2005) advice fits with the public sector model of responsible management practice or bounded goodness (Bewley, 2006; Boxall, 1991).

This body of literature suggests that it is difficult to achieve the right balance of formality for establishing and maintaining effective ER and OHS practices that support continuous improvements to efficiency, productivity and socially decent working conditions. Nevertheless, an increase in formal practices is to be expected in enterprises employing more than 20 employees, because the advantages of informal management practices are lost in enterprises with more than twenty employees (Knuckey et al., 2002; Kotey & Slade, 2005; Storey, 1994; Wilkinson, 1999).

Employee Voice

Interest in employee participation schemes and research in New Zealand waxed and waned over the past 100 years, particularly when it was associated with improving productivity through collaboration and engagement between employees and management (Foster, 1995; Haynes, Boxall & Macky, 2005; Rasmussen, 2009b). Moreover, the Commission of Inquiry into industry democracy, in 1989, recommendations for formal representative participative councils for all firms with over 40 employees were ignored (Haynes et al., 2005). It would be difficult for policy makers and decision makers to ignore the increasing body of research on employee involvement and participation in the workplace. Researchers exploring LEs (Bonnet, Figueiredo & Standing, 2003; Rasmussen, 2009b; Robertson, 1971) and SEs (Coetzer et al., 2007; Lawrence, Collins, Pavlovich & Arunachalam, 2006; Sengupta et al., 2009; Weisner & McDonald, 2006) agree that employees should be involved in determining the

formal and informal rules and processes that regulate the employment relationship (voice). An increasing interest in employee involvement and participation in the workplace underpins a general agreement in the LE (Bonnet et al., 2003; Rasmussen, 2009b; Robertson, 1971) and SE (Coetzer et al., 2007; Lawrence et al., 2006; Sengupta et al., 2009; Weisner & McDonald, 2006) literature that employees should be involved (voice) in determining the formal and informal rules and processes that regulate the employment relationship. The mechanisms for participation vary from union representation, workplace councils, team meetings and one-on one communication. Academic debate exploring voice mechanisms adopting social democracy or dependent on collective representation (unions) may be relevant in large organisations, the public sector and in SMEs in the context of some European countries. However, the debate on individual participation in the workplace is more relevant in SMEs where employment relationships are predominantly individualist.

The Workplace Employment Relations Survey (WERS) 2004 found a degree of formality even in the smallest workplaces, but SE employers were less likely to provide regular formal and systematic information and were less likely to inform employees about financial matters. The majority of SE employers surveyed, however, informed employees about operational, staffing and job changes (Forth et al., 2006). Significantly, SE employers appear reticent to commit themselves to consultative and partnership practices (McDonald, 2005; Ram et al., 2001) and more likely to share information in enterprises without an HR manager (Weisner & McDonald, 2001; Storey et al., 2010). Information sharing may be effected when the family dynamic changes as some responsibilities are devolved to a HR manager. The majority of Weisner and McDonald's (2001) surveyed employers (58 per cent) even refrained from completing the section on sharing information. Storey et al., (2010) found the formalisation of procedures had a detrimental effect on SE employee satisfaction.

The variation in information mechanisms and consultation management practices in SEs draws attention to the influence that power has on employment relationships. SE employers' reticence to engage in genuine consultation is concerning particularly as extreme informality appears to mask autocratic leadership (Rainnie, 1989) and exploitation (Holliday, 1995). Formal direct communication has even been problematic in LEs and it is, therefore, questionable whether employees can realistically have a genuine voice in SEs. As management control increases, the effectiveness of joint consultation committees diminishes. For example, in the New Zealand luxury hotel industry formal, regular and direct communication channels provided little joint regulation, and non-union voice channels were limited in comparison with strongly unionised settings (Haynes, 2005; Haynes & Freyer, 2001). Significantly, these workers felt they had no autonomy or substantive sharing of power when non-union voice communication channels were initiated by management. In more recent case studies of hotels, schools, aged care facilities and manufacturing factories, Markey, Harris, Ravenswood, Simpkin & Williamson (2015) report significant associations between participation, voice, and quality of work environment (QWE). While complex in nature, both representative and non-representative mechanisms were associated with QWE, but non-union forms of representation undermined unionism. Although Markey et al., (2015) reported an association between non-union joint consultative committees (JCC) representation and direct participation with good QWE in the hotel industry, their analysis suggests that there has been no improvement in the hotel industry where union representation tends to be weak. They argue that the hotel workers' high assessment of QWE "… may reflect low expectations for QWE as well as non-union forms of participation" (ibid: 61). Researchers have offered similar explanations for surprising levels of worker satisfaction in SEs (Considine & Callus, 2002; Waldergrave et al., 2003).

The importance of voice is evident in the International Labour Organisation prioritisation of voice in the Socially Decent Work Index (Bonnet et al., 2003) and literature consistently distinguishing a 'good employer' by quality employment relationships built on mutual trust and respect (Anderson & Nuttall,

2014; Arrowsmith & Parker, 2010; 2012; Bacon & Hoque, 2005; DoL, 2003; Hull & Read, 2003; Nadin & Cassell, 2007; NZHRC, 2006; Tipples, Hill, Wilson & Greenhalgh, 2013). This literature supports the Employment Relations Act (2000) objective (s. 3) "to build productive employment relationships through the promotion of 'good faith' in all aspects of the employment environment and the employment relationship" based on mutual trust, confidence and fair employment behaviours.

An increasing interest in employee voice is evident in the recent debate (Anderson & Nuttall, 2014; Budd, 2014; Donaghey, Cullinane, Dundon & Wilkinson, 2011; Gollan, Lewin, Marchington & Wilkinson, 2010; Markey et al., 2015: Morrison & Milliken, 2003; Sameer & Özbilgin, 2014; Wilkinson, Townsend & Burgess, 2013; Wilkinson, Donaghey, Dundon, & Freeman, 2014), as well as in complimentary research on the changing nature of work (Future of Work Commission, 2016; Lamm, 2014; Standing, 2011; 2014; Weil, 2014). In fact, it was the rise in non-standard forms of work (Beck, 1992; McGovern, Smeaton & Hill, 2004) and the decline in collectivism (Undy, 1999; Sisson, Arrowsmith & Marginson, 2003) that renewed academic and policy debate on the conditions of work. Beck (1992) argued that the non-standard, individualised employment would erode conditions that had been won by trade unions and result in a decline in job quality. The recent debate shows that workers in non-standard employment are more likely to work in jobs with more bad characteristics. While the growing body of work provides valuable insights into the nature and extent of employee voice, albeit lack of voice in some workplaces, researchers may be talking over each other.

As there are no universal definitions, Marchington and Wilkinson (2005) devised a useful tool to guide comparative analysis. They propose that employee participation (employee voice) can be examined according to four dimensions. The *first* defines the **degree or extent to which employees are able to influence management decisions** (informed of change, consulted, make decisions). Also see Lukes' analysis of the research debate concerning power (Lukes, 2005; Lukes & Haglund, 2005). The *second* identifies the **levels at which employees participate** within organisational hierarchies (i.e. at the task, departmental, establishment, or corporate level). *Third* is the **range of subject matter** (from relatively trivial matters to strategic management decisions). The *fourth* dimension explores the **form of participation** (indirect through representation; financial schemes such as profit sharing or gains sharing; face-to-face or written communication between managers and subordinate individuals concerning daily job activities, and formal worker suggestion schemes). These dimensions capture the depth and breadth of voice mechanisms. Another way to explore the impact or level of genuineness of voice is by determining whether employee voice is limited to involvement through largely downward communications (Holliday, 1995; Rainnie, 1989; Haynes, 2005), or reflects a higher level of influencing decisions (Coetzee, 2011; Markey et al.*,* 2015). At the highest level, employees will have responsibility for decisions (Marchington, 2015). "Employee involvement, voice, is genuine when employee concerns are taken seriously and their input affects outcomes" (Coetzee, 2011: 27).

Employee Voice in the Determination of Pay and Other Terms and Conditions of Work, and Operational Decision-Making

The literature provides confounding evidence showing high levels of employee satisfaction which is at odds with that showing a high incidence of employment relations problems (ERPs) in the smallest enterprises. On the one hand, employee satisfaction surveys suggest employees in SEs are more satisfied with their experience at work on average than employees in large and medium enterprises (Boxall, Haynes & Macky, 2007; Kersley et al., 2006; Storey et al., 2010). Fifty-seven per cent of UK managers involved employees in introducing and implementing change in SMEs. As a result, employees were more satisfied with their role in decision-making than employees in LEs, and rated managers with greater responsiveness to their needs (Forth et al., 2006). Similarly, despite low

participation and collectivism in Australian SMEs – measured in a low percentage of collective agreements (Weisner & McDonald, 2001; Weisner et al., 2007), employees were more satisfied with recognition for their efforts than those in LEs (Considine & Callus, 2002).

When compared with the US and the UK, New Zealand employees appeared to have higher rates of influence in all areas of decision making (Boxall et al., 2007; Haynes et al., 2005; Macky & Boxall, 2008a;b). Nevertheless, Haynes et al., (2005) found a significant conflict between the level of influence employees had and desired influence over pay, perks and bonuses. Their argument, however, that compromise is 'normal' and, consequently, the influence gap is insignificant does not acknowledge the mediating affect that power imbalance has on conflicting interests of employers and employees. There is also research showing that employees in full-time, permanent employment, in professional occupations, or who earn middle to high incomes have greater influence than employees in part-time or casual employment, in low skilled occupations and on low incomes who often have no input in decisions concerning bargaining structures and employment conditions (Boxall et al., 2007; Scott, Roberts, Holroyd & Sawbridge, 1989). Significantly, workers in the secondary labour market reported their income level inadequate (Boxall et al., 2007; NZHRC, 2010).

The literature also suggests that employees working in SEs are generally offered less tangible terms and conditions of work than employees in LEs and yet are generally satisfied (Nadin & Cassell, 2007). In fact, one explanation for higher levels of employee satisfaction may be attributed to the absence of structures for employee representation. A contrasting argument is that informality and closeness of the family style environment accounts for the higher level of employee satisfaction. Waldergrave et al., (2003) argued employees working in SEs were most satisfied with their terms and conditions of employment because in the absence of union presence "... employees were more likely to have less familiarity with bargaining dynamics or understanding of how their terms and conditions could be improved" (ibid: 30). A third explanation is that SE employees have lower expectations with their career prospects, etc. (Considine & Callus, 2002). However, expectations are not static; as the relationship develops over time and the employer and employee become more committed to each other expectations may change from the initial transactional exchange of labour for pay (Arrowsmith & Parker, 2010; Nadin & Cassell, 1999).

Bolton (1971) argues that, while working conditions may sometimes be inferior in SEs and employees often prefer to work in small communicative groups and *ipso facto* experience, greater employee satisfaction and reduced enterprise resource planning (ERP). The argument that informal employment relations were harmonious rested on the rarity of strikes in SEs. Rainnie (1989) criticised this study for barely making a connection between the level of unionism and the level of strike activity. Forth et al.,'s (2006) research justified this criticism. They found that 82 per cent of employees in the UK had pay unilaterally determined by managers; 12 per cent of employers negotiated with individual employees; only five per cent had pay negotiated by collective bargaining, two per cent of those with fewer than 20 employees; and 12 per cent of SEs had arrangements for employee representatives.

A national study showed a similar situation in the New Zealand private sector, with 15 per cent of SEs (employing between 10-20 employees) involved in collective bargaining (Foster, Murrie, & Laird, 2009; Foster & Rasmussen, 2010). However, this reflects a general low level of unionism in the private sector, accounting for only nine per cent of the total number of New Zealand employees covered by collective agreements in 2009 (Blumenfeld, 2010). An explanation for this is the fact that substantial employee gains have come from government intervention rather than collective bargaining which has firmly entrenched the decentralised bargaining and individualised employment relationships that were established under the Employment Contracts Act 1991(ECA) (Blumenfeld, 2010; Rasmussen & Lamm, 2005).

Other explanations for low unionism in SEs are that the employers' close involvement with the daily running of the enterprise removes the need for the formal organisation of employee representation. This may be the case in some SEs as research shows the low demand for unionism and representation is generally related to worker ambivalence, which may be partly due to job satisfaction and good employment relationships (Boxall et al., 2007; Considine & Callus, 2002; Kersley et al., 2006; Storey et al., 2010). On the other hand, it could be related to the high incidence of temporary workers and shift workers, and structural factors that inhibit union organisation in SEs (Anderson & Nuttall, 2014; Forth et al., 2006; 2009; Foster & Rasmussen, 2010; Waldergrave et al., 2003) or employer resistance to unions (Tipples, 2015). Unions appeared to be organised in SMEs with an established union presence (Foster & Rasmussen, 2010; Waldergrave et al., 2003) with anecdotal evidence suggesting some unions are only prepared to negotiate collective agreements for 25 or more employees (Foster & Rasmussen, 2010). However, Tipples (2015) found some dairy employers resolutely refused to have to have anything to do with unions. With employers having greater flexibility in the workplace during the ECA (repealed) and under the present National Government's raft of changes to the ERA, managerial prerogative has been strengthened. This has become more so in SMEs with the growth of individualised employment relationships embedded in the workplace (Foster, Rasmussen, Murrie & Laird 2011; Rasmussen, Foster & Farr, *in press*).

The New Zealand research is consistent with international research showing that the most common mechanisms for involving employees are health and safety representatives and workplace committees. These are more likely in larger and highly unionised enterprises (Bohle & Quinlan, 2003; Kersley et al., 2006; Butcher, & Stewart-Loughnan, 2005; Walters, 2010). The fact that only 28.4 per cent of Haynes et al.,'s (2005) employees working in SEs (1-20 employees) reported regular consultation meetings concerning workplace issues which suggests that the ERA, and the Health and Safety in Employment Amendment Act 2002 have had little influence on employee involvement in SEs. The Taskforce on Workplace Health and Safety (2013) concluded that the Health and Safety in Employment Act 1992 was not being implemented properly. The Taskforce reported that levels of worker engagement in workplace H&S issues were inconsistent across businesses.

To address the inconsistency of worker engagement in New Zealand, one of the most significant changes to the reformed health and safety legislation is the employer's duty to facilitate genuine worker engagement, participation and representation in the management of workplace health and safety risks (see Health and Safety at Work Act 2015 and specifically Worker Engagement, Participation and Representation Regulations 2016). Sustained improvements to working conditions have often occurred as a result of improvements in the regulation of health and safety. Therefore, the recent legislative change may have significant implications for worker involvement in operational decision-making and determining terms and conditions of work.

Methodology

In order to investigate the concept of the 'good employer' in SMEs, a survey was carried out by Massey University (Foster, Farr & Laird, 2015). Data collection was undertaken using both quantitative and qualitative methodologies. Surveys were mailed to a representative sample of 2500 organisations employing between 1 and 50 employees (though some employers with more than 50 staff also answered the questionnaire) using the standard industry classifications, as used by previous researchers (Blackwood et al., 2007; Foster et al., 2011). The surveyed regions were in the Central North Island of New Zealand (Taranaki, Manawatu, Whanganui, Horowhenua, and Hawkes Bay). Data from the self-administered questionnaire was analysed descriptively in relation to responses. Although the

survey sought information on the employment relations and occupational health and safety practices within SEs, for the purpose of this paper only 'employment relations practices' and 'employee voice' were examined, drawing out the relevant items such as the structure and terms and condition of the organisations employment agreements, working arrangements, consultation with staff and attitudes towards unions. A definition was supplied with particular questions so that the respondent was familiar with the terms, for example:

- Negotiate (allowing some form of bargaining before reaching a settlement)
- Consult (discuss with employees before making a decision)
- Inform (let employees know of your decision, no discussion)
- Not inform (e.g. employees may just get a pay increase).

Participants were also invited to partake in semi-structured interviews so as to extract any underlying issues that could not be gleaned from a questionnaire. We received 70 acceptances and a selected portion (25 interviews) was used to ensure that the participants covered the various regions industry and firm sizes in the survey. The interviews were conducted by telephone and taped. Subsequently, the interview information was compared with responses obtained through the questionnaire's open-ended questions. While only a few insights and quotes can be included in this article the interviews gave additional depth and detail to our understanding of employer attitudes and behaviour.

Results

The response rate from the cross-sectional survey was 14.2 per cent (N = 332) which is comparable to other similar studies. Notwithstanding, this is a relatively low figure and the results must, therefore, be interpreted with caution. While these results are purely descriptive, there are differences across the various questions and employer groups. It is important to stress *the overall message of the survey*: employers across industry and size demonstrated some willingness to engage in certain forms of participation but less so in other forms. There were some employers who were prepared to negotiate with individuals on their terms and conditions of work, but the majority of employers either consulted or just informed employees of their decision. On non-pay issues the vast majority of employers provided only the statutory minimum conditions required.

Industry Classification of Firms by Size

Table 1 provides a detailed representation of the distribution of the sample across standard industry classification by size. The largest number of respondents 40.4 per cent was employed in firms with less than 9 employees; 26.6 per cent of respondents were employed in firms with 10-20 employees, and 25.7 per cent of respondents were employed in firms with 20-49 employees. As reported in the methodology section, some employers with more than 50 staff also answered the questionnaire (7.3 per cent) and it was decided to include them in the survey. Please note that the industry classification of 'Others' is approximately 20 per cent of the total.

Table 1: Industry Classification of Participating Employers

Enterprise Size	<9	10-19	20-49	50+	Total Responses
Accommodation and Food Services	6 (1.8%)	9(2.8%)	3(0.9%)	1(0.3%)	19(5.8%)
Administrative and Support Services	3 (0.9%)	0 (0%)	1 (0%)	2 (0%)	3(0.9%)
Agriculture, Forestry and Fishing	3(0.9%)	4(1.2%)	3(0.9%)	0(0%)	10(3.1%)
Arts and Recreation	2(0.6%)	1(0.3%)	0(0%)	0(0%)	3(0.9%)
Construction	7(2.1%)	8(2.4%)	9(2.8%)	0(0%)	24(7.3%)
Education and Training	1(0.3%)	2(0.6%)	1(0.3%)	0(0%)	4(1.2%)
Electricity, Gas, Water and Waste Services	5(1.5%)	4(1.2%)	4(1.2%)	1(0.3%)	14(4.3%)
Financial and Insurance Services	4(1.2%)	5(1.5%)	3(0.9%)	0(0%)	12(3.7%)
Health Care and Social Assistance	9(2.8%)	4(1.2%)	7(2.1%)	2(0.6%)	22(6.7%)
Information Media and Telecommunications	3(0.9%)	1(0.3%)	1(0.3%)	0(0%)	5(1.5%)
Manufacturing	11(3.3%)	9(2.8%)	19(5.8%)	4(1.2%)	43(13.1%)
Mining	0(0%)	1(0.3%)	1(0.3%)	0(0%)	2(0.6%)
Professional, Scientific and Technical Services	13(4.0%)	5(1.5%)	12(3.7%)	1(0.3%)	31(9.5%)
Rental, Hiring and Real Estate Services	2(0.6%)	1(0.3%)	0(0%)	0(0%)	3(0.9%)
Retail Trade	30(9.2%)	9(2.8%)	1(0.3%)	1(0.3%)	41(12.5%)
eTransport, Postal and Warehousing	2(0.6%)	4(1.2%)	6(1.8%)	3(0.9%)	15(4.6%)
Wholesale Trade	5(1.5%)	3(0.9%)	2(0.6%)	0(0%)	10(3.1%)
Other Services	26(7.9%)	17(5.2%)	12(3.7%)	11(3.4%)	66(20.2%)
Total	132 (40.4%)	87(26.6%)	84(25.7%)	24(7.3%)	327(100%)

Note: Five participants did not indicate the size of the enterprise. Total responses, N = 332.

Employment Agreements

We asked the participants what type of Individual Employment Agreements (IEA) arrangements they have with their employees. Table 2 shows employers in all enterprise sizes indicated that they have a variety of arrangements. However, the standardised agreement is the predominant type (63.6 per cent), followed by standardised with some negotiated conditions (46.1 per cent). What is surprising is that 21.6 per cent of the sample individually negotiates conditions of work with some or all of their employees.

Table 2: Types of Employment Arrangements in Individual Employment Agreements

Enterprise Size	<9	10 - 19	20 - 49	50+	N = 332
Standardized IEA	82 (24.7%)	58(17.5%)	55(16.6%)	16 (4.8%)	211 (63.6%)
Standardized IEA with some negotiated individual conditions	47(14.1%)	43(13.0%)	52(15.7%)	11(3.3%)	153(46.1%)
Individually negotiated employment agreements	27(8.1%)	16 (4.8%)	21(6.3%)	8(2.4%)	72(21.6%)

Note: The employers were asked to indicate all the types of arrangements they have with their employees. Some employers have more than one type of employment agreement.

The Frequency SME Employers Reviewed Employment Agreements

Table 3 shows the majority of employers reviewed their employment agreements, but the regularity varied. Annual review (37.8 per cent) and two years or more (20.4 per cent) are the common means. 6.7 per cent never reviewed their agreements. More frequent reviews occurred in enterprises employing more than 20 employees, 50 per cent of the largest enterprises reviewed their agreements annually. Conversely, the proportion of employers who never review agreements increases in smaller enterprises. While these enterprises are not keeping up with legislative changes, 35.1 per cent of all employers only reviewed their employment agreements to comply with legislative changes.

Table 3: The Frequency SME Employers Reviewed Employment Agreements

Enterprise Size	<9	10-19	20 - 49	50+	N=328
Annually	46 (34.8%)	30(34.1%)	36(42.9%)	12(50.0%)	124(37.8%)
Two years or more	25(19.0%)	20(22.7%)	19(22.6%)	3(12.5%)	67(20.4%)
Only to meet legislative changes	45(34.1%)	34(38.6%)	27(32.1%)	9(37.5%)	115(35.1%)
Never	16(12.1%)	4(4.6%)	2(2.4%)	0(0.0%)	22(6.7%)
Total	132(100%)	88(100%)	84(100%)	24(100%)	328(100%)

Employees Entitlements to Non-Pay Terms and Conditions

Table 4 reveals that the majority of employers only provided the statutory minimum requirements to their staff on KiwiSaver (62.5 per cent), annual leave entitlement (67.9 per cent) and sick leave (71 per cent). However, a small number of employers exceeded the minimum provisions for some or all of their staff. When it comes to voluntary provisions, 25 per cent provide health insurance, but alternative pension schemes are rarely provided (8.2 per cent). These results suggest that some SME employers are willing and able to exceed the minimum statutory terms and conditions of work.

Table 4: Employees Entitlements to Non-Pay Terms and Conditions

	<9 - 50+			
Enterprise Size	All	Some	None	N =
Employer contributes in excess of the statutory minimum requirement for KiwiSaver	60(18.8%)	60(18.8%)	200(62.5%)	320
Employer contributes to a pension scheme other than KiwiSaver	10(3.3%)	15(4.9%)	282(91.9%)	307
Private health insurance (e.g. Southern Cross)	34(11.0%)	43(14.0%)	231(75.0%)	308
More than 20 days paid annual leave	34(10.8%)	67(21.3%)	214(67.9%)	315
Paid sick leave in excess of the statutory minimum requirements	33(10.5%)	58(18.5%)	223(71.0%)	314

Pay Review and Settlement Process

Table 5 presents the pay review or settlement process by industry. It is interesting to note that Accommodation and Food Services (AFS) (26.3 per cent), Agriculture, Forestry and Fishing (37.5 per cent), and Retail Trade (23.7 per cent) demonstrated a higher than normal rate of negotiating with their employees. However, some AFS employers did not communicate with employees in any way (21.1% per cent). Of those industries that do not inform their staff of a review, Construction (29.2 per cent) and Electricity, Gas, Water and Waste Services (39.5 per cent) are the most lacking in communicating with employees. Most employers in this sample either consulted (39.4 per cent) or informed (31.9 per cent) their employees over the last pay review and settlement. However, it is noted that overall 15.5

per cent of employers adopted good practice negotiating with their employees and 12.9 per cent adopted bad practice, in not informing their employees of their decision concerning pay review.

Table 5: Best Describes the Last Pay Review or Settlement Process With Employees by Industry

Industry	Negotiate	Consult	Inform	Do not inform	N =
Accommodation and Food Services	5(26.3%)	7(36.8%)	3(15.8%)	4(21.0%)	19
Administration and Support Services	0(0%)	1(33.3%)	2(66.7%)	0(0%)	3
Agriculture, Forestry and Fishing	3(37.5%)	2(25%)	3(37.5%)	0(0%)	8
Arts and Recreation Services	0(0%)	2(100%)	0(0%)	0(0%)	2
Construction	3(12.5%)	7(29.2%)	7(29.2%)	7(29.2%)	24
Education and Training	0(0%)	1(25%)	2(50%)	1(25%)	4
Electricity, Gas, Water and Waste Services	0(0%)	6(46.2%)	2(15.4%)	5(38.5%)	13
Financial and Insurance Services	0(0%)	8(66.7%)	4(33.3%)	0(0%)	12
Health Services and Social Assistance	4(20%)	7(35%)	7(35%)	2(10%)	20
Information, Media and Telecommunication	0(0%)	2(40%)	2(40%)	1(20%)	5
Manufacturing	8(19.5%)	15(36.6%)	13(31.7%)	5(12.2%)	41
Mining	0(0%)	0	1(50%)	1(50%)	2
Professional, Scientific and Technical Services	3(10%)	16(53.3%)	11(36.7%)	0(0%)	30
Rental, Hiring and Real Estates Services	0	1(50%)	0	1(50%)	2
Retail Trade	9(23.7%)	12(31.6%)	15(39.5%)	2(5.3%)	38
Transport, Postal and Warehousing	3(23.1%)	7(53.8%)	3(23.1%)	0(0%)	13
Wholesale Trade	2(20%)	4(40%)	4(40%)	0(0%)	10
Other services	8(12.7%)	24(38.1%)	20(31.7%)	11(17.5)	63
Overall	48(15.5%)	122(39.4%)	99(31.9%)	40(12.9%)	309

Flexible Working Arrangements

Table 6 clearly indicates that employers either do not provide or employees are not requesting flexible working arrangements, even though most employers (77.4 per cent) reported having a flexible working arrangement policy. For those employers who do provide some form of flexible working arrangements, the common provisions are: flexi-time (35.3 per cent), ability to reduce working hours (38.3 per cent) and ability to change set working hours (44.4 per cent). Working only during school term arrangements are the least commonly provided (8.5 per cent).

Table 6: Types of Flexible Working Arrangements Provided in the Past 12 Months

	<9 - 50+		
	Yes	No	N =
Working at home in normal hours	82(25%)	246(75%)	328
Flexitime	116(35.3%)	213(64.7%)	329
Job sharing	39(11.9%)	290(88.1%)	329
Ability to reduce working hours	126(38.3%)	203(61.7%)	329
Compressed hours	38(11.6%)	289(88.4%	327
Ability to change set working hours	146(44.4%)	183(55.6%)	329
Working only during school term	28(8.5%)	300(91.5%)	328

Consultation

1. Consultation With Employees and Unions

The responses in Table 7 show employers' distinct preference to deal directly with employees (84.3 per cent) rather than with unions (0.6 per cent). Even size shows a predominant resistance towards unions as a third party, with employers preferring to consult directly with employees: less than 9 employees (34.6 per cent) and 10-19 and 20-49 around each (21 per cent).

Table 7: Employers Attitudes Towards Consulting Directly With Employees Rather Than With a Trade Union

Enterprise Size	<9	10 - 19	20 - 49	50+	N = 324
Agree	112(34.6%)	70(21.6%)	71(21.9%)	20(6.2%)	273(84.3%)
Neutral	18(5.5%)	17(5.5%)	11(3.4%)	3(0.9%)	49(15.1%)
Disagree	0 (0.0%)	0 (0.0%)	1(0.3%)	1(0.3%)	2(0.6%)
Total	130	87	83	24	324(100%)

2. Meetings With Staff

The majority of employers conducted a range of regular staff meetings (92.0 per cent). The frequency and range of these meetings varied: 74.1 per cent conducted a range of daily, weekly, fortnightly and monthly meetings; and 17.9 per cent only conducted quarterly and/or annual meetings. Overall, monthly (39.2 per cent) and weekly (31.2 per cent) intervals are most common. Table 8 reveals what topics are most discussed at these meetings. Note that operational matters such as production issues (71.7 per cent) work organisation (58.4 per cent) future plans (50.3 per cent) and health and safety (49.4 per cent) are the most prominent.

Table 8: Topics Most Often Discussed at Meetings

	<9 - 50+		
	Discussed	**Not Discussed**	**N =**
Production issues	238(71.9%)	93(28.1%)	331
Work organisation	194(58.4%)	138(41.6%)	332
Future plans	167(50.3%)	165(49.7%)	332
Health and Safety	164(49.4%)	168(50.6%)	332
Training	100(30.1%)	232(69.9%)	332
Financial issues	74(22.3%)	258(77.7%)	332
Employment issues	39(11.7%)	293(88.3%)	332
Government Regulations	36(10.8%)	296(88.2%)	332
Leave and flexible work arrangements	25(7.5%)	307(92.5%)	332
Pay issues	13(3.9%)	319(96.1%)	332

Note: The participants were asked to choose the three topics most often discussed at meetings.

These typical responses show input in operational matters is encouraged:

We have a good working relationship with our staff. We encourage open discussion and involve all employees in decision making (Other, Car dealership).

Lots of formal and informal meetings and discussions (Arts and Recreation).

Matters pertaining to the employment relations practices, such as leave and flexible working arrangements (7.5 per cent) and pay issues (3.9 per cent), are also discussed in some enterprises. However, these are less common. Typical responses suggest that personal matters are managed at the individual level:

We have a good rapport with our staff and have an open door policy (Electricity, Gas and Water).

Maintain close relationship with employees and deal with any problems as and when they arise (Health care).

Consultation with Employees Concerning Redundancy

Some of our surveyed employers had to make roles redundant (N=47). Table 9 indicates that while the majority of affected employers provide notice for redundancy (72.3 per cent), some engage in genuine consultation. Overall, the evidence shows that some SME employers are willing to consult about redundancy payments (46.8 per cent) and options for reducing the number of redundancies. The area where the most consultation occurs concerns the criteria for selecting the pool of employees affected by the role redundancy (55.3 per cent).

Table 9: What Issues Did the Redundancy Consultation Cover?

Enterprise Size	<9	10 - 19	20 - 49	50+	N = 47
Options for reducing the number of redundancies	4 (25.0%)	2(28.6%)	13(68.4%)	2(40.0%)	21(44.7%)
Criteria for selection	5(31.3%)	2(28.6%)	16(84.2%)	3(60.0%)	26(55.3%)
Redundancy payments	4 (25.0%)	3(42.9%)	12(63.2%)	3(60.0%)	22(46.8%)
Notice of redundancy	8(50.0%)	6(85.7%)	16(84.2%)	4 (80.0%)	34(72.3%)
Total	16 (100%)	7(100%)	19(100%)	5(100%)	47(100%)

Discussion

While SEs tend to favour informal communication mechanisms, adopting some formal employment policies and practices are helpful for reducing the SE vulnerability to litigation (Harris, 2000, Kotey & Slade, 2005) and as the number of employees increases, ensuring consistent and fair treatment of all employees (Knuckey et al.*,* 2002; Kotey & Slade, 2005, Kotey & Sheridan, 2004; Legg et al., 2009; Storey, 1994; Wilkinson, 1999). The concept of fairness is also a fundamental aim of statutory minimum requirements guiding employment relationships.

There are three phases in the employment relationship that provide opportunities for employers and employees to negotiate and consult on the terms and conditions of work. The first phase occurs during the establishment of employment relationship, i.e. when the employer and employee agree to the terms and conditions of work and formalise the arrangements in the employment agreement. The second phase encompasses negations and consultation concerning changes to terms and conditions of work

arising during the employee's tenure. The third phase arises if the employer is considering redundancies. Statutory duties require all employees to have a signed employment agreement and for employers to consult with employees concerning redundancies.

The results here show that there is a moderate occurrence of employee involvement across all the measures which is divergent from previous studies that show SME employees have low input in determining their pay and other terms and conditions of work (Forth et al., 2006; Gilbert & Jones, 2000). The results reflect a more complex scenario of employee involvement in SMEs. The variation in the amount of employee involvement within and between enterprises and industries indicate that industry and size influence willingness to negotiate and consult with employees. However, the preference to deal directly with employees converges with research showing SME employers are more reticent to commit themselves to consultative and partnership practices (Boxall et al., 2007; McDonald, 2005; Ram, Edwards, Gilman & Arrowsmith,, 2001; Waldergrave et al., 2003) resulting in minimal union activity and weak employee bargaining power (McGovern et al., Rasmussen, 2009c).

Despite the predominantly individualist context and beliefs, the proportion of employers providing individually negotiated terms and conditions of work is encouraging for two reasons (51.6 per cent). Firstly, opportunities for employee involvement appear to be better in New Zealand compared with the UK where 82 per cent of employees had pay unilaterally determined by managers (Forth et al., 2006). Secondly, it partially supports research suggesting employees in New Zealand appear to have higher rates of influence in all areas of decision making compared with the US and UK (Coetzee, 2011; Rasmussen, McLaughlin & Boxall, 2000; Boxall et al., 2007; Haynes et al., 2005; Macky & Boxall, 2008a;b). While the remainder of the employees on standardised employment agreements have no input in determining their terms and conditions of work at the establishment phase, the majority of employers provide the statutory minimum requirements for KiwiSaver, annual leave and sick leave entitlements. There is a clear preference to deal directly with employees rather than with unions. What this study clearly shows is that without the use of a third party, the employer has total discretion on how they negotiate, consult or inform with their employees. This supports the work by Foster et al., (2011), Rasmussen, Foster & Farr (*in press*) and Tipples (2015), showing that employers, especially in SMEs, are given greater flexibility in dealing with their employees. Thus, flexibility and individualism is now firmly embedded in the workplace.

Work-life balance arrangements are also usually negotiated in this phase. The majority of employers also exceeded expectations reporting they had formal work-life balance policies, rather than informal arrangements (Yasbek, 2004). Furthermore, the working arrangement results show that some employers are willing and able to consider and negotiate flexible working arrangements. These results compare favourably with MBIE (2016) findings on the following working arrangements: flexible working hours, reduced hours or job share, work from home or other sites. Two of the additional provisions included in our findings are least commonly provided, (i.e. compressed hours and working only during school terms). This suggests that employees requesting less familiar working arrangements appear to have encountered resistance from employers, especially working only during school terms. Industries that work outside of normal working times or employing part-time or casual workers appeared to be more flexible and this also similar to the MBIE (2016) results.

There are many opportunities to involve employees, formally and informally, during the employee's tenure. However, the literature suggests that SME employers are less likely to provide regular formal and systematic information or inform employees about financial matters (Forth et al., 2006). Formal practices include the review of employment agreements, the pay review and settlement process, and meetings. Although this survey did not ask the employers if they sought employee input when reviewing the employment agreements, the strong preference for regular review of employment

agreements (93.3 per cent), albeit some are compliance driven (35.1 per cent), may provide opportunities for employee involvement in SMEs. When it comes to negotiating or consulting with employees concerning pay review, the pattern is similar to opportunities to negotiate at the establishment phase, 54.9 per cent of the SME employers adopted good practices.

The regularity of consultation meetings is one of the measures used to examine joint consultation in the NZWRPS showing employees generally have a high influence in all areas of decision-making (Boxall et al., 2007; Haynes et al., 2005). The employers perform well on this measure. Moreover, the strong preference for regular meetings 92 per cent appears to be an improvement compared with the low incidence (28.4 per cent in enterprises employing 1-20 employees) of consultation meetings concerning workplace issues reported by Haynes et al., (2005). While this study does not examine the level of employees influence or control in decision making, it captures the breadth of issues the SME employers are willing to discuss. The majority of employers discussed production issues, work organisation, and health and safety. This is consistent with SMEs in the UK (Forth et al., 2006). However, some of the employers went beyond work organisation and discussed future plans, training, financial issues, government regulations, leave and flexible working arrangements and pay issues at meetings. The patterns show the majority of employers are making efforts to provide some opportunities for employee involvement when establishing and maintaining employment relationships, however some employers were involved in making roles redundant.

The proportion (55.3 per cent) of employers adopting good practices, i.e. consulting on the criteria for selecting the pool of employees affected by the role redundancy, is consistent with the practices adopted in the first two phases of the employment relationship. The high incidence of affected employers providing notice for redundancy may be compliance driven and/or perceived as an inevitable post-decision administrative task. However, when size is taken in consideration, enterprises larger than 19 employees appear to show a greater propensity to consult with their employees compared to the smaller organisations. While the employers in the smallest enterprises lag in all these areas, some attempts are made to consult with employees.

Conclusions

The findings indicate that some employers, across industry and size, demonstrate a willingness to engage in some forms of participation, but less so in other forms. There are some employers who are prepared to negotiate with individuals on their terms and conditions of work. Nevertheless, the majority of employers either consult but make the final decision or just inform employees of management decisions, suggesting that managerial prerogative still prevails. The fact that the majority of employers provide only the minimum conditions required on KiwiSaver, annual leave and sick leave entitlements, suggests that for many SME employees the minimum statutory requirements become the maximum.

The regularity of meetings and reviewing employment agreements and pay, as well as the formality emerging in the flexibility policies and employment relations practices, also shows some surveyed employers are willing and able to adopt sustainable good practices exceeding their statutory duties. However, there is room for improvement especially in consulting with employees when dealing with redundancy. Overall, it is unclear whether employment practices and employee voice will improve even though there is supportive legislation in the new Health and Safety at Work Act.

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Merging politics with economics: Non-industrial and political work stoppage statistics in New Zealand during the long 1970s

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Abstract

During the 1970s, the number of 'non-industrial' (including 'political') work stoppages dramatically increased in New Zealand. In that decade, hundreds of thousands of workers participated in such stoppages, making up 30 per cent of the total number of workers involved in all recorded stoppage activity, and 15 per cent of the total number of days not worked due to all recorded stoppages. Hitherto, these stoppages have largely been overlooked in previous statistical analyses of the period, thus, giving the impression that the extent of workplace conflict was considerably lower than it actually was. Further, many, if not most, of the significant and controversial strikes of the period could be considered non-industrial. Because the vast majority of these stoppages were struggles over wages and working conditions, yet directed against the government, the traditional division between economics and politics in trade union activity is difficult to sustain for the 1970s.

Key words: *strikes*, *political strikes*, *work stoppage statistics, incomes policies*

Introduction

Today, it may seem trifling to evaluate the accuracy of work stoppage statistics, given that, by any measure, New Zealand is currently experiencing an extraordinary long-term lull in strike activity. Yet, it is not inconsequential to do so for the period from the late 1960s to the early 1980s – the 'long 1970s' – when New Zealand experienced widespread strike activity. A fairly unique characteristic of this upsurge, relative to other periods of New Zealand history, was that a substantial minority of stoppages were considered 'non-industrial' (including 'political') in nature. The Department of Labour (DOL) initially defined "non-industrial stoppages" as those that made no demand on the employer (DOL, 1979a: 2).

While the DOL excluded such stoppages from its official stoppage statistics until 1980, it kept a separate record of them. Yet, most analyses of the period have neglected these separate statistics (for instance, see Deeks & Boxall, 1989; Brosnan, Smith & Walsh, 1990). This article employs this data to help furnish a more historically accurate picture of the extent of workplace conflict – as measured by recorded work stoppages – during the long 1970s. Indeed, excluding non-industrial stoppages, many of which were significant and contentious national or regional disputes, has led to a substantial underestimation of strike activity. An extraordinary 46 per cent of the workforce took part in stoppages during 1979, largely due to the general strike of that year. This figure of nearly half the workforce participating in stoppages represents a vastly higher percentage than what was thought to be the previous peak for that measure in New Zealand history: 19 per cent in 1976 (although if non-industrial

stoppages are included for 1976, that figure climbs to 25 per cent). Accordingly, many commentators – including myself – have mistakenly claimed that workplace dissidence in terms of workers involved peaked during the mid-1970s (see for example Boraman, 2007; Bramble & Heal, 1997; Roper, 2011; Trotter, 2007).

Commentators from varied perspectives have argued that trade union activity was economistic in the long 1970s, and, thus, largely unconcerned with political issues beyond the workplace (Awatere, 1984; Deeks, 1977; Jesson, 1981). Hence, this article also examines the extent of 'political' strikes during the long 1970s. As Hay (1978) observes, political strikes are often considered to be synonymous with non-industrial stoppages. Initially, the DOL concurred – it defined political stoppages as those that made no demand on the employer (DOL, 1976). Yet, later it re-defined such stoppages as those that not only placed no demand on employers, but also "did not relate to the workers' conditions of employment" (DOL, 1981b: 2). Consequently, political strikes were an "expression of dissatisfaction with particular aspects of the broader society in which workers live" (DOL, 1981b: 3). In other words, they were strikes in support of social and political causes that were unrelated to wages and working conditions.

This article proceeds by, firstly, examining the broader issue of the accuracy of official stoppage statistics during the long 1970s, especially in regards to the under-reporting of strikes. It, then, analyses the data on non-industrial stoppages, and briefly considers the major disputes that can be categorised as non-industrial. Then, it assesses how many of these non-industrial stoppages could be deemed strictly political to help evaluate whether unions were economistic. The focus of this article is the statistical analysis. Apart from some brief analysis in the conclusion, it does not offer explanations as to why so many non-industrial disputes took place, and why they eventually declined (including the effectiveness of attempts to outlaw them), and the heated political debate that occurred about political stoppages during the period (for some discussion, see Deeks, 1977; Boston, 1984).

Stoppage statistics and under-reporting

It is extraordinarily difficult to capture statistically the frequency and extent of work stoppages. There is substantial global discussion on the accuracy of official stoppage statistics (see for example Gall, 1999; Lyddon, 2007; Shalev, 1978). Most scholars argue that such statistics tend to underestimate the extent and intensity of stoppages. Lyddon (2007), for instance, notes that brief localised strikes, and small unofficial stoppages, are often unrecorded. Every day or informal forms of collective work refusal are also difficult, or almost impossible, to measure.

Several scholars have made similar claims in New Zealand (Deeks & Boxall, 1989: 246; Harbridge, 1987; Roper, 2011). The major case study of the accuracy of stoppage statistics found that, in 1984, the DOL underestimated the number of workers involved in the Federation of Labour's (FOL) right to bargain campaign by 42 per cent and the number of days not worked by 47 per cent (Harbridge, 1987). That campaign was an unsuccessful attempt to break the National government's two-year long wage-freeze. Ironically, the DOL would have deemed those strikes as non-industrial if they had occurred before 1980 and, thus, would have omitted them from their main statistical series.

However, as far as is known, no general overview of the accuracy of New Zealand stoppage statistics has been written. This section endeavours to do so for the long 1970s, drawing upon

internal discussions held within the DOL, the body then responsible for collecting stoppage statistics, in regards to their own concerns about the under-reporting of disputes. Indeed, the DOL acknowledged a general tendency towards under-reporting (DOL, 1976; DOL, 1981a; DOL, 1982).

They noted several reasons why this occurred. Employers were not under any statutory duty to report stoppages (and thus when employers failed to report stoppages, DOL Offices were relied on to "collect information" about such disputes). Additionally, employers often did not report restrictive practices at work, such as go-slows, work-to-rules, and various bans. The DOL noted these were difficult to measure (DOL, 1982).

Moreover, stoppages in the public sector were generally excluded (DOL, 1982). Stoppages involving state sector unions that were not registered under the Industrial Relations Act, such as the Public Service Association (PSA), were omitted until the passage of the State Sector Act in 1988. Additionally, disputes involving several private sector unions who were unregistered under the Industrial Relations Act were also presumably discounted. These unregistered unions had a combined membership of 200,000 in 1982 (Boston, 1984). However, several unions that covered the state sector were registered under the Industrial Relations Act, such as various railway unions and the New Zealand Workers' Union (DOL, 1976). While registered unions carried out the majority of strikes in the 1970s and 1980s, white-collar workers and unions experienced a degree of 'radicalisation' during those decades, and hence took far more strike action than they had previously (see for example Derby, 2013; Roth & Hammond, 1981: 164; Roth, 1990).

However, in comparison with Britain, New Zealand stoppage statistics were more accurate in one facet: they included strikes that lasted less than a day. During the 1970s, many New Zealand stoppages were of such duration, as Roth (1977: 7) noted: "In 1975…out of 426 recorded stoppages, 157 – more than a third – lasted less than one day, which means that in Britain they wouldn't even have been counted as strikes".

Nevertheless, these brief stoppages themselves were subject to considerable under-reporting. Indeed, the DOL noted that employers frequently did not report unauthorised stoppages, which often lasted less than a day (DOL, 1982). For example, the Meat Industry Employers' Association provided remarkable data that about 2,500 stoppages of brief duration (often only lasting an hour or two) occurred across the meat industry during 1970-72 for a Commission of Inquiry into the meat industry. These stoppages involved nearly 470,000 workers. Yet, they were unrecorded in the DOL's official tally (DOL, 1976). Even if the Association's figures were inflated, they are still highly significant. Indeed, they far exceeded the official national totals for all industries of about 1,000 stoppages that involved around 300,000 workers during 1970-72 (both figures include non-industrial stoppages; see table 1 below). Additionally, stoppages of less than four hours duration, which commonly occurred on large, highly unionised worksites, were unrecorded in some large industrial districts such as Auckland due to an informal departmental convention (DOL, 1973; 1974).

What is more, unlike the bulk of other high-income countries, employers were relied upon as the primary source of data (Perry & Wilson, 2004). While "employers are perhaps typically in a better position to measure absences" (Perry & Wilson, 2004: 8), sometimes they may

have an interest in downplaying the size and, thus, effectiveness of a dispute, or not reporting them altogether; indeed, trade unions often disputed the figures provided by employers as severe underestimates, as will be detailed below (see also Harris, 1997). Subsequently, many countries request or require trade unions to also provide data.

Lastly – the main subject of this article – the DOL omitted stoppages that it deemed 'non-industrial' until 1980. As Silver (2003: 189) and Walsh (1983) contend, excluding political and wider non-industrial strikes could lead to a substantial under-estimation of the level of conflict. Walsh (1983) argues that:

> Though most protest actions on a large scale (for example, national strikes) may ostensibly seem politically motivated, in most cases there will be underlying causes fundamentally concerned with terms and conditions of work. A national protest stoppage over, say, a wage freeze is primarily concerned with the pay of individual strikers and its appearance as a political strike will arise out of the direction of the protest towards the instigators of the measure, namely the government (p.22).

The DOL had earlier voiced remarkably similar concerns to Walsh. For instance, it remarked that many 'non-industrial' disputes in which "no demand is made on the employer" were protests against government actions and policies (DOL, 1979a: 2). It also noted:

> Although non-industrial stoppages have occurred outside the control of the enterprise, which is still directly affected by the stoppage, the motivation for many non-industrial strikes stems primarily from the work situation…For the Trade Union Movement non-industrial stoppages are looked upon as expressions for better welfare and working conditions (DOL, 1979a: 3).

Hence, in order to "gain a better perspective of stoppage activity", non-industrial stoppages needed to be taken into account (DOL, 1979a: 3). This resulted in the DOL eventually including non-industrial stoppages in its official count from 1980 onwards. This also could explain why the DOL amassed separate statistics on non-industrial stoppages from 1960 to 1982 (they still noted the occurrence of such stoppages in 1981 and 1982, but included these in later official statistical series – in other words, the statistics for 1981-2 were backdated until 1980). Two annual publications – the *Industrial Statistics Handbooks* and especially the *Industrial Stoppages Reports* – published the discrete data about non-industrial stoppages.

As far as is known, only Roth (1970) has utilised the above mentioned little-known reports to highlight the data about non-industrial stoppages. Yet he did not aggregate such data with that for industrial stoppages in his main statistical tables of stoppages. He also only scrutinised data for non-industrial stoppages for the period 1960-1976, and, thus, neglected the more tumultuous years of the late 1970s and the early 1980s.

Data analysis

Before the 1970s, political stoppages over social issues rarely occurred in New Zealand, and seemingly assumed little significance. Many were ephemeral protests against various wars and fascism by 'militant' unions, such as the Miners', Watersiders' and Seamen's Unions (Richardson, 1995; Roth, 1978). Yet, from about the late 1960s, with a general upturn in strike activity following the Arbitration Court's infamous nil wage order of 1968, stoppages deemed 'non-industrial' by the DOL became far more prevalent and substantial.

The number of such stoppages peaked in the mid-1970s, specifically in 1974, when 70 such stoppages or 15.6 per cent of the total number of stoppages took place. By the late 1970s, the frequency of non-industrial stoppages fell away (see figure 1 and also table 1 below). Overall the number of non-industrial stoppages as a percentage of all stoppages was 5.8 per cent for the 1970s, and slightly less (4.8 per cent) for the period 1960-82. While this represented only a small fraction of all stoppages, the annual total number of non-industrial stoppages in the mid-1970s was greater than the sequential annual total number of all stoppages from 1992 until the present day – in other words, since 1992 recorded disputes have totalled less than 70 each year.

If measures other than the number of stoppages are analysed, non-industrial stoppages assume greater importance. This is particularly the case for participation in non-industrial disputes, which accounted for 29.8 per cent of the total number of workers involved in all stoppages in the 1970s. Of the total number of days not worked in the 1970s due to all stoppages, 15 per cent were a result of non-industrial stoppages, and 13.8 per cent for the period 1960-82 (see table 1 below).

As most non-industrial stoppages were short-lived protest stoppages against government policies and practices, they had more effect on the total number of workers involved in disputes rather than working days not worked (see figures 1 and 2 below). For example, in 1971, non-industrial disputes averaged 1.37 days not worked per worker involved, compared to 1.89 for industrial stoppages (*Industrial Stoppages 1971,* 1972: 20). In 1975, their average duration was 1.26 compared to 4.27 for industrial stoppages (*Industrial Stoppages 1975 Part Two*, 1976: 45). Even in 1979, there were more days not worked due to strikes other than the general strike of that year.

Table 1. **Non-Industrial Stoppages 1960–82** (excluding stoppages involving unregistered unions including most state sector unions, and those that accrued less than 10 working days not worked)

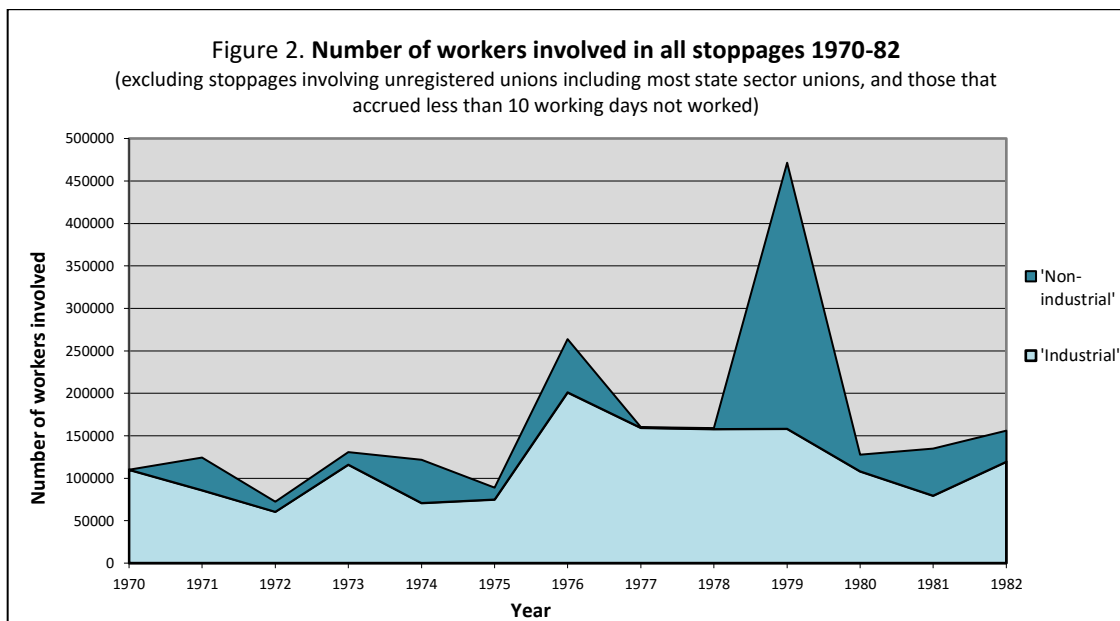| Year	Number of stoppages			Number of working days not worked			Number of workers involved		
	All stoppages	Non-industrial stoppages	Per cent Non-industrial	All stoppages	Non-industrial	Per cent Non-Industrial	All stoppages	Non-industrial	Per cent Non-industrial
1960	60	-	-	35683	-	-	14305	-	-
1961	71	-	-	38185	-	-	16626	-	-
1962	97	1	1.0	93243	86	0.1	39921	N/A	N/A
1963	60	-	-	54490	-	-	14911	-	-
1964	97	4	4.1	68043	1209	1.8	34779	N/A	N/A
1965	110	5	4.5	22743	929	4.1	15267	N/A	N/A
1966	147	2	1.4	103120	4025	3.9	33132	N/A	N/A
1967	89	-	-	139490	-	-	28490	-	-
1968	153	-	-	130267	-	-	37458	-	-
1969	173	4	2.3	141453	2778	2.0	44041	N/A	N/A
1970	330	7	2.1	282239	4891	1.7	110096	N/A	N/A
1971	323	10	3.1	215266	52703	24.5	124371	38362	30.8
1972	307	41	13.4	140755	6250	4.3	72386	11957	16.5
1973	418	24	5.7	280390	8684	3.1	130809	14944	11.4
1974	450	70	15.6	242579	58891	24.3	121490	50586	41.6
1975	478	50	10.5	224923	10291	4.6	88902	14082	15.8
1976	543	56	10.3	557595	69154	12.4	263855	62770	23.8
1977	564	2	0.4	437123	315	0.1	160020	613	0.4
1978	413	2	0.5	380797	192	0.1	158955	1052	0.7
1979	530	7	1.3	690523	308627	44.7	471450	313255	66.5
1980	362	10	2.8	373496	13427	3.6	127651	19556	15.3
1981	293	4	1.4	388086	142740	36	135006	56457	41.8
1982	333	5	1.5	330028	12659	3.8	155987	36397	23.3

Sources: *Industrial Stoppages* Annual reports 1972 (DOL, 1974) and 1975-82 (DOL, n.d.a; 1979a, b; 1981a, b, 1982; 1983). *Handbook of Industrial Stoppage Statistics,* July 1975 (DOL, n.d.c), and *Industrial Stoppages* 1971 (1972: 20).

Note: the 1971 figures for non-industrial stoppages are taken from DOL, 1972: 20; DOL, 1974: 11. DOL, 1979b, Appendix Two: 2 and *Handbook of Industrial Stoppage Statistics July 1975* (DOL, n.d.c: 23) noted different data for 1971 (namely only one stoppage which accrued 295 days not worked). The earlier figures appear to be more accurate as they included several large-scale stoppages against the Stabilisation of Remuneration Act, the decision of the Remuneration Authority to reduce negotiated pay rises in 27 industries, and the Shipping and Seamen Amendment Bill. *Industrial stoppages 1971*, 1972: 21. It is unknown why these significant stoppages were later excluded.

Figure 1. **Number of working days not worked, all stoppages, 1970-1982**
(excluding stoppages involving unregistered unions including most state sector unions, and those that accrued less than 10 working days not worked)

Source: as for Table 1 above

Figure 2. **Number of workers involved in all stoppages 1970-82**
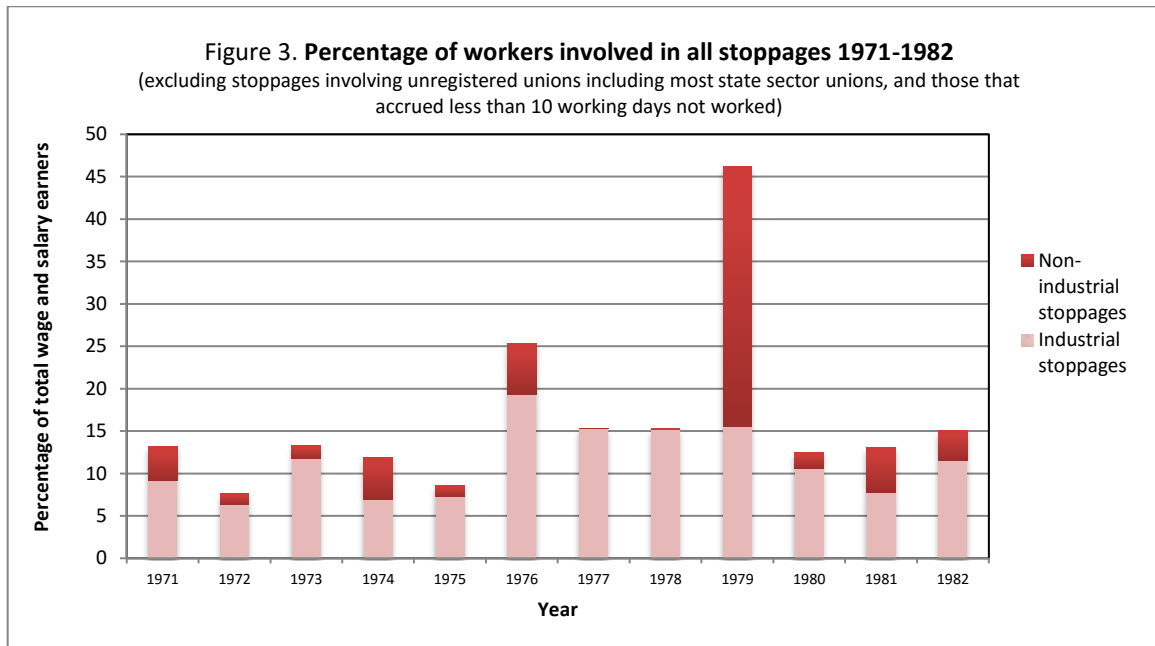(excluding stoppages involving unregistered unions including most state sector unions, and those that accrued less than 10 working days not worked)
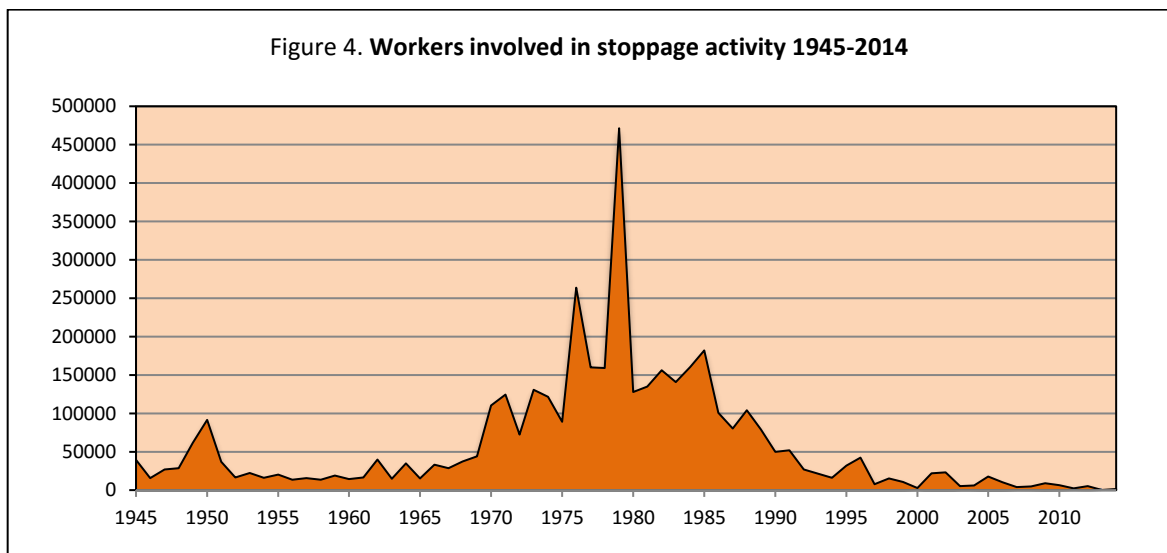
Source: as for Table 1 above.

70

Perhaps the most noteworthy statistic is the jump in the percentage of the workforce involved in stoppages when participation in non-industrial stoppages is included (see figure 3 and table 2 below). As mentioned above, the largest increase was in 1979.

Figure 3. **Percentage of workers involved in all stoppages 1971-1982**
(excluding stoppages involving unregistered unions including most state sector unions, and those that accrued less than 10 working days not worked)

Sources: as for table 1 above.

If stoppages deemed non-industrial are included in a graph illustrating a longer historical sweep of 1945 to 2014, the late 1970s peak in numbers involved is stark (see figure 4 below). 1970, being the actual pinnacle in terms of numbers involved in stoppages, gels with the memories of prominent trade unionists – for example, Dean Parker remembered that "Bill Andersen always talked about '79 as being the high point of the union movement" (as cited in Bodman, 2013: 34).

Figure 4. **Workers involved in stoppage activity 1945-2014**

Sources: As for table 2 above; Deeks & Boxall, 1989: 248-49; *New Zealand Yearbooks*; and various quarterly and annual work stoppage reports of Statistics New Zealand and the Department of Labour.

Table 2. **Percentage of the workforce involved in all stoppages and working days lost per 1000 employees 1960-82** (excludes stoppages involving unregistered unions including most state sector unions, and those that accrued less than 10 days not worked)

Year	Percentage of wage and salary earners involved in stoppages		Working days not worked due to stoppages per 1000 employees	
	Percentage involved in industrial stoppages	Percentage involved in industrial and non-industrial stoppages	Working days not worked due to industrial stoppages per 1000 employees	Working days not worked due to industrial and non-industrial stoppages per 1000 employees
1971	9.13	13.2	172.79	228.4
1972	6.34	7.59	141.02	147.6
1973	11.75	13.27	275.62	284.43
1974	6.96	11.92	180.25	238.03
1975	7.26	8.62	208.18	218.16
1976	19.3	25.32	468.71	535.07
1977	15.26	15.31	418.04	418.34
1978	15.18	15.28	365.9	366.08
1979	15.5	46.2	374.22	676.65
1980	10.59	12.5	352.66	365.81
1981	7.7	13.06	237.42	375.54
1982	11.57	15.09	307.05	319.3

Sources: Calculated from DOL, *Industrial Stoppages Reports*, 1972 and 1975-82; DOL, *Handbook of Industrial Stoppage Statistics*, July 1975; *Industrial Stoppages 1971*, 1972: 20, and Department of Statistics, 1985: 9.

However, to judge the overall statistical peak in workplace dissidence, consideration ought to be given to measures other than workers involved. If days not worked, including non-industrial stoppages, are scrutinised for the same historical span (1945 to 2014), the high-point for that measure remains the mid-1980s. This was primarily due to widespread and major industrial confrontations that attempted to regain wages lost during the 1982-4 wage freeze, and to halt or minimise the effects of restructuring. The 1970s still witnessed a notable number of days not worked, nevertheless; for instance, the year 1979 experienced the third highest yearly total of days not worked after 1986 and 1951 respectively (see figure 5 below).

Figure 5. **Working days not worked 1945-2014**
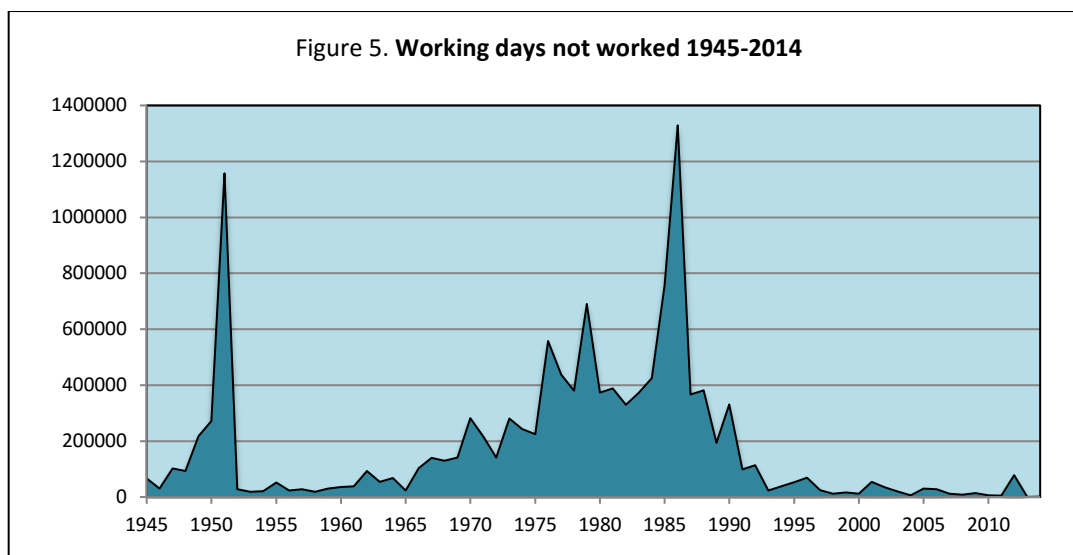
Sources: as for Figure 4.

In terms of the total number of strikes, including non-industrial stoppages, the historic pinnacle remains 1977, although that peak is less clear-cut than the other measures. The years 1976 and 1979 experienced very similar aggregates to that of 1977. Overall, the entire mid-1970s (when the highest number of non-industrial stoppages occurred, as noted above) and the late 1970s witnessed a relatively high number of disputes (see table 1 above).

Subsequently, an integrative measure of strike activity is needed to ascertain the overall peak in stoppage activity in New Zealand history. If one roughly triangulates the peaks in the number of strikes, number of workers involved, and working days not worked since official statistics have been collected in 1906, the historic apex of *recorded* stoppage activity was the period from the mid-1970s to the mid-1980s. Given this triangulation is imprecise, however, further research is needed. Perhaps the 'strike shapes' methodology of authors, such as Shorter and Tilly, (1971) and Franzosi (1989) could be employed to calculate in a more exact and holistic fashion strike peaks and troughs over time. That method shows, in three-dimensional shapes, the annual size (the number of workers involved per strike), duration (working days not worked per worker involved) and frequency (the number of strikes per thousand wage- and salary-workers) of strikes.

As noted beforehand, the 1979 spike in the number of workers involved was primarily due to the general strike of that year. It was organised to protest against the government's enforcement of the provisions of the Remuneration Act 1979 (see Roper, 1982; Walsh & McMaster, 1980a, b; Williams, 1984). The DOL estimated that 297,418 workers took part. Yet, it noted that it was "extremely difficult" to estimate those involved, given that the dispute involved a multitude of industries and workplaces – especially workplaces where employers did not report strikers. Instead, the DOL garnered information about the strike's extent from media reports, employers and unions, and noted cautiously that the estimate "could be subject to a reasonable degree of error either upwards or downwards" (DOL, 1981a: 2-3).

Seeking such balance was exemplary; as the *Auckland Herald* (21 Sep. 1979) noted, employers tend to downplay the effect of strikes, while unions overplay them. While it will never be known for certain the accuracy of the DOL's estimate, if state sector workers are taken into account – the Combined State Unions endorsed the FOL's call for a general strike – then the tally would need to be boosted by tens of thousands, even though the turnout from

these unions was much lower and patchier than those from the FOL (see for example Roth, 1990). The State Services Commission estimated that 28 per cent of public servants (or 18,500 workers) participated in the general strike; the PSA contended that this figure was substantially higher (*PSA Journal*, Dec. 1979: 3; Sep. 1980: 4). Further, the FOL estimated a turnout of 75-80 per cent of its 457,000 members, rather than the 65 per cent estimated by the DOL (*PSA Journal*, Sep. 1980: 16).

Were the overall stoppage statistics inflated by a one-day and one-off symbolic general strike that was seemingly ineffective? Arguably, regulations issued under the Remuneration Act were only revoked after the Kinleith strike of 1980, a bitter dispute which lasted nearly three months (Roth & Hammond, 1981). Nevertheless, the general strike was a landmark event in New Zealand employment relations (see Walsh & McMaster, 1980b). It was the largest strike and the only genuinely national general strike in New Zealand history so far; it represented the first time that blue-collar and white-collar unions joined together in a national strike; and it possibly paved the way for the defeat of the Remuneration Act at Kinleith the next year.

Many, if not most, of the largest and pivotal industrial confrontations of the long 1970s were deemed non-industrial. They can be divided into two main types. The first and most numerous type mentioned in the *Industrial Stoppage Reports* were protests against government intervention to limit or reduce wage increases, either through legislation or direct intervention to cap or to partially or completely freeze wage increases – in other words, various incomes and wage restraint policies designed to combat the high inflation of the time (Deeks, 1977; Boston, 1984). Examples included the aforementioned general strike, but also national strikes in 1971 against the introduction of the Stabilisation of Remuneration Act, nationwide strikes against the wage freeze in 1976, the Kinleith strike (when it became a strike against the government), and the right to bargain campaign in 1982-4.

The secondly major type was protests against various branches of the state curbing the effectiveness of strike activity and union militancy through the use of injunctions, the use of the police to arrest picketers, or by introducing new legislation. As with strikes against incomes policies, many of these stoppages were nationwide and involved a cross-section of unions, thus accounting for their large size and controversy. These strikes were, however, seemingly ultimately concerned with wages and working conditions in the sense that they aimed to retain the effectiveness of stoppages' ability to maintain or improve wages and conditions. Examples included national strikes held against the Shipping and Seamen Amendment Bill in 1971, national strikes in protest against the imprisonment of Bill Andersen for ignoring a court injunction in 1974 over the Waiheke Island ferry dispute (which became a strike against the use of court injunctions to curtail industrial action), and two separate strikes over the arrests of picketers at Ravensdown in Dunedin and Auckland Airport in 1981 (see Roth & Hammond, 1981, for an overview of most of the above strikes).

To illustrate the importance and contentious nature of these disputes, when the 1974 anti-injunction strikes threatened briefly to become a nationwide, spontaneous general strike the Labour Government considered declaring a national emergency and possibly using the army (Bassett, 1976). The DOL estimated these strikes involved over 35,000 workers who ceased work for 40,000 days (DOL, *Industrial Stoppages Report 1974*, n.d.b: 13), while the *Auckland Star* (4 July 1974) estimated a much higher figure of 90,000 workers involved who did not work for the same number of days. The Commerce Amendment Act 1976 outlawed political strikes (they had earlier been made an offence via the National Government's Industrial Relations Bill 1972, but Labour's Industrial Relations Act 1973 deleted this offence

(Roth, 1977) in response to a week-long strike by port and maritime workers in Wellington that cancelled many ferry sailings during the school holidays. The stoppage was held to protest against the visit of a US nuclear vessel, the USS Truxtun. And in 1981, as a reaction to the solidarity strikes held to protest against the picketers arrested at Auckland Airport (involving, it was estimated, 41,193 workers who ceased work for 128,436 days (DOL, 1982), Tania Harris helped organise – with the support of others – an anti-strike 'Kiwis care' march in Auckland in which about 30,000 people participated, although estimates ranged from 10,000 to 50,000 (*NZ Herald*, 4 July 1981; *Dominion*, 4 July 1981).

Notwithstanding, several important disputes were arguably absent from the DOL's tally of non-industrial stoppages. For example, under the DOL's original definition, the nationwide strikes and load-out export bans undertaken to oppose the Arbitration Court's nil wage order of 1968 could be categorised as non-industrial because they were directed against a court decision rather than employers. In 1977, two major strikes that could be categorised as non-industrial were omitted from the DOL's calculation of a mere 613 workers who participated in non-industrial stoppages that year (DOL, 1979b: 3). Firstly, an estimated 25,000 retail workers ceased work to protest the proposed Shop Hours Trading Bill of 1977 (Hince, Taylor, Pearce & Biggs, 1990), a strike that was directed against the government rather than employers. The Retailers' Federation condemned it as an illegal political protest under the Commerce Amendment Act 1976 (*Socialist Action*, 10 June 1977). However, the DOL may have considered this an industrial stoppage, as it was primarily concerned with working conditions (namely, extended working hours). Secondly, the Wellington Trades Council of the FOL organised a three-hour strike to protest against the government enlarging the powers of the Security Intelligence Service (SIS) in 1977. Estimates of protest participants ranged from 10,000 to 20,000, and it was reported that many industries, including factories, ferries, trains, hotels and shops, shut down during the rally (*Evening Post*, 14 and15 Oct. 1977; *Dominion*, 15 Oct. 1977).

Political Stoppages

A clear-cut division between non-industrial and political stoppages is difficult to maintain, given that numerous strikes were held over wages and conditions but directed against the government. Yet, how many of these non-industrial strikes could be considered *strictly* 'political' under the DOL's later definition of political strikes – that is, they not only made no demand on employers, but also were unrelated with wages and conditions of employment?

From examining the *Industrial Stoppages Reports*, the least frequent type of non-industrial stoppages, and those that involved the fewest workers and days not worked, were such political stoppages. Even strikes held over excessive temperatures in workplaces were more commonly recorded than strictly political stoppages. Like the vast majority of non-industrial disputes, these walkouts were concerned with wages or working conditions (in this case the latter), yet were classified as non-industrial because they did not place any demand on employers (DOL, *Industrial Stoppages Report 1973*, n.d.a: 9).

Firm data about the exact numbers and extent of political strikes is lacking. The most common type mentioned in the *Industrial Stoppages Reports* were protests against the visits of US and British nuclear armed and/or powered vessels into New Zealand ports. These also accounted for the largest recorded political stoppages (the aforementioned strike against the SIS bill in 1977 was probably larger than any anti-nuclear stoppage, but it was unrecorded). Other

political stoppages were held to show opposition to the Vietnam War and apartheid, but they were tiny and infrequent.

However, some data is available for the early to mid-1980s. After the DOL included non-industrial stoppages in its main series from 1980, it created a new category in its record on the causes of disputes: political disputes. This category gives some indication of the actual level of political stoppages as a percentage of all causes of disputes from 1980 to 1985 (see table 3). As table 3 shows, they generally accounted for less than two per cent of the total number of stoppages, workers involved and working days not worked. The small increase in the number of political stoppages in 1984 was largely due to strikes organised to protest against the introduction of voluntary unionism (although such a stoppage was non-industrial rather than strictly political under the DOL's definition) and the fatal bombing of Wellington Trades Hall.

Table 3. **Political Stoppages (with percentage of all stoppages in brackets) 1980-85**

Year	Number of political stoppages	Workers involved	Working days not worked
1980	1 (0.3%)	640 (0.5%)	790 (0.2%)
1981	2 (0.7%)	986 (0.7%)	1,282 (0.3%)
1982	2 (0.6%)	734 (0.5%)	497 (0.2%)
1983	2 (0.6%)	1,364 (1%)	589 (0.2%)
1984	8 (2.2%)	3,593 (2.2%)	2,164 (0.5%)
1985	4 (1%)	4,708 (2.6%)	8,601 (1.1%)

Source: Department of Statistics (1987): 14.

From this table, a direct comparison can be made during 1980 to 1982 between stoppages considered to be non-industrial under the old definition, and stoppages considered to be political under the tighter definition (see table 4).

Table 4. **Non-industrial and Political Stoppages (with percentage of all stoppages in brackets) 1980-82**

Year	Number of stoppages		Workers involved		Working days not worked	
	Non-industrial (excluding political)	Political	Non-industrial (excluding political)	Political	Non-industrial (excluding political)	Political
1980	9 (2.5%)	1 (0.3%)	18,916 (14.8%)	640 (0.5%)	12,637 (3.4%)	790 (0.2%)
1981	2 (0.7%)	2 (0.7%)	54,465 (40.3%)	986 (0.7%)	141,458 (36.5%)	1,282 (0.3%)
1982	3 (0.9%)	2 (0.6%)	35,663 (22.9%)	734 (0.5%)	12,162 (3.7%)	497 (0.2%)

Sources: Calculated from Department of Statistics, 1987: 14 and DOL, *Industrial Stoppage Reports* 1980-82 (DOL, 1981a, b; 1982; 1983)

Table 4 illustrates that, while overall non-industrial (including strictly political) stoppages were a tiny minority of stoppages, non-industrial (excluding strictly political) stoppages still made up a significant percentage of numbers of workers involved and working days not worked due to all stoppages in 1980-2. Indeed, in 1981, 36-40 per cent of all workers involved and working days not worked were due to such stoppages (mainly due to the aforementioned strikes held against the arrest of picketers in Dunedin and Auckland).

These statistics seem to validate the assertion that most disputes were economistic, and thus by inference that most unions were economistic. However, this neglects the wide scope of extra-parliamentary political activities undertaken by unions during the long 1970s that were unrecorded in the stoppage statistics because they were simply impossible to measure. These unrecorded activities, including several instances of union support for Maori causes largely in the form of bans on the development of Maori land, such as the Auckland Trades Council's green ban on Takaparawha/Bastion Point in 1977-8, the green ban placed by the Whangarei and Auckland Trades Councils on the Ngatihine block in Northland in 1977-8, and the ban placed by the Wellington Drivers' Union in 1976 on delivering construction materials for a proposed sewerage plant at Kaumanga Point near Porirua (and beside traditional fishing grounds). The green ban at Takaparawha/Bastion Point was effective in stopping development on that land and, thus, assisted considerably Ngati Whatua's seminal land occupation (Bodman, 2013). A green ban was also placed on a proposed gas pipeline through the Hakarimata Scenic Reserve near Ngaruawahia in 1977 (Industrial Relations Chronicle, 1977).

Further, the statistics do not indicate the breadth of various other bans that unions placed on trade in order to support political causes. In 1972, the FOL banned servicing French ships and aircraft in New Zealand during the period when the French were testing nuclear weapons in the Pacific (FOL, 1973), and in 1974 banned trade with metropolitan France to protest against their nuclear testing in the Pacific (FOL, 1975). It also prohibited trade with Chile to show opposition to Pinochet's neoliberal military dictatorship (Trotter, 2007). Watersiders' and Seamen's Unions boycotted South African shipping and goods following a call by the International Federation of Free Trade Unions (*New Zealand Monthly Review*, 180 (Aug. 1976), p. 12.).

These varied actions indicate that many social movements and broad political currents of the long 1970s influenced, and were influential within, many trade unions. Yet, many political stands taken by unions were often confined to the level of FOL policy rather than practice. This is well-illustrated by the FOL's long-standing opposition, on the level of formal policy, to racial discrimination and apartheid in South Africa. Before the 1981 Springbok Tour, the FOL pledged its "total support to unions giving effect to this policy by withdrawal of services" to the Springbok rugby team (FOL, 1981). Yet, only two stoppages were recorded against that tour involving merely 986 workers, resulting in 1282 days not worked (DOL, 1982). This seems incongruent with the intense level of street protest against, and widespread public opposition to, that tour. The FOL and most unions were reluctant to mobilise union opposition to the tour because they perceived that the issue was divisive – they feared they would alienate the numerous rugby supporters amongst their members (Bodman, 2013).

Conclusions

While it is highly difficult to capture the extent of work stoppages statistically, as largely acknowledged by the DOL, significant under-reporting of stoppages occurred during the long 1970s. Incorporating the numerous non-industrial stoppages of that period into the statistical tally helps to rectify the historical record somewhat. As Hyman (1977: 171) observed "the increasing intervention of the state on the side of employers in industrial relations" in the 1970s meant that the traditional division between industrial and political activities became "largely meaningless." The vast majority of non-industrial stoppages were political *and* economic – they were directed against the state, but were mainly concerned with wages and working conditions. However, stoppages (or partial stoppages) that could be considered

strictly political – namely in support of political causes – were seemingly infrequent. Nevertheless, the breadth of causes supported by such political stoppages and bans – from nuclear free New Zealand to the environment and Maori land rights – was noteworthy. Some of these actions had significant impact, such as the green ban on Takaparawha/Bastion Point.

A few brief – and preliminary – points can be made about why these disputes occurred. Undoubtedly, they were caused by a complex combination of factors, especially the overall economic and political context. The long 1970s were characterised by the end of the post-WWII long economic boom due to various dynamics, including the oil shock of 1973-4. The state tended to assume that wage increases were the primary cause of the high inflation of the period (Deeks & Boxall, 1989). Consequently, successive governments attempted to curb strike activity, and introduced an extensive series of wage controls from the early 1970s. Indeed, Boston (1984) notes that New Zealand was subject to a higher degree of governmental wage restraints from the early 1970s to mid-1980s than any other country in the Organisation for Economic Development. He also points out that these incomes policies were imposed by successive governments rather than introduced through voluntary agreements between the government and unions, as they were in many other countries. Indeed, unlike many of its European counterparts, the peak union bodies – the FOL and Combined State Unions – opposed wage controls and often encouraged their affiliated unions to take action against them (Boston, 1984). It was this often bitter clash between the state and unions that helps explain to a large extent the high level of non-industrial stoppages

In contrast, unions denied that high inflation was largely caused by wage demands, and asserted they were mainly the product of businesses increasing prices in order to overcome their declining profitability in the context of a major and lengthy recession. Hence from this perspective, workers undertook what Silver (2003) calls a defensive strike wave in the 1970s – although this was not just in response to government attempts to limit wage increases and dampen strike activity, but also a response to the actions of employers. Van der Velden (2007) notes that major strike waves often occur in the transitional period from economic upswing to downswing, as most workers expect their standard of living to continue to rise.

At the same time as the Keynesian compromise broke down between unions, the state and employers, the broader political, cultural and social context was one of ferment from below, the long 1970s was New Zealand's 1960s, meaning it was a decade of widespread dissent (Boraman, 2016). Numerous mass grassroots political movements arose from the late 1960s, including the anti-war, anti-nuclear, anti-apartheid and environmental movements, and a major renewal in Maori protest and the feminist movement also occurred. While only a minority of the population participated in these protests, they did have extensive effect. For example, a degree of cross-fertilisation took place between these movements and unions (Locke, 2012; 2015). Simply put, the breadth of dissent in society contributed to the breadth of union action undertaken in the long 1970s.

During the long 1970s, the state's attempts to limit or prohibit the occurrence of non-industrial (and other) stoppages arguably led to increasing confrontations, at least until the late 1970s and early 1980s. Today, while non-industrial (including political) stoppages continue to be prohibited, such stoppages are seemingly virtually non-existent. This reflects many factors: the wholesale lurch away from governments employing what Deeks and Rasmussen (2002: 320) call the "power model" of setting wages to a "laissez-faire model" in 1984, accompanied with a decrease in direct state intervention in disputes. Yet, it also reflects two long-term trends: firstly, the general lull in strike and broader protest activity since about

the early 1990s (Boraman, 2016), and secondly – and more significantly – the sharp decline in workers' bargaining power and associational (or organisational) power under globalisation and neoliberalism (Silver, 2003; Van der Velden, 2007). Far from being laissez-faire, Duménil and Lévy (2005) argue that this represents a "new discipline of labour" by capital and the state. It has not only contributed to a decline in stoppages, but also to a narrowing of the political and social priorities of the labour movement.

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Research Note: Pay Gaps Between Management and Non-Management Employees

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Abstract

This article examines the development over recent decades of growing 'pay gaps' between the pay received by management and non-management employees in firms. It is observed that pay gaps have been driven by non- management employee pay increasing at a greater rate than firm productivity gains and non- management pay falling below the rate of productivity gains. Examining this trend from the perspective of an institutional analysis of how firms set pay, it is concluded that pay gaps have developed mainly because of a dropping away of social norms supporting the passing on of productivity increases to all employees through industry wide bargaining. This has allowed management a free hand to take the bulk of productivity gains for themselves. It is argued that this pattern of pay distribution is less efficient than earlier practices in reflecting employee contributions to firm productivity. It is suggested that, to address this situation, social norms need to shift back to the earlier more efficient practices of ensuring a more even sharing of productivity gains through industry wide bargaining.

Key Words: pay gaps, management, employees, institutional analysis, social norms, collective bargaining

Introduction

The last few decades have seen a pattern of increasing income inequality in developed economies. In the later part of this period, the main driver of income inequality has been identified as being a widening pay gap between the top 10 per cent of income earners and the rest.

Recently, there has developed a growing acceptance among commentators that orthodox economic theories do not adequately explain why top end income shares continue to grow. As an alternative, commentators are increasingly turning to exploring whether these trends can be explained by institutional factors effecting income determination. Amongst other things, such analysis has noted a correlation between increasing income inequality between top income earners and the rest and decreasing union membership/collective bargaining rates.

This article will examine a particular aspect of increasing top end income shares – being widening 'pay gaps' between the respective earnings of management and non-management employees in firms. It will attempt to explain this trend through an institutional analysis of how pay is determined within modern firm structures, and in particular the effect of social norms on how management set pay and on levels of collective bargaining.

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The Pay Gap Issue

It is well documented that across OECD economies since the 1980s, there has been growing inequality amongst income earners. From the mid-1990s, this has been largely driven by a growing gap between the income of the top 10 per cent of income earners and remaining 90 per cent (Jaumotte & Buitron, 2015).

A major influence in the increasing top income shares has been a widening difference between what firms pay their top earners and the rest. Further, this trend appears to have been largely driven by management in firms receiving much larger pay increases than non-management employees.

For example, in the US over the last 30 years, the bottom 90 per cent of wage earners had a real wage increase of around 15 per cent as compared with 150 per cent for the top one per cent and 300 per cent for the top 0.1 per cent. In the US during the same period, pay ratios between CEOs and typical workers in firms increased from around 30:1 to 200:1(Stiglitz, 2013). In the UK during 1985-2011, the one per cent of wages earners had pay increases of 117 per cent, the top 10 per cent had an 81 per cent increase, while the pay of the bottom 10 per cent improved by 47 per cent (United Kingdom Office for National Statistics, 2012). During this period in the UK, there have been very significant pay increases for executive employees (Rashbrooke, 2013). In New Zealand, since the mid-1980s, income for lower and middle income earners has hardly moved in real terms. During the same period, the pay of the top 10 per cent of wage earners has risen by 80 per cent in real terms. The pay of CEOs has risen by this same amount since the mid-2000s (ibid.).

'Pay gaps' between management and non-management employees have been particularly prevalent in liberal market/Anglo-Saxon economies. An assessment of a basket of Anglo-Saxon against European/Japanese economy data revealed that up until the late 1970s, executive pay took up a similar share of firm income (five to eight per cent), but recent data shows that while, the share in European/Japanese economies have not significantly shifted, the share in Anglo-Saxon economies has jumped to around 15 per cent (Stiglitz, 2013). However, since the mid-1990s co-ordinated market economies are increasingly catching the pay gap disease. For example, in Germany, the gap between lower and higher income earners has been increasing since the mid-1990s, with real wages of union members hardly moving during this period (Bamber, Lansbury & Wailes, 2011).

While pay gaps tended to narrow coming out of the Global Financial Crisis (GFC), as the economic recovery took place they apparently widened again. In the US, the share of executive pay took a slight dip post GFC but since 2010 has risen back to pre GFC levels, (Stiglitz, 2013).

Distribution of Productivity Gains Driving Pay Gaps

Data seems to indicate that the pay gaps between management and non-management employees has been largely driven by an uneven distribution of distribution of productivity gains between the two groups (Laliberte, 2011).

In the US, there was a general correlation between pay and productivity in the decades before the 1980s. However, in the period from 1980 to 2005, US nonfarm business productivity rose

67.4 per cent but median weekly earnings of full time employees rose only 14 per cent (Levy & Tenin, 2007). In New Zealand since the 1980s, if the pay of lower and middle income earners had moved in line with productivity improvements their current pay should be about 25 per cent higher than it is at present (Rashbrooke, 2013). By contrast, increases in executive pay during the same periods, as noted in the previous section, have tended to be well above productivity improvements.

Of relevance to these trends is US pay research which indicates that there is a positive correlation between the profitability of a firm and the ratio of management to non-management pay. The data also shows that the greater profitability of the firm, then it is more likely that executives will have direct profit sharing aspects of their remuneration, such as bonuses and stock options. By contrast, the same data suggests that non-management pay tends not to correlate with firm profit but is determined at rates determined across a country wide labour market (Ma, 2014).

This all suggests that growing pay gaps are driven by non-management pay being determined by rates applying across the economy which fall below with improvements in firm productivity, while management pay takes the remaining surplus available for pay increases. The overall effect of these trends is that management has been largely taking firm productivity improvements available to be passed on as pay increases (Stiglitz, 2013).

Why is this happening?

Neoclassical Explanations for Pay Gaps

Neoclassical economic theories suggest that pay is determined by the marginal productivity of the last employee hired (Sloane, Latreille & O'Leary, 2013). As such, under optimum conditions the wage paid to an employee equates to the net benefit they bring to the firm (Stiglitz, 2013).

In recent decades in western economies, there has been a degree of structural change whereby skilled work has been lost out to overseas competitors and technology leaving a greater proportion of unskilled employees (Stiglitz, 2013). As such, the resulting drop in marginal productivity could potentially explain why the pay of some employees at the lower end of the pay scale has been stagnating.

However, this thesis is not supported by fact that there is no indication that the pay of skilled non-management employees is keeping pace with increases in productivity. Further, it does not appear that productive skills of management staff have improved anywhere near the significant degree that their pay has increased (Stiglitz, 2013). Overall, trends in increases in income inequality have been observed to not match the relative changes in marginal productivity of top income earners and the rest. Also, economies that have undergone similar levels of technological change have experienced different levels of pay inequality (Jaumotte & Buitron, 2015).

These incongruities may be explained by the fact that the marginal productivity wage theory is based upon a model that tends not to reflect what happens in the real world. It only truly operates in the rarefied atmosphere of perfect markets with homogeneous firms and labour who cannot individually influence the market. In these conditions, any firm paying less than

marginal productivity would lose all their workers to other firms who do pay marginal productivity rates. In reality, one would only tend to find these conditions occasionally, such as with teams of competing agricultural contractors operating within close geographical proximity to each other (Sloane et al., 2013).

Marginal productivity theory does, however, also provide modelling to take into account that firms do not operate in perfect markets. In imperfect markets, with an upward sloping labour supply curve (against which a firm can reduce wages and still retain employees), firms will attempt to employ at a wage and a number which will maximise their surpluses over labour costs. Labour (who can collectively bargain through unions) will attempt to bargain to a point where there is no surplus. In these circumstances, the exact wage and employment rate depends upon the bargaining power of firms and workers respectively (ibid.).

Within this scenario, sub-optimal pay rates to employees can be rationalised as being the result of firms exercising a disproportionate degree of bargaining power and suppressing wages (Stiglitz, 2013). This thesis is consistent with the fact that in the societies in which there has been significant increases in the income gap between the top income earners and the rest has also had contemporaneous declining union membership and collective bargaining coverage.

For instance, from 1980 until 2010 across advanced economies average union density rates fell from 47 per cent to 32 per cent and collective bargaining coverage rates from 71 per cent to 63 per cent (Jaumotte & Buitron, 2015). The decreases have been more significant in those economies experiencing the biggest increases in pay gaps between management and non-management employees. During 1980-2007, union membership in the United States dropped from 20.1 per cent to 11.9 per cent (Stiglitz, 2013). In the UK, collective bargaining coverage during the same period had dropped from 70 per cent to 27 per cent (14 per cent for the private sector) (Bamber et al., 2011). In New Zealand since the 1990s, collective bargaining coverage decreased from around 60% to its present level of about 17 per cent (Creighton & Forsyth, 2012).

Another explanation for pay becoming disconnected with employee productivity improvements in imperfect market conditions is that firms collude with each other in paying similar sub-optimal pay rates (pay matching). In doing so, firms hope to reduce the risk that their employees will find and move to another firm paying optimal pay rates (Sloane et al., 2013). This thesis is consistent with the pattern observed above of non-management employees being paid at economy wide rates.

While marginal productivity theory does offer potential explanations for some of the characteristics of pay gaps developing between management and non-management employees, there are some inherent limitations in using this approach.

Most significantly, in imperfect markets firms will generally be unable to ascertain the marginal productivity of employees (Sloane et al., 2013), and as a result it will not be possible to align marginal productivity with pay. Attempts to do so generally get it wrong and provide distorted incentives (Stiglitz, 2013). As such, even if the functioning of pay setting in imperfect markets could be improved, such as by measures to strengthen employee collective bargaining, it will be difficult to identify and adjust pay to optimal marginal productivity levels for management and non-management employees.

Recently, there has been increasing acceptance that, given the inability of neoclassical economic analysis to explain widening income inequality, explanations should instead be sought within the institutional background against which the developments have been taking place (Jaumotte & Buitron, 2015). In general, 'institutional analysis' focusses on social institutions that facilitate individuals achieving desired ends given the reality of bounded rationality and transaction costs. In the particular context of labour markets, Osterman defines "employment institutions" as a "coherent set of practices and rules of thumb that shape our expectations and guides the behaviour of both firms and workers" (Osterman, 1999: 54).

Institutional Analysis of Firms

In carrying out an institutional analysis of growing pay gaps between management and non-management employees within firms, a useful starting point will be to look at how institutional analysis explains 'firms' as they have evolved in modern society as productive organisations.

Of relevance is this regard is the relational contract theories of Ian Macneil. Macneil notes that in order to avoid the transaction costs involved with individual labour contracts most individuals agree to co-operate together by pooling their various specialities to produce products. These types of agreements are considered by Macneil to be "relational contracts" as they involve ongoing relationships between individuals. Macneil notes that relational contracts can take place within a variety of forms of co-operative organisations – the most common in modern times being employment within firms (Macneil, 1985).

The reason a particular firm structure is or is not successful as a co-operative framework at any particular point of time is not something that can generally be rationalised or articulated. As suggested by Hayek (1982), in all but the simplest organisation, the task of designing rules that will lead a number of individuals to work co-operatively and productively together will be beyond the capabilities of management.

Instead, Hayek suggests that a successful organisation will evolve over time 'norms' of behaviour that are adopted, not because they can be rationalised as achieving certain results, but because they have operated successfully in the past. The role of management will be limited to monitoring compliance with such norms, setting the goals to be achieved by the organisation, and assigning individuals particular roles within the organisational structure (Hayek 1982).

In the same context, Macneil refers to understandings, habits, customs, status positions, within organisational structures such as firms, as operating as "non-promissory exchange projectors", which give rise to "prescriptive norms", setting standards of "proper conduct" of the parties to relational contracts (Macneil, 1980).

Typically, norms operating within firms can be broken down as deriving from a hierarchy of sources. At the highest level, there will be broad "social norms" of behaviour that have their roots in the individual relationships in wider society. For example, minimum employment conditions, rules against unfair dismissals and prohibited grounds of discrimination.

Below this, there will be "industry norms" that tend to operate across firms generally. History shows that at any particular time the same types of firm structures predominate throughout a society. In this way management can adopt uniform successful practices rather than evolving

their own. This also cuts down on the information that a prospective employee will need to seek about a particular firm they are considering joining. Each firm will also develop its own "firm-specific norms". In this regard, firms will develop their own practices around their particular production processes and synergies between the individuals involved (Mundlak, 1999).

Below these levels lie the individual arrangements between management and the individual employee. This will include the contractual promises bargained at the outset of the employment. It will also in time cover expectations developed, but not committed to a promissory format, during the relationship (Macneil, 1980). (Contractually binding promises may also be bargained at higher than individual level by collective bargaining between employee and management representatives at a firm or industry level.)

In Macneil's view, it is essential in any firm that there be norms operating for the preservation of the employment relationships – or "contractual solidarity" – by maintaining "mutuality" between the parties. Macneil explains that such norms are involved in maintaining the minimum conditions that each party will require for it to remain worthwhile for them to continue in the relationship (Macneil, 1980).

When the parties do commit to contracting specific terms, such as pay, Macneil suggests that adjustments will in these circumstances be made under the norm of mutuality, involving the maintenance of a 'fair share' of the surpluses from the relationship. By this the parties will recognise that the relationship will not survive if "one side constantly gets too good a deal" and so they make necessary adjustments to existing divisions of proceeds, (Macneil, 1980), (for a more detailed analysis of the operation of mutuality type norms with firm structures see Sharp, 2012).

Determination of Pay Within Firms

Given this institutional view of firms, what can be said about how modern firm structures have developed to deal with the distribution of firm pay between management and non-management employees?

In this regard, of relevance is the firm modelling carried out by Alchain & Demetz (1972). Building upon the earlier insights of Ronald Coase (1937), this model describes employment within the "firm" organisation as containing monitors ("management") of the input of the remainder of co-operating specialists working within the firm ("employees"). Employment contracts are entered into between management and individual employees, under which rewards to employees are linked to input units ("wages") rather than the productive returns. Pay and conditions is contracted with the manager. Management are incentivised to carry out their monitoring tasks by being provided with a right to the surplus of the productive output of the firm after wages have been paid to other employees (Alchain & Demetz, 1972).

As such, under this model non-management employees would be paid a fixed rate depending on their work inputs and management would retain the remaining surplus as in incentive to monitor the firm's operation so that it operates efficiently. The model does not specifically refer to distributions to 'owners'/providers of capital, however even if this is taken into account then arguably it still offers a broadly realistic depiction of the current operation of firms.

Generally, non- management employee pay is usually largely determined as suggested by the model, in accordance with agreed rates based on the labour input that they provide, rather than their productive output. With regard to remaining surplus, small owner operated firms operate on the straightforward basis that owner managers take all of the surplus profit for themselves. With intermediate sized firms, where the owners are involved in management but also employ managers, the owner manager recognises that to keep employee managers sufficiently incentivised they need to receive a distribution of the surplus together with the owner. This may be by a set salary, together with profit sharing bonuses. With large/listed companies there tends to a more complete separation between management and capital 'ownership' – with dispersed and numerous shareholders often having little effective influence on firm management- and managerial domination of company affairs (Bainbridge, 2010). With such little influence shareholder's expectations typically may be not that all surpluses are returned to them but that they receive a dividend return that is competitive with other investments available on the market for similar levels of risk. This leaves the management group to retain the remaining firm surplus.

However, even if management do retain post non-management employee pay firm surpluses, they may still have to continue to revise non-management pay, in line with mutuality norms, so as to provide non-management employees with a sufficiently fair share of firm surplus to keep them from leaving the firm for better returns elsewhere. Although this may be an easier task than calculating the marginal productivity of each employee, in the real world it may still be very difficult and costly for management to continually review the pay of non-management employees to ascertain the appropriate 'fair shares' of firm surpluses required to retain them.

Industry Pay Norms

In practice, such 'market failure' issues preventing the setting pay at optimum levels between management and non-management employees, can be dealt with by management adopting 'industry pay norms' that employees will be paid in accordance with standard rates of pay for the generalised category of job they are placed into. As such, an employee may be employed as and paid the going rate for an "accounts clerk" even though the actual work and productivity that is involved with employees employed in this category between firms and particular employees may vary greatly.

Paying industry pay rates provides the advantage of certainty to management and employees. Management can adopt the rates relying on the fact that in the past firms have been able to employ at those rates and successfully continue to make a profit. Employees are saved the trouble of checking pay rates across firms.

However, the disadvantage of industry pay norms for non-management employees, as compared with being paid in accordance with firm specific norms, is that it detracts from pay competition between firms. Management no longer have the incentive to provide them with a fair distribution of firm surpluses to prevent them leaving to another firm. In order to balance this there will need to be alternative norms providing for revisions of pay operating at an industry level.

In this regard, industry pay rates for particular work categories may tend to move over time as demand for employees carrying out a type of job fluctuates. For example, if relative productivity of a certain category of worker rises, which in turn increases demand from firms,

firms facing a shortage will increase industry pay rates in order to attract other workers carrying out other types of jobs to change their careers and increase the pool of workers in demand. In this context, it has been observed that supply and demand factors can be useful in in explaining wage dispersion between skill categories of workers- but not as useful for explaining wage dispersions within those categories (Dinardo, Fortin & Lemieux,1996).

To the extent that economy wide productivity increases cannot be isolated to certain job types, there may also need to be wider norms dictating how the increased returns to firms are to be distributed. In this regard, analysis from the US suggesting that non- management wages are determined by the efficiency of a labour unit equalised across the whole of the economy (Ma, 2014), supports the thesis that there are industry wide mutuality type norms spreading economy wide productivity increases across employees of all firms.

Whether and how such 'industry pay mutuality norms' are followed will depend on the institutional nature of the particular economy. In particular, there will need to be high level social norms operating to guide cross firm cooperation by management to follow the pay norms and pass on a fair proportion of the general productivity improvements in non-management pay increases. The same social norms may also support industry wide bargaining power exercised by non-management employee unions, so that negotiations over the exact nature of industry wide pay movements can be settled. For practical purposes, this may also involve support for government intervention to establish centralised or extended bargaining, where pay movements negotiated by unions are passed on to non- union employees.

Such industry pay norms can be distinguished from opportunistic 'pay matching' under neoclassical economic theories, in that the norms are a legitimate response to information and transaction costs in determining optimal pay rates. However, as noted above, if management across industry opportunistically decide to not follow industry pay mutuality norms and fail to raise pay across the board for general productivity increases, then non-management employees are left in a similar situation with 'pay matching, where they cannot move to another firm in response.

If management do act in this type of opportunistic manner in not passing on productivity increase to non-management employees, and take the resulting increased firm surplus as pay increases for themselves, this provides a potential explanation for pay gaps developing between management and non- management employees.

It can be seen from the analysis above, that the key to this type of situation developing is whether or not there are operating high level social norms that guide management to co-operate in following industry mutuality pay norms to distribute general productivity increases fairly across all employees.

Changes in Social Norms Driving Pay Gaps

If one looks at the historical context against which pay gaps between management and non-management employees developed, there does seem to be a consistent pattern of changes in social attitudes towards pay setting within firms that were ultimately drivers in pay gaps developing.

For example, in the US in the post great depression period, the government promoted the view that the fruits of economic recovery should be fairly shared with employees as means of strengthening the underlying economy. These egalitarian values were carried on in the post WWII period of social and economic adjustment (Levy & Tenin, 2007). Unions, bolstered by the Federal Government providing them with rights to organise and strike, bargained industry wide collective agreements with employer groups. This, and union negotiated automatic wage adjustments across major industries, had the effect of spreading the post WWII prosperity across all wage groups (Bamber et al., 2011). However, with the business and government reacting to the economic downturn in the late 1970s' by withdrawing support for unions and industry bargaining (Levy & Tenin, 2007), there begun a devolution to enterprise and individual level bargaining that is recognised as resulting in widening pay differentials within firms (Bamber et al., 2011).

Similarly, in the UK up until the 1980s, there was support from government, unions and employer groups to the system of 'collective laissez faire'. This resulted in what were in effect industry wide collective agreements involving unions and employer groups. Changes of policy in the 1980s by the Thatcher Government and employer groups lead to a far greater degree of workplace bargaining (Bamber et al., 2011), and the development of widening top end pay inequality.

While this pattern of shifting of values away from industry pay norms occurred in other Anglo-Saxon 'liberal market societies' by the early 1980s, by contrast, in many of the more 'co-ordinated market economies', such as in Northern Europe, the government and social reaction to the end of the 'long boom' was initially not to abandon but to adapt their historical policies of non-market mechanisms such as industry wide bargaining between employee and employer groups. In this environment, there was initially not the same development of pay gaps as in Anglo-Saxon/ liberal market economies. However, following a further slowing down of economic growth, demands for more flexibility has led to increased pay bargaining in the workplace, reduced collective bargaining coverage, and widening top end pay inequality in co-ordinated market economies such as Germany (Bamber et al., 2011).

These historical patterns amongst advanced economies where pay gaps have developed show a general pattern of how changes in social values drove the development of pay gaps. Prior to the 1980s, the approach adopted by management to setting pay reflected the post great depression and WWII ethos of an egalitarian society resulting in management and non-management pay raises both keeping track with the significant productivity increases associated with the 'long boom' following WWII.

However, the end of the 'long boom' by the late 1970s changed this scenario. There came to be a widely accepted social view that the economic slowdown was the result of interference with the free operation of markets – especially the labour market (Bamber et al., 2011). As a result, government policy switched away from encouraging industry wide bargaining between employee groups and unions to promoting direct contractual bargaining at firm and individual levels.

Freed of legal and social expectations, management stopped co-operating in providing industry wide pay increases to non-management employees – and generally passed on as little of the declining firm productivity increases as they could get away with and still retain their workforce – which was made possible by management in other firms doing the same. Following the new ethos management also arranged their own contractual pay terms so as to

maximise their own short term self-interests, passing on much of any productivity increases to themselves.

The reason why following the changes in social norms there was initially a general increase in pay inequality (and not just in increase in top income shares) can perhaps be explained that middle income non-management employees not covered by collective bargaining were able to maintain their bargaining position to continue to obtain productivity based pay increases. However, in time as the new management ethos of not sharing productivity increases took hold and became widely accepted, the bargaining position of middle pay earners also came to be eroded and their productivity pay increases deteriorated.

Supporting Analysis

The thesis that pay gaps between management and non-management employees is ultimately driven by social norms as to the distribution of firm profits, and facilitated through industry wide bargaining, is certainly not one that has as yet broad academic support, but there has been an increasing amount of analysis and commentary along these lines.

Jaumotte and Bruitron, in their 2015 IMF report, identified across advanced nations a negative relationship between union density and levels of inequality between the top 10 per cent of income earners and the rest. Given that, overall, collective bargaining coverage rates have tended to vary proportionately with union density rates over the relevant periods (Pontusson, 2013), it would appear that these findings also suggest a negative relationship exists between collective bargaining rates and top end income inequality. Denk (2015) specifically reached this conclusion in finding that there is a strong negative correlation between collective bargaining coverage rates and the share of the top one per cent of wage earners across Europe by 2010 figures.

Evidence of any correlation between industry wide collective bargaining and pay gaps is less clear. Jaumotte and Bruitron (2015) suggest that centralised collective bargaining may in fact increase top end pay inequality through the exclusion of those falling outside the collective bargaining system (although with a caveat that further analysis was required). Scheve and Stasavage (2009) note that, although centralised bargaining can act to reduce top end pay inequality by compressing pay differentials, historically levels of centralised collective bargaining have followed movements in inequality rather than driving the trends, with changes ultimately being driven by underlying shifts in social/political norms as to the distribution of firm productivity. In the same context, they note that changes in norms and inequality do not always drive changes in centralised collective bargaining levels. For instance, they note that post WWII comparable reductions in income inequality were achieved in the United States, which did not have government imposed centralised bargaining, as in Western Europe, which did.

From the broader context of any correlation between income inequality and industry wide bargaining, these last observations need to be seen in context that, in the United States during this period, there was a significant degree of industry wide bargaining by the alternative route of co-operation of business, unions and government. But, on the other hand New Zealand in the 1980s provides an example of general pay inequality increasing despite the continuation of industry wide bargaining through a centralised/extended wage bargaining system, against a background of a socio-economic environment becoming dominated by free market

philosophies. Although, it was not until the 1990s after the centralised bargaining system was dismantled in New Zealand that there was a significant increase in top end pay inequality. (Rashbrook, 2013).

Overall, it would seem that some historical trends do support Scheve and Stasavage's argument that social norms may be able to drive pay inequality without commensurate changes to the degree of industry wide collective bargaining. But equally, broad historical trends, as referred to above, do show that eventually there is a correlation between levels of top end pay inequality and industry wide bargaining levels. However, in the end Scheve and Stasavage's analysis is consistent with the thesis of this paper that it is social norms that ultimately drive pay gaps between management and non- management employees.

Measures to Address Pay Gaps

If the conditions that allow pay gaps between managerial and non-managerial staff to develop are essentially driven by changes in broad social norms, then the issue of what should or can be done address this becomes a complex question.

Levy and Tenin (2007) argue that what is required is a general shift in government policies back to those that provided a more equitable distribution of productivity gains prior to the 1980s. Similarly, Jaumotte and Bruitron (2015) suggest that governments could move to adopt policies that would improve union membership as well as minimum wages. Laliberte (2011) argues for a need to relink pay and productivity through the facilitation of collective bargaining and improvement of minimum wages.

However, it must be kept in mind that government policy tends largely to be driven by social values rather than the other way around. As such, it may more be an issue of changing wider public views on how firm productivity should be distributed which will in turn lead to commensurate adjustments to government policy. In this respect, Storm and Naastepad (2011) suggest the need for 'social pacts' developing which involves a fair sharing of labour productivity growth and technological progress between business and labour.

In the past, the shifts in societal norms that influenced changes in pay gaps between managerial and non-managerial staff appear to have been triggered by socio/economic shocks. The Great Depression and WWII lead to norms of fair distribution, and the economic problems in the 1970s leading to the weakening of these norms (Levy & Tenin, 2007). It may be that it will take future shocks permeating throughout society that will lead to the changing of social values back to those which will allow a fairer distribution of firm productivity. The GFC was a significant global economic shock but, as noted above, it appears that this only momentarily stalled the growth in pay gaps, and further shocks may be needed to make a lasting impact.

Whether any such future social shocks occur may come down to the long term efficiency of growing pay gaps between management and non-management employees. If, as it appears, this does not reflect respective contributions towards productivity then this trend represents inefficient 'rent extraction' by management which will ultimately harm social welfare (Jaumotte & Buitron, 2015). Stiglitz (2013) refers to the current pay setting conduct of management as an example of game theory involving collusive behaviour by management exploiting market imperfections to their own benefit by controlling norms within firms to their advantage.

The consequences of inefficient distribution of pay within firms may already becoming apparent with advanced economies struggling to achieve sustained improvements in GDP post the GFC. In contrast with the recovery from the Great Depression, general wage growth has stayed stubbornly low and consumers are not leading economic recovery. Storm and Naastepad (2011) view the roots of this malaise lying in the delinking of the pay of the bulk of wage earners from productivity improvements. Jaumotte and Bruiton (2015) note that the current levels of inequality can lead to another crisis as those less well-off over borrow from the rich. If these economic trends continue and another economic crisis develops, then this may as a result be a shift in social norms, and as consequence government policy. There have been some indications of such shifts in social values beginning to develop.

Public pressure has resulted in 'say on pay' legislation, allowing shareholders input on executive pay, being passed in a number of countries. These include the Dodd – Frank Wall Street Reform and Consumer Protection Act 2010 in the US providing for a non-binding vote on executive pay for listed companies together with disclosure about relativity to performance and other pay levels within the corporation. A number of countries have also introduced similar restrictions on executive pay, especially in the financial sectors.

However, with such 'say on pay' reforms focussing on putting more power in the hands of shareholders, it may only result in redistribution between executive pay and shareholder dividends. To make inroads in closing the pay gap with non-management, employee reforms will need to give employees, as stakeholders, a say on setting pay levels. This may involve giving employees a secure ongoing basis for consulting with management over pay arrangements – such as Work Councils in Germany. There could also be provision for direct representation for employees on firm governance bodies – once again using the German example of statutory requirements upon larger corporates for employee representation on Supervisory Boards, which amongst other things set remuneration policies for management to follow (Bamber et al., 2011).

There have also been indications of public support for proposals to put direct restrictions on the maximum ratios of executive to lowest paid employees in public corporations, such as the proposal rejected by a 2013 referendum in Switzerland (when a ratio of 12:1 was rejected). If such measures were put in place for management to improve their own pay, they would need to drag other employee pay with them to maintain the ratios.

There has also has been in advanced economies increased levels of minimum wage as percentage of medium wages since the mid-2000s. Jaumotte and Bruitron (2015) have found that minimum wage levels set by governments has in some instances borne an inverse relationship to levels of top income shares. Similarly, the establishment of the national minimum wage in the UK in 1998 is attributed with significantly reducing the ratio between management and average non-management pay (UK Office for National Statistics, 2012). However, experiences such as in Australia illustrate that if minimum wages are only indexed to take into account cost of living increases they may not be effective in reducing top end income inequality (Bamber et al., 2011). To do so they will also need to increase with national improvements in productivity.

There does not, however, appear to be as yet any significant public support for a return to the levels of industry wide bargaining that existed up until the 1980s. This will be an important step for any real inroads to be made into pay gaps between management and non-management

employees to be made. This may involve a return to norms expecting management across firms to co-operate in passing on movements in industry pay rates, including for increases in productivity, that marked the 'collective laissez faire' in the UK and the US up until the 1980s. Alternatively, there could be a return to centralised or extended bargaining, as operated in the past in countries, such as New Zealand.

Can governments do anything to drive these or any other institutional changes that will address pay gaps? Certainly, governments should not stay passive until another socio/economic crisis drives changes in social values, but should try to drive support for policy changes to address the problem.

For example, there has, in the past, been a tendency for governments to benchmark public service executive pay to private sector rates. Instead, it could be accepted that the private sector levels are not appropriate benchmarks for setting pay levels. Given that, in many developed economies, the public service makes up a significant part of the total workforce, this could be a powerful influence in establishing better norms for appropriate levels of management pay.

Conclusion

In conclusion, an institutional analysis of how firms operate and set pay provides an explanation for the growing pay gap between management and non-management employees in many advanced economies. The key insight is that the growth in pay gaps since the 1980s has been largely driven by changes in social norms as to how pay is to be distributed amongst employees in firms, and resulting changes in support for industry wide collective bargaining.

Prior to the 1980s, the prevalent social norms were shaped from the time of the Great Depression and WWII, and provided that management of firms should co-operate in bargaining with unions industry wide pay rates for all employees that kept pace with general productivity gains. From a social welfare perspective, this approach to pay setting can be seen as a relatively efficient way of keeping all employees pay broadly in line with productivity gains, given the practical issues of attempting to adjust pay to reflect the marginal productivity of individual employees. During and following 'long boom', advanced economies experienced good productivity gains which were shared in pay for both management and non-management employees.

However, with economic shocks and slowing productivity gains of the late 1970s, social norms shifted away from the sharing of productivity increases across all employees and from industry level to firm or individual bargaining. These shifts in societal norms gave management the encouragement and freedom to depart from previous practices of passing on general productivity increases to non-management employees. Instead, management appears to have reverted to 'pay matching' with other firms in offering little, if any, firm productivity gains, and passing on the bulk of the gains to themselves. The resulting growing pay gap that has developed between management and non-management staff can be seen as contrary to social welfare in that these trends are not reflective of changes in respective productive contributions.

The answer to addressing pay gaps lies in a further change societal norms, which may require another socio/economic shock to bring this about. There may already be indications of such a crisis developing given the current persistently low rates of productivity and wage growth across developed economies. Hopefully, however, responsible governments will foresee such

risks and attempt to guide societal and business support back behind a fairer distribution of productivity gains across all employees.

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