



Partnering for high performance

Relationships may have been fraught in the past, but in today's workplace, unions and employers are increasingly working in partnership to ensure the best outcomes. As Angela Gregory discovers, a constructive relationship is fundamental to creating a high-performance organisation.

Unions and employers working together to improve workplaces and lift productivity—it's not the sort of industrial relations report you'd normally expect to read about.

But despite a public perception of fraught relationships between employers and unions, a lot of work has been going on in New Zealand for a few decades now to build partnerships between the traditionally antagonistic parties.

And PSA national secretary Richard Wagstaff says people also need to get their head around the fact it might, in cases, be unions leading the way in workplace productivity gains. "The PSA union is far more ambitious for productivity and gains in effectiveness than employers are. It's us who are putting it on the table ... what they're saying is all we need to do is restructure, restructure, restructure."

Wagstaff, the head of the massive 58,000-member state sector union, is a firm believer that unions can add a lot of value to enterprises. The PSA has for some time been pushing productivity. "It's a very high priority for the PSA and remains so."

Wagstaff says there are many popular misconceptions about the

relationships between unions and employers. But as far back as the 1980s there was a big push for 'industrial democracy', with a Labour Government initiative to promote union/management relationships. A standalone agency was set up to help facilitate cooperation, effectiveness and efficiencies in industrial relations.

"The aim was to move away from a master/servant relationship, and instead allow each side to be free to express their views."

Around that time another significant event was the first Workplace NZ conference, sponsored by progressive unions and employers, to showcase union management in high-performing organisations.

Even when the contentious 1991 Employment Contracts Act was introduced by the new National Government—designed says Wagstaff to "completely undermine unions"—the PSA continued with its goals for partnership. "It remained the PSA's strategic approach to say to employers 'we want to work with you to make this place work'."

Wagstaff says such critical shared interests in workplace improvements are fundamental. "If an organisation is not successful, there are no jobs ... we also think that high-performance organisations are better places to work in, are more secure, and have a culture of engagement with their employees and their unions."

"The PSA continues to extend its hand to employers and say 'we want to transform this organisation to a high-performance and high-engagement culture'. All employers who are truly in that space see unions as an opportunity."

The PSA has experienced disappointment with some employers who 'won't walk the talk' for transformation through engagement. "They want to believe in high engagement, but don't actually take the big steps to really fundamentally change," says Wagstaff.

By comparison, the PSA has put its money where its mouth is, and has recently brought to New Zealand some American consultants to work on high performance union/management initiatives.



Wagstaff sees the role of chief executives as crucial to making the required organisational commitment. He also meets a lot of managers throughout the state sector who genuinely want to have a constructive relationship with public servants. "But we want them to step it up to big commitment towards a high performance arrangement."

When Wagstaff was interviewed for this article, at the PSA Wellington head office just off the public and private sector power strip along The Terrace, he was about to spend a fortnight going around the country to promote the "required shift" in management culture. He feels New Zealand's productivity is not good enough.

He is particularly critical of top-down micro-management, which he says employs a "command-and-control approach". "It is consistent with a controlling attitude to work, a lot of form filling, rigid instructions, and checking what everyone's doing to meet targets." Such tactics, Wagstaff suggests, just breed contempt and low trust.

Wagstaff wants to see workplaces more autonomous. "Some managers find it hard to 'let go' as they like to be in control. We need to change that dominant management paradigm to a high performance culture."

He says the PSA has been working hard to get employers on the same page, and has even developed its own high performance methodology, called 'sustainable work systems'. "It is drawn from our own experience of the public sector and international experiences. It is designed to improve processes and eliminate waste."

Where it has been trialled (see sidebar story on page 24), the system has given employees a real sense of empowerment, says Wagstaff. "It makes the job so much better."

But he says many employers unfortunately still see unions as fundamentally a threat, to be managed as a risk, not an opportunity.

"Unions can be seen as an impediment to the market; but in our view, management on top of its game is not threatened by good ideas from unions."

Unions can add a lot of value, insists Wagstaff. While at times the relationships between the parties will inevitably become strained, the goal is to get them back on track so they are productive for all. "Our objective is to make everywhere people work the best it can possibly be. We want the New Zealand public sector to be the most productive in the world."

Industrial relations consultant Owen Harvey agrees that progressive employers recognise that unions can be creative and an ally. But Harvey says there has been a national climate of distrust, fear and anti-unionism. "I've been in many situations where the union has said it wants to improve the performance of an organisation but management has said 'nah'."

He also agrees with Wagstaff that workplaces would mostly be improved if changes were led by the unions, rather than being imposed. However, Harvey thinks the growing income inequality and weakness of unions is seeing many reverting back to traditional roles, focused on pay and redundancy deals. "And at the moment, legislation is running against workers with no incentives to engage."

Harvey, a one-time long serving union official, says the prevailing neo-liberal economic agenda is running against collectivism, which he sees as the central impulse of unions, to individualism where you look after number one.

He was a key figure in setting up Workplace NZ in 1991, which coincided with the passing of the ECA which Harvey says put unions on a defensive footing. Workplace NZ was the local version of an international movement where industries could maximise technology but at the same time engage people.

About \$600,000 was raised from corporate sponsorship to allow its first conference to be held in 1992. Over 600 people attended the Rotorua venue representing company management, unions, and government agencies, along with international experts as guest speakers.

Such was its success that by 1996 close to 800 attended to network and address challenges around workplace reform. "And we asked company teams to come with examples of their projects like skill-based pay systems and successful work designs."

Harvey says the focus was on interests, not entrenched positions. "It was set up like a marketplace with stalls to distribute resources ... it was a real working conference."

While Workplace NZ had wound up by 1998, the foundations had been laid for subsequent work in this area. "It had an amazing reach ... a lot of union-management partnerships arose from that." This led to greater workplace engagement, with ongoing development ideas.

An example was 'lean thinking' that focuses on the process of work, identifying and eliminating bottlenecks to improve workplaces and productivity. "Organisations really need to get their processes under control—she'll be right doesn't cut it."

Phil O'Reilly, chief executive of Business NZ, says workplace relationships are generally good. "We're lucky that there's good management on both sides."

While O'Reilly heads New Zealand's largest business advocacy group, representing thousands of businesses, he is not hyper-critical

of unions—perhaps not least because his father was a union official. "We've been blessed in New Zealand with union officials interested in good outcomes."

Unfortunately, media coverage of union/employer relations focuses on disputes, like when talks break down, which can be a diversion from what the relationships are really like. O'Reilly, however, views union-management relationships as "reasonably sensible" and focused on work needs. "Broadly speaking these are generally ideology-free zones, although that is sometimes spectacularly not the case."

His impression is that day-to-day operations in workplaces are reasonably cooperative, and that unions mostly deal with workplace supervisors or managers who have often worked up to those positions. "The guys on the floor are much closer to the workforce."

O'Reilly says the relatively level New Zealand social structure extends to the workplace. When he has met with managers at work-sites they are invariably wearing hard hats and steel boots. "They focus on the people, likewise the union officials ... the emphasis is on keeping everyone happy, healthy and safe."

Although they might at times disagree as to how to bring efficiencies about, the importance of workplace productivity is agreed to by both sides. "In New Zealand both sides have tried to deeply understand each other's motivation and interest. That's a key part of successful industrial bargaining. It's important to know what the other team is talking about."

Fisher and Paykel Healthcare's Joint Consultative Committee

Leigh Olsen, an HR manager with Fisher and Paykel Healthcare, says a perfect example of a successful employer/union partnership is the company's Joint Consultative Committee (JCC).

The JCC meets once a month and provides a forum where the company meets with external union officials and delegates to work together on issues pertaining to the business. These issues can include training, relevant workplace policies, health and safety updates, and anything to do with the collective employment agreement such as its clarification and interpretation, along with business and union updates.

The meetings are run formally with set agendas and professional presentations. "It is an opportunity for both parties to raise issues and voice any concerns they may have in a positive environment. Yes there are debates at times, but there is a healthy respect between the JCC members," says Olsen.

The committee is comprised of two operations managers, four human resource representatives, five union delegates and two external union officials—one each from the EPMU (manufacturing and production employees) and First Union (storepeople).

Smaller issues are ironed out in advance so the JCC process can focus on the larger matters. "Our relationship is such that our HR team meet with our site conveyor and representatives to clear up issues as they happen, so we are able to better focus our energies at JCC on bigger matters"

Olsen says the process has become fine-tuned, and any problems are addressed proactively before they turn into a major event.

"We have always worked really hard at that partnership and together achieve a lot more for the common good."

Les Waimotu, an EPMU lead organiser who attends the JCC meetings, agrees the structure has worked well.

"We are able to sit down and nut out the problems."

Waimotu stresses the union remains a completely separate party, but can and does work in partnership with the employer. "We are totally independent of each other but are able to work together."

Critical to the union success in this is the support it has from its own membership, says Waimotu. "While we might at times disagree, we can still work towards good resolutions."

An example of where it worked well was when it came to re-vamp the collective agreement. "We do this through negotiations and there were quite a few clauses that were out of date. It can be tedious and also quite touchy because you are trying to improve the agreement but don't want to lose what you've already got.

"The joint committee was an effective way of working through that."

Waimotu says the JCC is regarded as "a bit of a role model" by his union colleagues. "My fellow organisers around the country often ask how they might get similarly cooperative arrangements on other sites."

But in Waimotu's opinion, New Zealand employers overall have a long way to go to emulate such good partnerships. "There are some organisers who really struggle as some companies won't have a bar of it."

Such an approach helps with shared objectives, clear lines where discussions are open and visible, and in getting a good alignment of interests between employers and unions on site, he says. "It doesn't mean we don't have differences—we're not holding hands ... but we have worked cooperatively."

O'Reilly says the workforce has been changing for years now, with different forms of work and positive results like more flexible relationships. In the past 30 years there has been an increased focus on enterprise bargaining "which helps a lot", by allowing for localised negotiations and a greater alignment of interests. "That has been a key reason for the reduction in strike action."

O'Reilly sees this as a vast improvement from the pre-ECA days of national awards representing multiple enterprises which he believes tended to politicise events. He further notes the different role of unions in workplaces and the national political arena.

He says industrial negotiations are not all about getting good pay rises, but also improved conditions and workplace production that

can then lead to fair rewards and remuneration. "One great thing about the maturity of industrial relations in New Zealand is getting away from that very old fashioned paradigm that success is about getting a pay increase above inflation."

Good industrial relations, says O'Reilly, are central to the overall functioning of the economy, and New Zealand should count its blessings that it is nothing like Italy "where strike action is almost a national sport".

He also appreciates that union/management meetings are also not highly formal or structured compared to what happens overseas. "We can have a chat and coffee and if we disagree we can shout at each other, but then move on. And there's never a time I can't call Helen Kelly, or she me."

At the board level, influential company director Michael Stiassny, a council member of the Institute of Directors of New Zealand, thinks the role of unions has diminished dramatically. "In many cases, employers clearly prefer to work with employees directly."



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Ministry of Justice pilot

A successful project to improve systems to relieve the pressure on courtroom cells was initiated by Ministry of Justice (MoJ) employees and PSA members in Waitakere.

Peter Robertshaw, a PSA national delegate and Ministry of Justice regional support services specialist, was a member of the pilot programme's steering group.

Robertshaw says the pilot arose out of the workplace bargaining round, where management agreed to use the PSA's 'sustainable work systems' protocol.

The project at the Waitakere District Court was chosen in relation to voluntary surrenders to warrants. This can occur after an accused has failed to show up in court as scheduled and a warrant is put out for their arrest. Previously, once located or having later presented themselves, they would be taken into custody, which created difficulties for the police regarding space and staffing of the custody area.

The PSA and MoJ, with consultation from stakeholders including First Security, the police and the judiciary, looked at improving the situation. It was suggested the bulk of the accused were dealt with directly, saving them a visit to the cells. Further, when they were re-bailed, instead of being taken back to custody for the paperwork to be completed, people were instead asked to attend the staff at the counter and wait for their paperwork, again avoiding having to wait in the cells.

As a result of the six-month pilot, which ended earlier this year, the process of handling the accused was driven down from 38 steps to just eight steps. The end result was 48 percent fewer people required to go into the cells. Of the remaining 52 percent, about 90 percent were processed more than twice as fast as before. Robertshaw says for those required to go to the cells the wait time was reduced from two hours to about 40 minutes. "Fewer people in custody benefits the customer, the police and the process of justice."

The results were broadly in line with Ministry guidelines to improve standards by 50 percent. The added bonus was that the joint effort enabled staff to participate and come up with solutions, which added to a more positive workplace. "Because they had ownership of the process they were much more engaged in the work they were doing," says Robertshaw. "It was bottom-up, driven by the people who work there, not a top-down head office idea."

Robertshaw says it was also important to safeguard jobs despite new efficiencies. "If they reduced work, any affected employees would be redeployed to somewhere they were more needed, so no jobs would be lost as a result." Now the process has been fully adopted at Waitakere and will soon be rolled out in other Auckland courts. Furthermore the Ministry has committed to larger projects using similar sustainable work systems methodology.

A Ministry of Justice spokesman confirmed the six-week pilot was a success, and the ministry is now looking at what other ways it can work with the PSA to improve outdated business processes.

But Stiassny, chairman of lines company Vector, and partner in KordaMentha, a corporate recovery specialist firm, nevertheless thinks unions still have an important role—albeit requiring a bit of tweaking, especially "if they want to survive".

He mostly sees the need for unions where there is a "real issue" of some employees being "exceedingly hard done by". "They need protecting and who else is going to look after them?"


In other cases the unions' role should include promoting the relationships between employees and employers. "Both need to come to the table with a different outlook ... unionists have to get rid of their cloth caps, and employers have to get past the 'red under the bed' thinking."

Peter Conway, the Council of Trade Unions (CTU) secretary, would beg to differ about the significance of unions today. "The national union membership is just under 400,000, or about one-fifth of wage and salary earners. So it is still hugely relevant."

Conway has seen the emphasis on partnership and productivity "come and go" and notes that unions "have to be strong enough" to enter that sort of engagement. Employers, in his view, are more likely to cooperate to avoid the risk of developing a hostile relationship with a forceful union.

He recalls that around 2004/05 the then Labour government invested in training union delegates in understanding what productivity meant. It includes a number of factors or drivers, like quality leadership and management, skills and technology, and measuring what matters.

Conway is frustrated, however, that where the country has managed to lift productivity, which should in theory generate gains in pay, such benefits have not always flowed through. For example, between 1998 and 2000, there was a 40 percent lift in New Zealand productivity that only resulted in a 14 percent lift in wages, he says.

There is also a risk of focusing on productivity ahead of conditions and safety, as Pike River so graphically illustrated. Conway argues productivity requires capital investment, not just into gear but also workers. "We'd rather see high wages and high skills than working longer hours and taking risks at relatively low rates of pay ... there are some very good arguments for treating people right." 



Angela Gregory is a Wellington-based freelance journalist.



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