

SMART WORKPLACES

**Pilot Projects investigating the scope for co-operative workplace
relationships in pursuit of productive outcomes**

Conducted by CoSolve Pty Ltd

**Sponsored by the Department of Employment & Industrial Relations,
Queensland, Australia**

Final Report

10 October 2008 (Rev)

Clive Thompson & Anna Booth, CoSolve



www.cosolve.com.au

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CoSolve Pilot Projects

Final Report (available for release)

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Clive Thompson & Anna Booth, CoSolve

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SMART WORKPLACES

CoSolve Pilot Projects

Trust between managers and employees is the primary defining characteristic of the very best workplaces¹

PREFACE

Our thanks to the Queensland Department of Employment and Industrial Relations for its boldness in conceiving and executing this initiative. Thanks, too, to all the parties at our two pilot sites. We gave them a harder time than they us, albeit by a small margin. We have learned much, and the parties tell us they have too. We like to think that some groundwork has been laid for a more productive future.

The stated objectives of the *Smart Workplaces* initiative were to promote, through research-oriented projects, the notion and practice of workplace cooperation and to simultaneously demonstrate its beneficial effect on productivity. We imagine the expectation was that careful enquiry would establish which businesses already operated on the cooperation premise, and that the task thereafter would be to investigate and document the features of those businesses with a view to distilling reproducible elements or even recipes. A permutation of the research method – and the one adopted by CoSolve – anticipated that targeted expert interventions would demonstrate by ‘before-and-after’ comparisons that the adoption of cooperative strategies brought with it salutary results.

We at CoSolve were sceptical about the chances of finding suitable sites in Queensland (or anywhere else in Australia, for that matter) where thorough-going cooperative practices worthy of writing up were in place. We believed that because most of our work turns on the promotion of mutual gains in the workplace and we know from our own experience and those of colleagues working in the same area that success stories are thin on the ground and patchy where found. For this reason and because our expertise lies in the area of change management, we elected to go the interventionist route in discharging our *Smart Workplaces* brief.

Under the right conditions, we were hopeful that a well-conceived intervention would indeed demonstrate the value of cooperative initiatives in the workplace. With our work now done, we return from the field with less than famous results. We can say and show on the strength of our *Smart Workplaces* encounters that a collaborative approach helps – particularly in the area of bargaining – but not, on the current evidence, that the results are decisive. We can suggest, however, how they could become decisive: by further engagement and education of the key

¹ Robert Levering *A great place to work – what makes some employers so good (and most so bad)* Preface to the 2000 edition. And see Huzzard, Gregory and Scott *Strategic Unionism – Boxing or Dancing?* 2004 at 12-13: ‘A common feature of the empirical studies of cooperation and partnership at the workplace ... is the centrality of the need to develop a level of mutual trust that goes beyond the norms that have hitherto existed even in the more impressive forms of industrial relations.’

stakeholders with a view to winning a much firmer level of commitment. Many of the workplace parties (and now we generalise beyond our *Smart Workplaces* experience) are already receptive to more constructive forms of bargaining. However, in what we see as the more important engagement sphere – ongoing consultation, with a focus on core business processes – there is currently a lack of insight, institutions and legislative provisioning for a telling breakthrough.

We would maintain, none the less, that the thesis that cooperation can produce higher productivity (as part of mutual gains) is predictively correct and morally worth striving for. Success stories elsewhere do show that an informed, judicious and sustained cooperative approach – whether of the individual United States-type variety (such as seen in organisations such as the health service provider Kaiser Permanente² and the Toyota/General Motors cooperative venture New United Motor Manufacturing Inc (NUMMI)³) or of the Northern European society-wide codetermination variety⁴ – delivers better business, workplace and social results.

A cooperative system is based on values and practices of trust, mutual respect, openness and fairness, feeding into but also bounded by an imperative of business performance. The general Australian social ethos of egalitarianism and fair go but then also liberty and opportunity lends itself to this model, but its emergence has been stymied so far by a particular and tenacious industrial history. The set approach of industrial adversarialism obliges different modes of engagement: quests to outmanoeuvre, out-muscle and even to deceive. Not a great recipe for a good life, and not obviously indicated in a society that has moved beyond class strife.

We appreciate that the reality of workplace engagement is more nuanced than a simply bipolarity of either cooperation or conflict, but the questions of where the social parties would like to see themselves and where they would like to move to in the spectrum, and what they intend to do about it, are appropriate ones.

Our pilot sites may not have been the best available given the aims at hand, but they are probably close to as good as it gets. Our results are mixed, and our best estimate of why this is the case covers the following:

1. Generally speaking, employers in Australia –
 - believe the proposition that it is to their best advantage to have a direct, unmediated relationship with their employees;
 - want to communicate a vision and win commitment from their employees, but in truth do not want to empower them in their interactions – they are intent on securing a modernised version of unilateralism and compliance;

² See www.lmpartnership.org

³ See www.nummi.com/us_roots.php

⁴ See the European Commission Green Paper *Partnership for a new organisation of work* 1997 and Huzzard et al, *op cit*.

- do not effectively accept unions as the chosen representatives of their employees even where they are in fact the chosen representatives, but opt instead to brand them disparagingly as third parties (that abusive term in relation to unions is now embedded in the labour market vernacular);
- do not think that unions articulate the best interests even of those of their employees who are union members, but allow instead their own agendas to predominate;
- honestly do not understand what union recognition actually entails, amongst other reasons because the legal regime is and has for a long time been confused on the issue;
- do not have the insight or capacity to work with a fully-fledged cooperative approach;
- do not think that unions ultimately have anything special to contribute to the success of the business.

2. Generally speaking, unions in Australia –

- work off a conflict analysis of workplace relations, and consequently shy away from an engagement model that places a premium on mutual trust;
- fear that cooperation will produce cooption;
- do not have the necessary across-the-board support or capacity to work with a fully-fledged cooperative approach even when it is (tentatively) endorsed at leadership level;
- do not accept that it is part of their role to understand businesses and contribute to their success even as they remain true to their established defender role – they do not grasp or cannot execute the dual contributor-defender portfolios.

These climate factors were either subtly or explicitly in play at our project sites.

3. Many employees in many establishments – and particularly blue collar ones - are disaffected in their condition, the outcome of both a sense of economic inequality (given conspicuous affluence in other quarters of both the enterprise and society), and of resentment against successive waves of restructuring. These constituencies are not open to quick turn-arounds in motivation and morale.
4. In some employee quarters there are elements of passivity, even learned-helplessness, that need to be overcome.

5. In its design, *Smart Workplaces Stage One* placed a deliberate emphasis on relationships, and on how an improvement in these might enhance business productivity. Our analysis is that an independent focus on relationships is insufficient for the task at hand; rather (in this kind of context) we would suggest, the focus should be on what business goals need to be advanced, and then on how workplace relationships can be reworked and harnessed to support the achievement of these goals. While we attempted to introduce this duet into our pilots, under the project terms the resources were not available for this on the scale required, and the necessary senior management commitment was in any event not forthcoming.
6. Even with an emphasis on the relationships front, intensive and extensive efforts, and mainly on the part of the stakeholders, is required for telling results. Determined and influential internal champions are called for.
7. Cultural change takes time; progress has been made at the relevant sites over the nine months of the project engagement period but again, for striking results to be achieved sustained work over a longer period, probably one to five years and in fertile ground with motivated stakeholders, will be required.
8. Other factors – personalities and developments – peculiar to the pilot sites account for some of the modesty in results. These will be raised in the report below.

Given the terms of the brief, it would have been gratifying to return with a glowing account of the catalytic effects of an injection of cooperation. Perhaps, though, the worth of this exercise has been to come back with a more sobering but entirely realistic message: if, as we believe, the *Smart Workplaces'* premises and objectives are good ones, then a great deal more strategy, resources and perseverance are called for to deliver on them. It would be disappointing if, in the light of the chequered returns, heart was lost and attention turned to easier assignments. The cooperative endeavour, it seems, will require quite some investment.

A final word of caution. This report has in the nature of things been written up not by dispassionate observers but by facilitators engaged in the very processes and developments under examination. We have tried to put distance between our own predispositions and the subject matter of the enquiry, and there are other balancing voices and insights that we have tried to reproduce faithfully here. None the less, our involvement must colour our analysis to some degree, and is probably accurate to say that we are not strident critics of our own performance in the show. Against that, we do offer some inside track perspectives as well. All of this needs to be born in mind by the reader.

ABSTRACT

- *Against a background of entrenched anti-union sentiment, considerable work will need to be done before there is any widespread appreciation amongst the Queensland (and Australian) workplace parties – employers, employees and unions – of the value of the cooperative workplace model. Employers see little scope for a positive union contribution to their businesses, while unions still operate largely within a conflict model of workplace relations.*
- *That said, a significant minority of Queensland workplace parties are ready to step up from the conventional to the mutual gains bargaining mode. It was in the area of bargaining that both sets of CoSolve's Smart Workplaces employers were prepared to engage the most, and where the element of reciprocity was at its strongest.*
- *The pilot site organisations have emerged from the Smart Workplaces initiative with moderately strengthened workplace relations; other things being equal, that should stand them in better stead for weathering the external shocks and seizing the opportunities that lie ahead for them.*
- *While it is in the area of continuous engagement between the workplace parties over a broad range of workplace matters that most gains are to be made, this is also where the most employer resistance lies.*
- *While strong workplace relations may indeed support better business (and employee) outcomes, employers are not readily open to that connection. The projects and propositions that will attract their attention are ones that target better business performance directly, and with stronger workplace relations in a hand-maiden role.*
- *For business process focus projects with a labour-management dimension to succeed, provision must be made for labour to share in the gains, and metrics need to be established up front towards this end.*
- *Business process improvement projects are one to five year efforts, and more. This is the time frame in which the supporting management-union relationship-building initiatives need to be viewed and sponsored.*
- *Multi-disciplinary expertise is required to support the type of integrated projects being advocated here.*
- *With any future initiatives, high-level efforts must be made to secure the support and understanding of the top-level leadership of the workplace parties.*
- *A tentative thesis is that three separate but properly articulated labour-management engagement channels are called for: one dealing with the promotion of core business processes; one with ongoing employee relations-type matters and the last for bargaining.*
- *The largest investment (which must turn on training and education, and trial and implementation) must be made by the parties in the business process base. The 'efficiency in decision-making' vs 'inclusivity in decision-making' tension must be successfully addressed here.*
- *The next building block requires that the state of ongoing employee relations be kept sound through continuous consultation on all matters of mutual interest.*

- *Finally, periodic mutual gains bargaining must be institutionalised.*
- *The three-tiered cascade must be grounded in values, policies and practices that place a premium on trust, respect and comprehensive information flows.*

BACKGROUND

The Queensland Department of Employment and Industrial Relations (DEIR) introduced its *Fair Go Queensland Advisory Service* in November 2005, which included the development of a *Smart Workplaces* program. The declared objective for *Smart Workplaces* was to 'model and pilot the link between cooperative decision-making mechanisms and safe, family friendly and effective working relationships between employees and the employer which underpins the success of many productive workplaces'.

Smart Workplaces was, we understand, conceived as part of a response and indeed counter-measure to the Federal Government's controversial *WorkChoices* legislation. As DEIR's background material elaborated:

'The Queensland government considers that continued productivity growth into the future can only be achieved if employers think beyond cost-based competitive strategies and foster skilled, innovative people in workplaces that value safe, healthy, productive and balanced working lives.

Under the Federal government's new *Work Choices* legislation however, the deregulation of working conditions and entitlements is promoted as a mechanism for increasing productivity. To achieve this outcome, the legislation reduces to a minimum, those award-based entitlements which are legally enforceable and shifts the determination of pay and entitlements above the minima from the independent tribunal to the individual enterprise. At the same time the legislation seeks to remove the central role that employee organisations, such as unions, have traditionally played in negotiations for wages and conditions for employees. The objective of *WorkChoices* is to encourage the shift away from union-based agreements towards individual or non-union collective agreements negotiated directly between an employee or employees and the employer at the enterprise.

The Federal government expects the reforms to boost worker productivity and economic growth. However, the international evidence suggests that labour market deregulation has had a negative impact on equity measures, without necessarily improving economic performance.'

The idea with *Smart Workplaces* was to search out –

- specific features of a 'best practice' model that generated positive industrial relations and workplace health and safety outcomes for employers and employees;
- types of cooperative, inclusive decision-making mechanisms and their applicability in different contexts;

- features of a workplace health and safety system that creates a safe and responsible culture;
- appropriate work and family policies and practices;
- how to strengthen cooperative agreement-making between employers and employees and develop problem solving and dispute resolution skills; and
- how to create and maintain the dynamics of cooperative workplace relationships over the long term.

The first stage of *Smart Workplaces* envisaged engaging consulting organisations to identify workplaces (pilot sites) where either cooperative strategies as sketched above were in place and open to investigation and documentation, or where such strategies could be fostered for later demonstration purposes.

A second stage was also contemplated:

‘The objective for stage two will be to incorporate the positive outcomes of the pilots and extend the scope of the project into broader industry and skill strategies which will build on commonalities in similar quality workplace programs in the Department of State Development Trade and Innovation (DSDTI) and the Department of Employment and Training (DET).

The DSDTI has programs as components of its *Making Queensland’s Future* Manufacturing Strategy and Advanced Manufacturing Plan that support quality workplaces. These include a High Performance Workplace Program, Executive Coaching Program and a Benchmarking Program, the latter being managed through the Manufacturing Institute (QMI).

The DET has recently released the Queensland Skills Plan that outlines a new process of engagement with industry – one that seeks to involve all agencies and industry stakeholders in contextualising skills in quality workplace practices and culture (i.e. building workforce capability to meet business strategy in changing business environments).

These programs have inter-related objectives, namely:

- (a) providing an alternative to the potentially negative effects of deregulation on workplace practices within the new *WorkChoices* environment;
- (b) enhancing industry/organisational development, which in turn provides more secure and quality jobs for Queenslanders; and
- (c) ensuring that skills support workforce capability that, in turn, support productivity and business strategy in changing business environments.

Stage two aims to integrate a comprehensive range of issues which impact on productivity and this range of issues will be sub-categorised into organisational and cultural characteristics. Some of the objectives include:

- an inclusive workplace culture, where workers are valued, trusted and encouraged to challenge existing processes and be creative and innovative;
- the contextualisation of skills, i.e. industry providing a working environment where peoples’ skills are developed and effectively utilised;
- an acknowledgement by industry of responsibility for attracting, developing, effectively utilising and retaining valued people;

- an acknowledgement by industry that “work intensification” has the potential to be at odds with smart work practices, especially when retention of skilled labour in a tight labour market is of concern;
- the capability of industry to look beyond “work intensification” for productivity gains; and
- the capability of industry clusters to address (collectively in future) the identified smart workplaces issues.’

At a design workshop convened in August 2006 and attended by the three selected consultants (CoSolve and two others) and government stakeholders, the Director-General of DEIR noted that the first stage of *Smart Workplaces* was a DEIR project and as such needed to be aligned with the Department’s core business of industrial relations, workplace health and safety and work and family. Appropriate pilot sites would be ones that were unionised and where there was a commitment to the project both on the part of management at a senior level and the relevant unions.

COSOLVE’S APPROACH TO FULFILMENT OF THE *SMART WORKPLACES* BRIEF

As highlighted in CoSolve’s response in October 2006 to the proposed Contract and draft KPI documentation put forward by DEIR:

‘CoSolve’s method turns on active engagement with the site stakeholders, with the object of producing beneficial changes in relationships and outcomes at the site by the end of and after the pilot.

CoSolve incorporates a focus on the business process and outputs, and then seeks to establish how collaborative workplace strategies and practices can be integrated with the business process to improve business outcomes, along with social objectives.’

‘Restatement of CoSolve’s approach in meeting the project objectives

CoSolve’s method is one of engagement: involving the stakeholders in assessing their status quo, examining the business process, looking to see how it may be improved through cooperative workplace strategies and practices, reorienting the stakeholders through training where indicated and guiding and supporting appropriate and sustainable change and outcomes over the life of the project and beyond.’

CoSolve’s engagement at its two pilot sites as eventually selected involved essentially twin projects in each: (1) Preparation for and the facilitation of mutual gains bargaining⁵ for the parties’ next collective agreement (2) The identification of process improvement initiatives to be tackled in a collaborative way. An underlying objective in each case was to improve the quality of employer-employee-union engagement, with a view to better business and employee/union outcomes.

⁵ The terms ‘mutual gains bargaining’ and ‘interest-based bargaining’ are used interchangeably throughout this report.

THE PROCESS OF SELECTING PILOT SITES

Given the objectives of and context to the *Smart Workplaces* initiative, CoSolve's experience with the selection of pilot sites figured as an early warning of constraints surrounding the entire exercise.

The directive given to CoSolve was to choose one pilot site in the mining industry and one in the manufacturing industry.

With the firm support and indeed active assistance of the then Vice President of the Mining and Energy Division of the CFMEU, CoSolve approached a number of mining companies which it believed might identify with the goals of the *Smart Workplaces* endeavour. (Companies with well-known preferences for avoiding trade unions and dealing directly with the employees were not considered.) In most cases, approaches were made at a relatively senior managerial level. In every case, the target mining workplace was already unionised.

Without exception, managerial responses were negative. Some were polite in their refusal to become involved, some were discourteous (mainly through their sheer dilatoriness or unresponsiveness). Some revealed the real reasons for their reluctance through presumably careless though perhaps intended use of the 'reply all' email function. And so in one case CoSolve learned expressly that the thumbs down flowed from anti-state government sentiment coupled with a determination not to give any space to trade unions whatsoever, even in the context of a program designed to foster cooperation and productivity.

The end result – established after the elapse of some months – was that it simply proved impossible to find any mining company in Queensland prepared to participate in the initiative.

Attempts in the manufacturing sector were scarcely more encouraging. Even with the benefit of leads provided by DEIR, no positive responses were initially forthcoming. When after further enquiries a suitably interested employer with just the right set of circumstances and objectives was located, its candidacy foundered when it transpired that the national president of what would have been the local participating union conveyed in unambiguous terms that the union would have no truck with *Smart Workplaces*. A petulant inter-union rivalry factor was probably the spur here, but the result for us was the same whatever.

Fortuitously, a manufacturing company approached CoSolve in late 2006 looking for some assistance with training in respect of its pending collective agreement negotiations. Some months later, when it was apparent that CoSolve's overtures to other manufacturers were coming to nought, this company agreed to become a *Smart Workplaces* pilot site. Happily in this case, the unions representing employees of the relevant worksite were prepared to come on board as participants as well.

In the event, it never proved possible to locate a second manufacturing pilot site. Again fortuitously, in late 2006 and early 2007 CoSolve was involved with an organisation in the aged care sector that was also looking for help in regard to pending collective agreement negotiations. Here too the employer and union agreed to expand CoSolve's involvement and to feature, with DEIR's consent, as the second pilot site.

What provisional conclusions can one draw from CoSolve's considerable difficulties in securing pilot sites? The answer would appear to be clear: Even accepting that CoSolve's reconnaissance efforts, while extensive and protracted, were not exhaustive, it is very evident that as a general statement Queensland's employers are not interested in working with trade unions to uncover new ways of growing productive workplaces. Whether the product of over a decade's worth of conservative government policies or for other reasons, the deep-seated conventional wisdom amongst employers is that unions have little to contribute to their organisations, that it is not expedient to offer them any form of engagement succour and that strategies of union containment and, better still, avoidance are strongly indicated.

We will have more to say on this subject in our concluding observations, but the immediate implications for our project were the following:

1. Self-evidently, we were precluded from doing work in the mining industry.
2. We found ourselves working with organisations which, while prepared to indulge us with participation in the *Smart Workplaces* exercise, were, as will become apparent, not fulsome champions of its objectives.

The latter turned out to be a markedly limiting factor.

It may be that the emergence of a great Australian workplace cooperation story must, in the national circumstances, necessarily be the product of a character-building, pock-marked and protracted journey, unblessed by shared foundations of understanding and commitment.

However, given all the odds stacked against the making of the mutual gains enterprise, it would be hugely helpful if corporate and union leadership with a shared vision and commitment could be discovered to ground future such initiatives. The search will not be a short one, because a coincidence of scarcities is a rarity.

'This international review suggests that partnership, in the hands of visionary people, within management, the workforce or unions, can result in the re-invention of how organisations operate. It offers a fluid approach which can move between existing structures, processes and ways of doing things. ... The challenge is to engage individual HR managers, union representatives and employees about how

partnership can be used within their organisation to navigate new paths to change and improvement.

Achieving High Performance: Partnership Works – The International Evidence (Forum on the Workplace of the Future, Research Series No 1 (National Centre for Partnership and Performance, 2003) at 60

PILOT SITE No 1: A MANUFACTURING COMPANY

PROFILE OF THE COMPANY

The project was confined to a single manufacturing site in Brisbane. The operation at the site is not a separate legal entity but rather one plant within an operating division of a large multinational corporation with its national head office in the capital city of another state. There were around 160 employees at the site over the project period, organised by the National Union of Workers (the predominant union) and the Australian Manufacturing Workers Union. The majority of eligible employees were union members.

For clarity, ease of reference but also anonymity purposes, the actual workplace which is the subject of this engagement will be referred to as 'Manusite'.⁶

The sector in which Manusite operates has been under some stress because of, especially, escalating input costs as a result of persisting droughts conditions in many parts of Australia, and a resulting change in customer preferences towards substitutes for some of Manusite's products. Margins have accordingly been tight, and the parent company has been urging efficiencies and cost-consciousness across its operations.

ENGAGEMENT OF THE STAKEHOLDERS IN THE SMART WORKPLACES PROJECT

Given the nature of CoSolve's *Smart Workplaces* engagement, consent of the parties was always going to be the watchword. Considered discussions were held with the employer and the unions to win their initial understanding and approval of the concept and project, and at every point thereafter as plans were developed and modified.

As flagged earlier, CoSolve was first approached by the HR manager at Manusite in September 2006 for help in relation to the training of the members of the site's enterprise bargaining negotiating committee. Only in March 2007, when difficulties in securing a *Smart Workplaces* uptake by employers was becoming very apparent, did CoSolve broach with Manusite the prospect of becoming a pilot.

After discussions with local and head office management and with officials of the two unions on site, all parties agreed to sign up to the *Smart Workplaces* initiative.

⁶ *Postscript*: Having had an opportunity to read and comment on the original report, the parent company of Manusite provided permission for the disclosure of identities. 'Manusite' is the Berri Limited plant at Lytton, Brisbane, and the parent company is National Foods Limited, which has its head office in Melbourne. The original report has been amended to incorporate the employer's view on aspects of the bargaining dynamic and outcome. An AMWU perspective on its role has also occasioned a minor change to the report. We are grateful to the parties for their robustness in allowing a candid and often critical report to see the light of day in close to its original form.

The attitude of the various parties to *Smart Workplaces* has been a key factor in accounting for subsequent progress and setbacks with the initiative, and so some early candid remarks on this aspect are in order.

Both the site manager and the local HR manager were early converts to *Smart Workplaces*, and their convictions in the merits of the exercise grew as it proceeded.

Corporate head office, on the other hand, had a mixed view on progress with the whole exercise.

The two organisers of the two relevant unions on site came on as early advocates of the process, and their enthusiasm never waned at any point. Their early positive intervention brought an otherwise somewhat chary workforce on side, and their continuing grasp and commitment proved indispensable as the project rolled out. The AMWU organiser matched his zest with an extraordinary level of diligence and application in getting things, and this too was a great asset to the project.

The unions themselves were a little less forthcoming. While giving general support to their respective unions' engagement in *Smart Workplaces*, only one state secretary demonstrated any special effort in getting on top of the project's premises and goals, at least as far as was apparent CoSolve. On the single occasion that the other state secretary visited the site during the course of the collective agreement negotiations, his intervention (which involved an insistence on a traditional log of claims) – while perhaps defensible as prudent union risk management in a *WorkChoices* environment – indicated a lack of understanding of the principles of mutual gains bargaining and also a lack of appreciation of the high level of trust that the local management and union negotiators had achieved in their dealings with one another.

The members of the workforce themselves displayed a mixed attitude to *Smart Workplaces*. The project was undertaken only after endorsement at three mass meetings (one for each of the three shifts), and the advocacy of the union organisers was probably important if not actually decisive in winning this upfront approval.

On the strength of our fairly wide exposure to industrial environments across Australia and elsewhere, we would venture the generalisation that perhaps in most manufacturing workplaces there is a distinct element of disgruntlement amongst workers over their lot in industrial life.⁷ In a consumerist society where comparisons of wealth and status can be and are readily made, it is not difficult for feelings of discontent to surface. Many employees, both blue and white collar, have been through many change management programs that have had cost-cutting as their focus, and those encounters all leave their mark.

⁷ It is notable that manufacturing businesses scarcely feature in *Hewitt Associates'* annual survey of the best employers in Australia.

If this take is correct, it is not unique to us or Australia on indeed perhaps even manufacturing:

[W]orkplaces in America and elsewhere show pervasive job dissatisfaction, distrust, and disengagement, with the evidence suggesting that these problems are getting worse and have a number of negative consequences for employers as well as employees.⁸

The sense of employee reserve and scepticism, evident at the outset, was expressed several times by shopfloor delegates as the project proceeded, and this is a quarter where more insights, strategic responses and especially results are needed.

The overall observation to be made about the engagement stage of *Smart Workplaces* at *Manusite* is that enthusiasts and 'diffidents' were present in about equal measure. This meant that only some stakeholders were intent on giving the whole exercise its best shot, with others being decidedly ambiguous. This was not an optimum platform, especially against a backdrop of a wider society where neither unionists nor employers are sold on the merits of thorough-going workplace cooperation.

THE SCOPE OF THE ASSIGNMENT AT MANUSITE

The full spectrum of *Smart Workplaces* objectives extended to –

1. specific features of a 'best practice' model that generated positive industrial relations and workplace health and safety outcomes for employers and employees;
2. collaborative agreement making, bargaining, problem solving and dispute resolution;
3. the link between collaborative work practices and productivity;
4. how to create and maintain the dynamics of cooperative workplace relationships over the long term;
5. responsible safety systems, injury prevention and rehabilitation;
6. work and family strategies.

For reasons related to our field of expertise and sheer project manageability, CoSolve's pilots concentrated on the first four areas above, but did in fact touch on the last two areas as well.

⁸ Jeffrey Pfeffer 'Human resources from an organizational behaviour perspective: some paradoxes explained' *Journal of Economic Perspectives* 21(4) (2007) at 115. Pfeffer notes further that a *Conference Board* survey conducted in August 2004 of 5,000 U.S. households found that 67 percent of employees did not identify with or feel motivated to drive their employer's business goals, one quarter reported they were just showing up to collect a paycheck, and almost half said they felt disconnected from their employers (*Conference Board*, 'U.S. Job Satisfaction Keeps Falling, the *Conference Board Reports Today*', *News Release*, February 28, 2005.

As already noted, the broad agreed objective of the parties at Manusite was to improve employee engagement with a view to both better business and employee/union member outcomes.

Three specific activities were agreed to further this objective through the pilot project:

1. The staging of a participative 'Winning Workplace' workshop at the outset, to allow a broad range of employee to have their say on the state of play at the site, to offer ideas on ways forward and to get an insight into longer-term possibilities.
2. The conduct of the next round of collective bargaining on a mutual gains basis.
3. The conduct of two business process improvement exercises.

The idea was to conduct a pilot that straddled both the integrative and distributive dimensions of workplace relations, one that would necessarily deliver up employee engagement and productivity issues at every other turn. It was also anticipated that the selected activities would produce additional areas for investigation and intervention, and they did. Before the project had run its course CoSolve had gone on to –

- conduct focus group meetings of salaried and laboratory staff – who fell outside the union bargaining units – to assist management in gaining insights into the particular concerns of these workforce segments;
- broker a settlement to unfinished business arising from the previous agreement in relation to job classification and attendant pay issues;
- facilitate the formation of the site's first joint consultative committee.

THE STATE OF PRE-EXISTING RELATIONSHIPS AND PRACTICES REFERENCED AGAINST THE *SMART WORKPLACES* OBJECTIVES

Employer-employee- union relationships

Participants at Manusite described employer-employee and employer-union relationships at the site over recent years as being reasonable. Major workplace disputes were uncommon. However, the union organisers and delegates stated that employee morale was not good. This latter observation was born out by a *Hewitt Associates'* employee survey conducted at the site shortly before the project began, which showed an engagement score of 43.⁹

⁹ *Hewitt Associates* define engagement as 'the state in which employees are emotionally and intellectually committed to an organisation or group'. Hewitt tests employee engagement levels through responses to six questions covering issues such as whether employees speak positively about the organisation, whether they want to stay with it, and whether they put discretionary effort into business success. A score below 50 is regarded as low.





Perception Mapping

In order to gauge the state of workplace relations in terms more relevant to the *Smart Workplace* assignment, CoSolve worked with the consulting organisation *Perception Mapping* to develop and administer a more focussed questionnaire for the parties. During July 2007, after all parties had agreed to engage in *Smart Workplaces* but before any activities had got underway, some 56 propositions were framed and then put to employees in an online survey, seeking their views on subject clusters such as employee engagement, employer-manager relations, union-management relations, teamwork, work practices, pay and conditions, collective bargaining, training, safety, consultation and communication. Over ninety percent of employees completed the online survey.

The results gave a picture of employees with moderately contented if unenthusiastic perceptions of workplace affairs, with some potential trouble spots. According to *Perception Mappings'* calibration tools, only pay and conditions of service featured as an area of real concern but, significantly, the next least positively ranked responses related to a lack of morale in the respondents' immediate work areas and the site as a whole. The state of industrial relations at Manusite was seen as tolerable but still within the zone of least positively ranked responses.









































Set out immediately below is an explanation of the *Perception Mapping* presentation form, followed by the key employee mapping results from the July 2007 survey.





























































Colour Dot Legend





























































| | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Everything seems to be going well and there is no need for any targeted intervention. |
|  | A few small issues exist that probably need some discussion. The group should meet and talk to ascertain if there is a need for any specific actions. |
|  | More serious underlying problems seem to exist that will need attention and probably a structured intervention. |
|  | A real black spot seems to exist. There is a need for urgent intervention and actions to solve the problem. |





























































Manusite Comparative Perception Map by Business Unit - July 2007





























































| | | | | | |
|---------------|--------------------|-------------|------------|--------------------|-----------|
| Legend | M | E | P | SE | WH |
| | All site employees | Engineering | Production | Salaried Employees | Warehouse |

| | Statements | M | E | P | SE | WH |
|---|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 1 | My company inspires me every day to do my best work |  |  |  |  |  |
| 2 | My company motivates me to work harder than is normally required to do my job |  |  |  |  |  |
| 3 | If given the chance, I would let others know that working here is great |  |  |  |  |  |
| 4 | I would recommend this company to a friend who is looking for a job |  |  |  |  |  |
| 5 | I don't often think about resigning from this company to work elsewhere |  |  |  |  |  |
| 6 | It would take quite a bit for me to want to leave this company |  |  |  |  |  |
| 7 | I know what is expected of me in my work role |  |  |  |  |  |
| 8 | I get the support I need from my immediate manager(s) to do my job competently |  |  |  |  |  |

| | Statements | M | E | P | SE | WH |
|----|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 9 | I am able to get on and do my job - I don't feel over-supervised |  |  |  |  |  |
| 10 | Management generally trusts employees to make decisions and then act on them where appropriate |  |  |  |  |  |
| 11 | Employees work with one another effectively and co-operatively across business divisions to get the job done |  |  |  |  |  |
| 12 | My immediate managers are competent in what they do |  |  |  |  |  |
| 13 | I respect my immediate manager(s) |  |  |  |  |  |
| 14 | My immediate managers treat me with respect |  |  |  |  |  |
| 15 | Generally speaking, my co-employees in other parts of the business with whom I interact treat me with respect |  |  |  |  |  |
| 16 | My immediate manager(s) keep me reasonably well-informed about changes and developments within my work area that might affect me |  |  |  |  |  |
| 17 | The company keeps me reasonably well-informed about challenges, changes and developments at the site overall |  |  |  |  |  |
| 18 | I have a good understanding of the vision and values of the company |  |  |  |  |  |
| 19 | The culture of the company is consistent, and standards are consistently applied regardless of where you work |  |  |  |  |  |
| 20 | In making their business decisions, management listens to what employees have to say and takes their views into account |  |  |  |  |  |

| | Statements | M | E | P | SE | WH |
|----|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 21 | There are proper opportunities at work for me and my fellow employees to contribute our own ideas on how to make the business run better |  |  |  |  |  |
| 22 | Our improvement ideas are genuinely considered by management |  |  |  |  |  |
| 23 | Generally speaking, there is good teamwork in my work area |  |  |  |  |  |
| 24 | Everyone pulls their weight in my work area and puts in extra effort wherever this is required |  |  |  |  |  |
| 25 | There are few if any work practices in my area of the business that I would call inflexible |  |  |  |  |  |
| 26 | We are working pretty much as efficiently as we possibly can |  |  |  |  |  |
| 27 | Our pay and conditions of service are reasonable |  |  |  |  |  |
| 28 | The company does not place unreasonable demands on employees when it comes to work performance |  |  |  |  |  |
| 29 | I work in an environment where I feel physically safe and comfortable |  |  |  |  |  |
| 30 | Employees expect the business to be viable over at least the next several years, and to have a job with the company if they want one |  |  |  |  |  |
| 31 | I have the training I need to do my job well |  |  |  |  |  |
| 32 | I have access to the training opportunities I need to develop my skills and contribute further to the success of the company |  |  |  |  |  |

| | Statements | M | E | P | SE | WH |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 33 | The company is making the investment in training it needs to keep the workforce on top of its game |  |  |  |  |  |
| 34 | Generally speaking, I would say employee morale is high within my work area |  |  |  |  |  |
| 35 | I would say employee morale is high within the site as a whole |  |  |  |  |  |
| 36 | Individual and direct employer-employee relations are better these days than they were a few years ago |  |  |  |  |  |
| 37 | I think that management respects the role of unions in the workplace |  |  |  |  |  |
| 38 | From what I know, top management and the union leadership are very professional in their dealings with one other |  |  |  |  |  |
| 39 | I think there is a good trust relationship between top management and union leadership |  |  |  |  |  |
| 40 | Management and the unions have a generally co-operative relationship with one another |  |  |  |  |  |
| 41 | As far as I know, bargaining for the last enterprise agreements was carried out in a constructive and productive way |  |  |  |  |  |
| 42 | The agreements reached in the last round of enterprise bargaining - or my own last individual contract - gave me a fair deal |  |  |  |  |  |
| 43 | Bargaining at the company is commenced and finished in a reasonably time-efficient way |  |  |  |  |  |
| 44 | Collective bargaining is carried out in a way that strengthens rather than damages working relationships between the company and union negotiators |  |  |  |  |  |

| | Statements | M | E | P | SE | WH |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 45 | As far as I know, the deals struck in enterprise agreements are implemented in practice |  |  |  |  |  |
| 46 | Outside of the collective bargaining process, there is a reasonable level of ongoing consultation on key issues between top management and the union leadership |  |  |  |  |  |
| 47 | Management is doing a reasonable job of trying to balance the interests of the company and its shareholders on the one hand and the interests of employees on the other |  |  |  |  |  |
| 48 | The unions as a whole are doing a good job of looking after the best interests of their members and employees generally |  |  |  |  |  |
| 49 | My union is doing a good job of looking after my best interests and those of my fellow members in dealings with management (please give a neutral answer - 4 - if you don't belong to a union) |  |  |  |  |  |
| 50 | All things considered, top management at the site is doing a reasonable job |  |  |  |  |  |
| 51 | Middle management at the site is doing a reasonable job |  |  |  |  |  |
| 52 | Management-union relations are better these days than they were a few years ago |  |  |  |  |  |
| 53 | The current state of industrial relations will help to make the site a successful and viable company into the future |  |  |  |  |  |
| 54 | Employees have the facilities, systems and equipment they need to do the job |  |  |  |  |  |
| 55 | Performance issues are fairly and effectively managed in the workplace |  |  |  |  |  |
| 56 | Disciplinary issues are fairly and effectively managed in the workplace |  |  |  |  |  |

Further relevant Perception Maps are contained in Appendix 1.

Most employees – around 90 – were employed in production, and their responses showed higher rates of satisfaction. The returns of the engineers, salaried staff and the warehouse personnel, on the other hand, revealed clear areas of discontent.

Further discussions with key actors and the deliberations at the *Winning Workplace* workshop (see below) revealed that there was limited collaborative problem-solving when it came to dealing with work-floor and business process issues. There was no functioning consultative committee and no other institutions to articulate employee voice.

Following the *Perception Mapping* results, CoSolve conducted focus group meetings with the two most disgruntled groups of employees: engineers (represented by the AMWU) and, perhaps surprisingly, salaried employees. The former group's principal cause of dissatisfaction related to the non-implementation of an agreement to review their classifications, while the latter's related to their lack of a say in the workplace – itself partly a by-product of their un-unionised status.

The company and unions had historically followed a traditional approach to bargaining and dispute resolution. Negotiations had been initiated through a log of claims rather than a statement of interest and issues, and exchanges had been testy (but not unduly so) and fairly protracted. As foreshadowed just above, important provisions of the last enterprise bargaining agreement concluded in 2004, relating to a new classification structure, were never implemented after an impasse arose over whose consultants, the unions' or the employer's, should be relied on to carry through the exercise.

Health and safety matters were reported by the parties to be in reasonable shape, though not much attention had traditionally been paid to matters of work and family integration.

With respect to business performance, local management were clear that the plant was beset by issues of waste, and that combating these should be a firm objective of any *Smart Workplaces* endeavour. They also shared the view of the other stakeholders that employee morale was an issue and that it needed to be addressed.

In summary, the status quo ante at Manusite lent itself to CoSolve's variant of the *Smart Workplaces* examination:

- The workplace was not a deeply conflicted one, requiring major remedial actions.
- Relations between the immediate parties – the employer, its employees and their union represents were reasonable sound
- There was a need to improve relationships, given the level of morale

- There was a need to improve business efficiencies given the business climate
- There was an on-site willingness to rethink relationships and ways of work
- There were concrete things to be tackled within the scheme of the *Smart Workplaces* objectives
- The element of independent facilitation was likely to play its predicted role of promoting constructive dialogue and deeper engagement

TACKLING THE ASSIGNMENT AT MANUSITE

First encounters

The statement of pre-*Smart Workplaces* affairs given just above anticipates some of the engagement steps which will now be traced more closely and in proper chronology.

After the first approaches had been made and initial views exchanged, the road map for a *Smart Workplaces* project was settled in some detail at a joint planning meeting held on 31 May 2007. That meeting was attended by local management, union officials and delegates, a representative of the lean manufacturing consultancy CCI and CoSolve. (A copy of the relevant minute of the meeting appears as Appendix 2) That was the point at which the parties agreed to commence with a foundation event and then to travel the twin tracks of mutual gains bargaining and continuous process improvements.

Coming out of this meeting, what was effectively a *Smart Workplace's* steering group was established, and this group also ran with the subsequent collective agreement negotiations.

The final document capturing the agreed elements was dated 11 June 2007 (see Appendix 3: '*Smart Workplaces* Pilot Project to enhance workplace relations and business outcomes'). The essence of this was conveyed to the workforce in Manusite's newsletter of 15 June 2007 (Appendix 4).

Once the employer and unions had given their in-principle support to *Smart Workplaces*, as discussed above the proposition was put to employees in general meetings. It was strongly supported by addresses from the site manager and union officials, and voted up.

Then followed the *Perception Mapping* pulse-taking, and preparations for a launch event.

The Winning Workplace Workshop

The rationale

Comparative research – and indeed our own professional experience – supports the conclusion reached by Hull and Reid:

'In all our excellent workplaces the atmosphere of mutual trust and respect was overwhelming. We became convinced that central to every excellent workplace is an understanding that to produce quality work in Australia, one must have quality working relationships. This applies particularly to workplaces with high levels of uncertainty, demanding skills requirements and turbulent markets.'¹⁰

An account of Southwest Airlines' outstanding track record in the United States produces the same insight:

'Southwest is most distinctive in its intense focus on the quality of its relationships, and in its willingness to forego quick solutions to invest long-term in the maintenance of relationships among managers, employee and business partners.'¹¹

In order to promote an initial and inclusive sense of engagement over the *Smart Workplaces* project, the parties (the employer and the union officials and delegates) agreed that the first activity should be to convene a workshop of a cross-section of stakeholders. The idea was that all members of the collective agreement negotiating team, all members of contemplated continuous improvement projects, a selection of site managers, a head office Human Resources representative, union officials and others beside should be given a structured opportunity to reflect on the state of the business and workplace relations, and offered a first occasion on which to make contributions on a better way forward.

The event and its output

Over forty persons attended what was called the *Winning Workplace Workshop*, which was held off-site over two days (19 – 20 July 2007). It was co-facilitated by Anna Booth and Clive Thompson of CoSolve. The agenda included the following:

- Feedback and discussion on the parties' *Perception Mapping* results
- Overview of challenges facing the business
- Participative sessions where the parties identified features of a winning workplace and then teased out their respective interests, examining differences and overlaps (see further just below)
- Joint scenario planning for the future
- A discussion on short term relationship-building measures (see below)

¹⁰ Daryll Hull & Vivienne Read *Simply the Best Workplaces in Australia* Acirrt Working Paper No 88, December 2003.

¹¹ Jody Hoffer Gittel *The Southwest Airlines Way – Using the Power of Relationships to Achieve High Performance* (McGraw Hill, 2003) at 12. Relevant to this case study is the union dimension: 'Because of its reputation for teamwork, most people assume that Southwest Airlines has no unions, or very few unionized employees relative to the rest of the airline industry ... In fact, Southwest is the most highly unionized airline in the U.S. airline industry, and since its founding has been one of the five most highly unionised airlines in the industry ... Southwest prides itself on outstanding relationships with its unions' (at 165-9 and at 12).

True to our experiences elsewhere, the parties were adroit at lifting out spontaneously a set of ‘winning workplace’ features consistent with the output of learned research on the subject. Their selection and rough ranking:

1. Honesty
2. Trust
3. Respect
4. Equal opportunity
5. Inclusiveness and acceptance of difference
6. Communication between management and employees
7. Communication between work areas
8. Cooperation across work boundaries
9. Consultation
10. Acknowledgement and appreciation of performance
11. Feedback on performance
12. Teamwork
13. Common goals
14. Enough staff to do the job
15. Recruitment of the right people
16. Reliable and competent staff
17. Innovative and flexible staff
18. Staff with a positive attitude
19. Staff with the product knowledge
20. Task ownership – taking responsibility
21. Training
22. Career paths
23. Good modern equipment/machinery, appropriate resources and materials – well planned and executed (eg, procedures and paperwork)
24. Good pay and conditions, ie, being well rewarded for effort
25. Family awareness
26. Safe working environment
27. Pleasant working environment
28. Happy and fun atmosphere
29. Social activities

The table of interests that the participants generated was equally revealing, showing ready areas of mutuality and opportunities for matching and adjusting:

| Employees | Company | Union |
|------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------|
| Good standard of living | Company viability | Maintain and advance members interests, including standard of living |
| Remuneration/entitlements security | Profit for shareholder distribution and future investment | Equity and fairness of employee treatment |
| Safe and healthy workplace | Growth | Union membership |
| Reasonable workloads | Recruitment of the best staff – | Members’ job security and |

| | | |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| | highly skilled and motivated workforce | safety net |
| To be valued | Family friendly to attract, retain and motivate staff | Union recognition – to be seen as recognised stakeholder with status and standing |
| Two-way communication on matters of importance | Contain costs including affordable labour costs | Honest dealing |
| Ability to balance work and family needs | Maximize product sale price | Ways of resolving disputes |
| Be rewarded for skills and effort – recognition | Safe and healthy workplace/ workforce | Process and instruments to maintain and advance members interests |
| Training for improved skills | Innovative and pioneering | |
| Well being, including a happy, friendly work environment | Company reputation | |
| Equality of treatment | Product quality | |
| Job security | Customer satisfaction | |
| Well performing company | Competitive | |
| Career paths and promotion opportunities | Flexibility to meet production requirements – match productive capacity to customer need/demand | |

By the conclusion of the scenario session, the participants signed up to a cooperative roadmap and endorsed the provisional *Smart Workplaces* program. The agreed priority areas were, as captured in summary at the end of the event, the following:

1. Interest-based bargaining (mutual gains bargaining)
2. Continuous improvement projects
3. Morale-building:
 - Communication
 - Recruitment
 - Training
 - Social
4. Next steps: communication

Communication of outcomes

The Workshop outcomes were communicated to staff by way of notices and a Newsletter, and the site manager followed these up with personal briefings at staff meetings. A copy of the immediate post-Workshop joint communiqué, put out in the name of the management and the two unions, is attached (Appendix 5).

Implementation of Workshop ideas

Beyond the headline elements of *Smart Workplaces*, the following specific steps proposed at the Workshop were actioned:

- Supplying employee name labels on workplace clothing
- Providing a television in the canteen
- Setting up regular work group (toolbox) meetings
- Enhancing the content of the weekly Newsletter
- Facilitated focus groups meetings for certain workgroups (salaried and laboratory staff)
- Improving company to employee information flows on the future of the business
- Improving training opportunities

Evaluation of the Workshop

The Workshop achieved its purpose of surfacing concerns, eliciting proposals and giving ownership of the *Smart Workplaces'* program to a broad slice of the workforce, including those about to become involved in specific projects. It was assessed by the parties as a good start to both *Smart Workplace'* and a wider mission to improve workforce engagement.

The business process improvement projects

Getting going

CoSolve's technical advisor on lean manufacturing, John Vaughan-Jones of Competitive Capabilities International (CCI), had earlier in the year by invitation conducted a first inspection visit of Manusite, and had noted that while the operation was clearly well run, multiple areas were ripe for improvement initiatives.

After the site manager had flagged the general case for improvements in yields and waste reduction, the steering group as a whole agreed that there was a clear need for business process improvement. It was noted also that this was an area in which employees could, with the right guidance, make a direct contribution to the business by bringing their intimate workplace knowledge to bear.

Discussion was then held on which production lines – and where in those production lines – improvement projects could be undertaken. Significantly for this research, it became apparent that any number of points in any of the principal lines of production could figure as candidates for process improvement.

Two areas in two production lines were selected, so involving two different groups of employees. The first area involved set-up time reduction (of a piece of machinery), the second problem-solving in an area of product wastage. There was no special reason that these two areas had been chosen, the implication being that what was learned here would hold lessons for the entire production process.

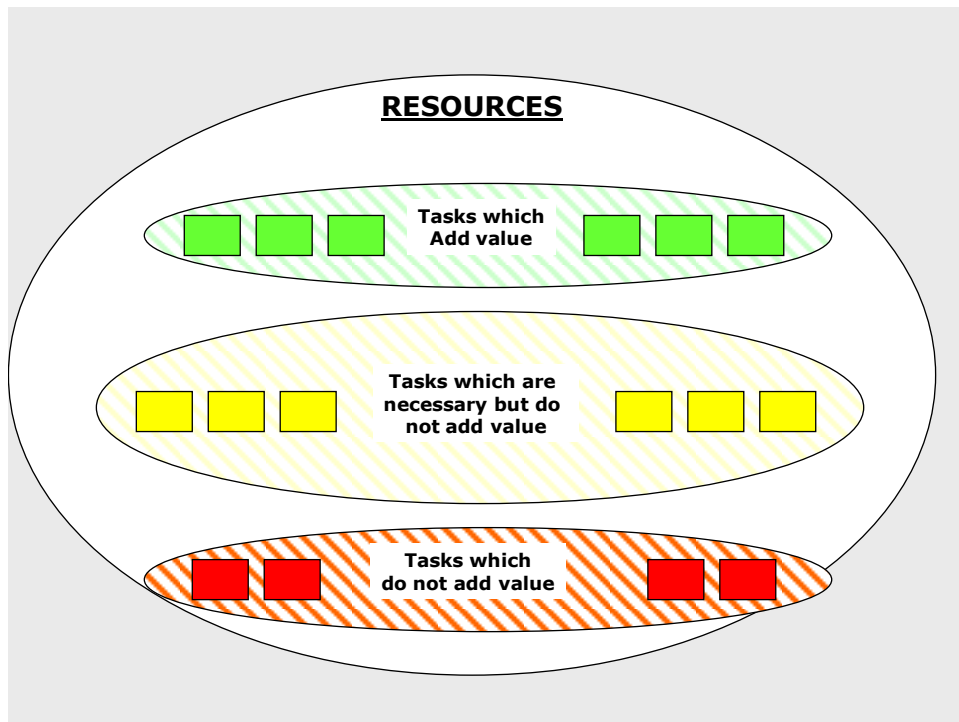
Two work teams with responsibilities for the areas concerned were then identified to run the projects. The projects are described here only in general terms in order to maintain the anonymity of Manusite.

Training – generic and applied

The first preparatory training for the project teams involved exposure to a generic model of problem-solving, and this training was conducted by CoSolve on company premises over one day on 25 July 2007.

This was followed by two different training modules for each of the two teams, given that the first project required the application of specific efficiency-enhancing techniques and the second applied problem-solving. This training was conducted over a day in each case by two different CCI experts (on 2 August and 21 August respectively), and attended by CoSolve.

The first training involved getting the team to grasp a simple but elegant technique of process deconstruction and reconstruction, taken from the lean manufacturing toolkit. In essence, the day turned on an elaboration of the following slide:



The bold assertion was made by the trainer that whatever set-up process the team members chose to isolate and work on would have its set-up time reduced by half once they had applied their freshly learned skills to it.

The conduct of the projects

In each case, the applied training day was followed by a project action day, supervised by the relevant CCI trainer. Further work (including the monitoring of results) was then required in each case after the trainer had departed the scene.

Project One: Reduction in Set-Up Time

Day One training activities – see Appendix 6

Discussion on the definition of total set-up time. Defined as the time taken between the full speed on product 1 to the full speed on product 2.

Why reduce set-up times?

Enhanced manufacturing flexibility is the goal here: a reduction in setup times allows for smaller runs sizes, which in turn facilitates greater responsiveness to customer needs.

How much can we reduce set-up time by?

The rule of thumb is that without any capital expenditure, one can normally cut the prevailing set-up time by half. With some capital improvement, one can normally cut that time by half again.

Theory of 5 S (Japanese methodology)

S1 – Remove unnecessary items

S2 - Clean

S3 – Organised, everything in its place

S4 – Set standards

S5 – Follow the standards

Steps for set-up time reduction

1. List all activities, observe and record current process
2. Separate activities. Identify current set up activities as internal, external or waste. Separate internal and external activities
3. Compile a checklist for external activities
4. Convert internal activities into external activities where possible
5. Streamline activities
6. Eliminate adjustments

External activities – can be performed whilst the machine is operating

Internal activities – can only be performed when machine is stopped

Examples of internal to external activity conversions

- Pre-assembly
- Pre-heating
- Standardisation
- Additional raw material holder

Simulated practice exercise undertaken in classroom environment

Exercise: The was the replacement of a jig with another one

- Write activities
- Count steps
- Stopwatch of each activity
- Spaghetti diagram
- Write times

Time of 6 minutes, 20 seconds recorded.

- Use of post-it notes to describe each activity, the time taken, whether it can be I, E or W
- If E & W, then need to explain how to achieve
- Pull out the E & W post-it notes
- Recast the time taken
- Only do the improvements on the bottlenecks

The task was reviewed on paper, and was brought down to around 3 minutes using the above methodology.

General Steps

1. Observe
2. Analyse information
3. Identify I & E
4. Separate I & E
5. Convert I to E
6. Streamline I, make any obvious improvements, streamlining, parallel processing
7. Eliminate adjustment

Day One application: On-line changeover exercise in actual production then carried out and observed by three teams. *Trial 1 Completed in 1 hour, 16 minutes.*

Day two activities

The morning was taken up in a review of the observations, dissection of tasks, timings, etc. It was calculated that in theory, the changeover time could be brought down to 33 minutes. *Trial 2 was completed in the afternoon, using the learned techniques and a time of just under 33 minutes was recorded.*

Maxim: ‘Everyone has two jobs to do. Firstly, their own job and secondly, to do their own job better’.

Follow through

The externally assisted side of the project ended with persons being charged with the following tasks:

Next steps

| Action | Responsible person | Timing |
|---------------------------------------------------------------------------------|--------------------|--------|
| 1. Write up the SOPs (Standard Operating Procedures) at a high level | | |
| 2. Distribute these SOPs and communicate. Obtain inputs from other team leaders | | |
| 3. Training – agree on specialist change over roles | | |
| 4. Training – develop detail to train to | | |
| 5. Do the training | | |
| 6. Cross-training of others | | |
| 7. Self audit SOP adherence | | |
| 8. Request equipment changes | | |
| 9. Design setup measurement system | | |

The importance of documentation, measurement and review was emphasized.

Results and follow-through

As the story line shows, the project was a firm success. A targeted investment in appropriate training, coupled with a motivated team – and the team *was* highly interested, motivated and indeed appreciative of the attention given to their work area – saw a halving in the time taken to perform a standard production task.

The process improvement was underpinned by three features, declared as goals at the outset. The end result had to be –

- a more efficient process;
- an easier process from an employee workload point of view; and
- a safer process.

All the team members were in agreement that all three bases had been covered by the trial's end.

The further steps were duly executed, and the gains demonstrated in the project have turned into a permanent process improvement, the more so after a duplicate part (a U-bend pipe, as it happens) was purchased which allowed cleaning in place to be speeded up through the simple expedient of part substitution.

What has not been achieved, though, is the roll-out of the learning to other parts of the production process. The four-fold reasons for this will be discussed below.

Project Two: Problem-solving a yield issue

Issue

The manufacturing department concerned was losing product in a particular production area. The relevant filling operators had undertaken intensive training programs as they were employed on technically advanced manufacturing equipment. The operation in question was producing an unacceptable amount of yield loss, including process waste.

Day One training activities

The department in question was shut for two days while training and testing occurred. As the project to be undertaken had been characterised as a 'Reducing Filling Yield Loss' issue, a specific problem-solving training module was rolled out. The problem-solving improvement technique utilised was DMAIC (Define, Measure, Analyse, Improve and Control). Employees – now students – learnt how to utilise the technique and brainstormed all possible areas of product loss.

Day Two application

Measurement. It was discovered that the process waste far outweighed all other areas of loss, so this is what the team prioritised and where they focussed much of their time.

Trialling. Standard production processes were monitored to uncover the loss areas, and analyses done. It was established that process waste was costing Manusite over \$25k per year. Additionally it was noted that levels in the trade waste pit would be reduced if a solution could be found, something that would reduce the City Council charges for waste disposal.

Improve/Control. The analyses conducted by the team were then discussed with the engineering manager (one of his team had attended the two day session). It was explained that the production process had been calibrated at a time when the product was much cheaper, so that the loss of some during product type change-overs was not considered a major issue. By careful recalibration of the process, the loss was cut in half and the yield commensurately improved, producing a direct saving of \$12½k. No further saving could be extracted without compromising product quality.

Conclusion

The project was a rated a complete success by management and the team:

‘The employees gained skills in problem-solving which could be utilised both at work and home, the company saved money and there was less environmental waste discharged. Team morale increased and teamwork flourished.’ (Site manager)

An intended flow on from this project was to conduct similar exercises on other lines. This had still to occur by the time *Smart Workplaces* had run its course.

Evaluation of the business process improvement projects

Viewed in limited frame, the projects were indeed the successes proclaimed by management and the team members – the results speak for themselves. Everything in the build-up contributed as well, from time the projects were first shaped and endorsed by the local *Smart Workplaces* steering committee through the boost provided by the *Winning Workplaces* Workshop through to the generic and applied training.

However, to date the success has been distinctly bounded, and this because the projects have not served as beach-heads for process improvement up and down the production lines. Discussions with the parties have yielded three reasons for the lack of follow-through:

1. Local management have not provided the leadership and discipline to carry the projects on. The then production manager entrusted with the task, who participated in the projects, while an excellent technical person, appeared unable to bring the necessary people-management skills to bear.
2. The would-be project roll-out period coincided with the onset of collective bargaining negotiations (see below), a development which diverted the energies of the steering team away from the improvement processes (with their early and apparently easy victories). There were insufficient resources and again discipline to wage campaigns – even collaborative campaigns – on two fronts simultaneously.
3. In the lead-up to the improvement processes, the steering group and the project team members raised pertinent questions about the extrinsic flow-ons from project success, to wit, what to do about job security if substantial efficiencies were indeed harvested, and whether gain-sharing would form part of the deal. Informal indications were given by management that these legitimate concerns would be addressed in positive ways.

In the event, corporate management would seem to have taken a strategic decision not to share information with employees on the future of the enterprise in any extensive way (more of which below), and so no full discussion on job security has taken place in any context including the process improvement one. Furthermore, corporate management decided that, for the moment at least, gain-sharing should not be part of the equation. These developments have sapped the motivation of employees and taken the edge off the early project successes.

To these three explanatory factors we would add a fourth, which is linked to the first. In tight, highly competitive business environments it takes real vision for the parties to look above the parapets and take time out to invest in the obvious. Everyone is too busy with the demands of the present to lighten the load for the future. Micro-successes are neither sustained nor built upon, and corporate macro-strategies fail to connect with the local potential because the local experience is poorly understood. This is probably the larger truth of the Manusite story, evidenced again in the collective bargaining saga.

But all is not lost. There is nothing inevitable about the organisational disconnect, and if collaborative approaches start to bear regular fruit the message may yet be read, provoking a rethink in overall policies and strategies. This challenge is beyond the frame of *Smart Workplaces*, but a local body is now in place to run with it – the new Joint Consultative Committee.

Extract from the Lean Enterprise Institute Newsletter of 20 June 2008

The Toyota way puts employees first

By Denice Thibodeau (*Danville News*)

Published: June 6, 2008

Toyota hasn't had any layoffs, anywhere in the world, since the 1950s, and people attending the National Coalition of Advanced Technology Centers workshop on Friday found out how this was possible.

Michael Hoseus, former Toyota manager and current executive director of the Center for Quality People and Organizations Inc. (a Toyota-sponsored nonprofit organization), spoke at a luncheon held Friday at the Goodyear Lake House.

The luncheon was followed by a four-hour seminar at Danville Community College's Regional Center for Advanced Technology and Training.

Hoseus said Toyota plants hire two shifts of workers, scheduled for five days a week. They are trained not only in the technological aspects of their jobs, but in the Toyota mindset that stresses mutual trust between the company and its people.

During full-production periods, when the plant is running 24-7, employees work incredible amounts of overtime — and during slow times, they all know they will still get their paychecks.

"As far as I know, Toyota is the only company that does this," Hoseus said.

Other signs of the company's relationship with its employees is visible on its Georgetown, Ky., plant's Web site, which has news about scholarships awarded to employees' children, along with kudos to staff members with perfect attendance — 14 of whom were just given free cars.

Hoseus said during slow times, all employees work on becoming more efficient, brainstorming ways to out-do their competition (they'll bring in competitors cars and tear them apart, looking for ways to improve their own vehicles), and all become actively involved in seeking ways to save the company money.

At Toyota, Hoseus said, all ideas for improvement are taken seriously, whether those ideas come from assembly-line workers, management or the CEO.

It all comes down to "kaizen," the Japanese word for improvement that has become its own philosophy focused on consistent and constant improvement, he said. In the business world, that means working toward improvements in every area.

Kaizen also means eliminating waste of any kind, often called "lean manufacturing," Hoseus said.

He talked about a time he was managing an area at Toyota, and spent two years making its functions virtually perfect. As a result, one of his team members was transferred to another

project, thereby giving him something to work on again — achieving that same “perfection” with a smaller staff.

Toyota has called the whole process of kaizen and lean manufacturing the Toyota Production System (TPS) for many years, but now it’s referred to as the Thinking Production System.

Finding employees who fit into Toyota’s mindset has been a problem, Hoseus said, and its nonprofit organization was developed to overcome those problems by working with the community and educators to train people to be the kind of employees Toyota wants: flexible people with a teamwork attitude and problem-solving skills.

AN EXERCISE IN MUTUAL GAINS BARGAINING AT MANUSITE

The concept and the case

'Interest-based bargaining

Interest-based bargaining works off some linked premises. The first is that the workplace stakeholders have simultaneously shared, different (asymmetric) and conflicting interests. The second is that, in the larger scheme of things, the parties have more shared than conflicting interests. Thirdly, that process and approach really matters in seeking out the shared interests, trading out the different ones and managing those that conflict. Fourthly and relatedly, that only a shared problem-solving orientation, founded on high levels of information-sharing, trust and respect, can deliver the mutual gain ...

[Here are some] self-evident, yet perhaps impossible-to-achieve propositions. The first is that the formula for great workplaces – workplaces that are highly productive and good places in which to work – is now well known. Great workplaces are founded on strong relations between the key stakeholders, characterised by trust, respect and open communications. The second is that ongoing dialogue between employers, employees and their representatives over integrative issues such as continuous process improvement, work-life reconciliation, work organisation, safety, training, career progression and workplace change is much more important than episodic bargaining over pay and conditions. Value is created in the first process but generally only carved in the latter. Thirdly, the mode of bargaining should support and not undermine the recipe for great workplaces. Fourthly, interest-based (also known as mutual gains or principled) bargaining represents a superior mode of union-management interaction when compared to traditional adversarial bargaining...

The mode of bargaining should support the recipe for great workplace

If indeed the thesis that great workplaces are a function of great relationships is correct, is it possible to quarantine acrimonious phases of adversarial bargaining from a more deep-seated and broader relationship of cooperative engagement? Do the insults and punches thrown on the bargaining field stay there, or do they infect the before and after-parties as well? I would suggest that the evidence shows compelling that not only is it impossible to ring-fence fundamentally antagonistic bargaining behaviour from an assumed broader relationship of cooperation, but that in fact the very dualism itself is not feasible (or, if feasible, then distinctly sub-optimal). A consistent relationship must underpin *all* key employer-employee-union engagement channels ... In short, interest-based bargaining and great workplaces share common foundation stones.¹²

¹² Clive Thompson 'Towards more productive bargaining in the public sector' address to the 5th African Regional Congress of the International Industrial Relations Association, Cape Town, March 2008

Neither the relevant union officials nor the Manusite management had worked with an interest-based (mutual gains) approach to bargaining before. However, having grasped the intent behind the *Smart Workplaces* initiative and having accepted the logic of the arguments reproduced just above, the steering group readily agreed to adopt an unabridged version of interest-based bargaining in tackling their pending negotiations.

Although CoSolve often trains and facilitates in the mutual gains bargaining space, we seldom have the latitude to pursue the whole formula diligently. The resources made available by *Smart Workplaces* meant that more attention could be given to all the indicated steps, and the fact that the negotiating team (the steering group now in different guise) were aware that they were part of a demonstration exercise also increased the group's fidelity to the model.

Bargaining stages (adapted from the Harvard/MIT model)

- (i) Initial contact to ascertain the parties' willingness to work with a particular model
- (ii) Joint training in negotiation skills
- (iii) Education of and communication with the constituencies
- (iv) Bargaining over how to bargain – setting the goals, timetables and protocols
- (v) Bargaining: the opening – signalling and framing
- (vi) Bargaining: the middle game – exploring, testing
- (vii) Bargaining: the end game – focussing, trading, eliminating, agreeing
- (viii) Implementing and maintaining the deal

Preparing for bargaining: joint training

Joint preparatory training in the theory and practice of mutual gains bargaining is indispensable for the process.¹³ While parties have distinct and often conflicting interests, and need to protect these at strategic moments in the bargaining process, the quest to find and maximize shared interests requires a mutuality of understanding and commitment. A training environment allows this to develop. It offers a non-threatening opportunity for people to be challenged and stretched. It provides other benefits as well:

1. *Equality of training* – Different life-histories notwithstanding, with joint training all parties have the sense that they are commencing negotiations more or less

¹³ Hence the structure of the Harvard *Program on Negotiation's* training offering in the labour-management arena (jointly conducted with MIT), *Negotiating Labor Agreements*. See also a leading case study on union-management partnership: Robert McKersie, Susan Eaton, and Thomas Kochan 'Kaiser Permanente: Using Interest-Based Negotiations to Craft a New Collective Bargaining Agreement' *Negotiation Journal* January 2004 at 23 – 24.

equally prepared and without obvious disadvantage. It is an important common base in practice, and an important perception.

2. *Disarming knowledge* – During training, all parties probe the inflections and deceptions of the negotiating dance. They become jointly familiar with behaviours and ploys, and are able to label them. In the later real negotiations, the parties are mutually aware of lapses and reversions to type by any party, and are able to deflate unhelpful conduct by calling it by its name: ‘You and I both know what is going on here ...’. This turns out to be a handy norm-supporting factor. Its effect is also seen when someone sheepishly says ‘I know this sounds positional but ...’ and then is obliged to defend a deviation for the agreed standard on grounds of exception.
3. *Establishing rapport* – The interactive nature of the training means that the participants get to know one another in roles outside of the formal employment ones, and indeed in switched role because of the various simulations. The fuller understanding of the persons in the room is helpful in the later negotiations.
4. *Strengthening the facilitator’s credibility* – It is not uncommon for the trainer to be retained as the later facilitator of the actual negotiations. The facilitator’s value is often a function of all-party credibility, and this is often hard to establish with new parties in the cut-and-thrust of the bargaining process. It is easier to establish trust in the lower stakes teaching environment, and this asset can then be carried over into the facilitator role. Again, and notwithstanding that there are always exceptions to prove the rule, generally speaking students respect teachers, and the trainer who becomes the facilitator often inherits this (minor) bonus.

Joint training of all the negotiators was conducted over two days (31 July – 1 August 2007). The program content comprised an adapted, Australianised version of the Harvard/MIT program *Negotiating Labor Agreements*. The training was well received, and the later conduct in negotiations showed that it was understood as well. It laid the expected foundation for more productive negotiations.

Preparing for bargaining: communicating with and educating the principals and the members

Perhaps the key mantra going into interest-based bargaining is that the negotiators must arrive with a clear understanding of their respective constituencies’ interests (and ideally some appreciation of the other side’s as well), and then also flexible mandates. They need to have and maintain a keen sense of what really matters coupled with the licence to explore if need be uncharted territory in an open-ended, joint-problem solving way. Not on every item, but on as many that lend themselves to this treatment, which is a matter of judgment and negotiating dynamics. This is of course quite different to the traditional start, with parties announcing, advocating and defending stated positions, often in the form of that

dubious Australian contribution to international industrial relations, the ‘ambit’ claim.

The alternative approach clearly requires that the negotiators’ principals, the members and the company board, work with the negotiators in identifying key interests and then equip them with flexible mandates.

This was achieved in part in this case. The union officials communicated the new approach to the members, essentially won their approval for it, elicited interests and earned flexible mandates. The articulation of those employee interests at the start of the bargaining process, however, was not state of the art: many looked like mutton dressed as lamb.¹⁴ But in the event, that unrefined beginning was not an impediment to productive bargaining as no claims were pressed in a hide-bound way.

As noted before, top level union leadership were tolerant rather than championing in their attitude to *Smart Workplaces*. Some causes are best promoted by keeping lower profiles, so CoSolve made a call not to press too hard on high and work with what was uncontroversially available.

The mission to bring Manusite’s principals on board, as events would prove, was less successful. It became apparent that corporate management either did not comprehend the fundamentals of mutual gains bargaining or, if they did, felt that it was not an approach that best served their interests in the final analysis. This top-level reservation did not entail the failure of the mutual gains project; rather it meant that its promise was curtailed, at least for this round.

While in an ideal world one would work at the top to develop an initial understanding and commitment, as outlined earlier this was not possible with corporate leadership nationally under the thrall of *WorkChoices* and displaying general antagonism towards union-inclusive projects. We had to be thankful about finding a local management prepared to give things a go, abide our luck with an acquiescent head office and not overreach matters by trying too much advocacy in the wrong quarters.

The necessary consequence of these constraints was that top players were never in the tent. In contrast, the local parties were inducted through education, training and practice into the virtues of an interest-based model and, in the generally fertile territory that Manusite represented, persuaded. A disconnect between the centre and the local was created, and is still to be overcome.

¹⁴ See Appendix 7

Preparing for bargaining: agreements on approach and protocol

Given the context, the parties had agreed to follow a mutual gains approach very early in the piece, and this commitment was confirmed in the immediate pre-bargaining exchanges.

For the sake of good order, the parties also entered into a protocol on how the bargaining would be conducted. The introductory passages set the tone for the rest of the document:

‘This document is not intended to be legally enforceable, but stands as a shared declaration of intent.

The parties have agreed to conduct negotiations for a union collective agreement at [Manusite] using an interest-based (mutual gains) approach. This means:

- consciously looking for underlying interests and needs in formulating proposals that are intended in due course to be taken up in a new agreement;
- sharing relevant information wherever appropriate;
- trying to avoid fixed positions in the bargaining process;
- looking to accommodate the other parties’ interests and needs wherever this is possible (to achieve a mutual gain);
- looking for options to promote interests, one’s own and the other side’s (and indeed other stakeholders’ as well), and not jumping straight to outcomes that serve one side’s interests only;
- dealing wisely with conflicting interests between the parties;
- taking a longer-term view of things.’

The negotiating dynamics

The negotiators

The negotiating team consisted of around ten members: the site manager, the local HR manager, on occasions the production manager, on occasion an additional manager, two union officials (one from each union), and between three to five union delegates

Interests, claims and the engagement process

As per the script, the process began without a log of claims but with an exchange of documents and motivations of each party’s key interests that were expected to be met or at least recognised in the negotiating process (‘bargaining over how to bargain’ and ‘the opening’). Manusite’s interest statement was as sophisticated as we have seen in interest-based bargaining, and is worth considering in some of its specific terms. This is an extract:

COLLECTIVE AGREEMENT NEGOTIATIONS 2007

Identification of the employer's key interests and concerns in preparation for the *Opening phase* of the negotiations, scheduled for Tuesday 14 August 2007

10 August 2007

Without prejudice and subject to reconsideration

1. Our key driver in the approach to the negotiations will be the objective of delivering superior and sustainable growth; cents per X is an important measure of our overall performance and competitiveness
2. Our values of the business include safety, customer focus, innovation, passion for our success and our brands, team work and integrity
3. It is important for us to operate with high levels of trust and disclosure and in a collaborative environment
4. We will not be driven by current or potential legal frameworks in developing an agreement; we will manage these issues towards the end of negotiations
5. We are seeking an agreement with a longer rather than shorter timeframe so we can get on with running the business and not be distracted from this at regular intervals
6. We need a mix of permanent full time, permanent part time, casual, temporary and seasonal workers to suit the flexible cycle of work
7. Wage increases have to be affordable for the business and attractive enough for the employees
8. Some variable reward for effort (team, individual, business) may be fair for those that provide superior and sustained effort
9. We need to be mindful of significant cost imposts that we have little or no influence over such as our raw materials
10. For those consumables that we have control or influence over, we cannot be wasteful with any of these
11. Provisions in an agreement should be facilitative rather than prescriptive wherever possible to allow flexibility to meet future business drivers
12. There should be flexibility for all appropriately trained staff to be available to meet production demands and customer service but without compromising on quality or safety. Staff need to be appropriately trained to do their duties to a high level of skill and competence
13. We need to recognise that some business decisions are outside of our control, although we may be able to influence others by demonstrating that this site and our team can deliver an efficient product. This will give the best protection for the site
14. If there should be a potential redundancy situation in one part of the business, reasonable alternative duties elsewhere in other parts of the business or in other businesses run by the Company should be explored
15. We need to consider the possibility at least of a move from [the Manusite premises] at the end of the lease period and what this would mean for employees

While the document did go on to list other matters cast in more traditional 'claim' language, the front-runners showed that the management negotiators had a fine appreciation of the interest-based process. Position-taking was largely eschewed, and plenty of room left for creative exchanges in negotiation.

Not everything went to plan. Although the employer and both unions subscribed to item (4) above ('We will not be driven by current or potential legal frameworks in developing an agreement' – the subtext being that the parties would do what was right for the business and its employees, and deal with legal compliance as a matter of house-keeping later), *WorkChoices* left its heavy footprint. The unions' draft agreements, when they emerged, were the usual largely unreadable tomes skewed around the imperfections of layers of Workplace Relations Act (WRA) amendments, which then had to be grafted onto the equally cumbersome predecessor agreements.

The tentatively raised prospect of developing an economical and readable instrument, albeit hedged by provisions and perhaps other documents to make the whole package legally complaint, soon faded. The imagination of both sides was stunted by the burden of the prevailing legislation and labour-political climate. Given the WRA's obvious dysfunctionality where parties are attempting to reconcile the full range of legitimate workplace interests (without artificial limitation) in mutual gains bargaining, the negotiators, through elaborate attention to its warps, showed ironic and unhelpful deference to it. They lacked a critical appreciation of their captive state.

It is of course unfair to expect local negotiators to have the wherewithal to break an entrenched national strait-jacket, and it is not the role of a process facilitator to advocate major substantive changes. This, then, stands as an example of where the absence of involvement and commitment by corporate and union leadership meant that an opportunity to do something pioneering in the cause of the mutual gains endeavour – by striking an agreement in a form that was highly functional rather than WRA-blighted – went begging.

The state secretary of one of the unions made a single appearance at the negotiations to insist that underneath his unions' interest statements nestled a traditional log of claims, duly tendered to the other side. Not to be outdone, the corporate office of Manusite drew on the strictures of *WorkChoices* – even once it was clear that the statute was moribund given the change in government – in refusing to confirm pre-existing rights of access and the like in a separate exchange of letters. Up until that point, which was in March 2008, the local negotiators were working on the understanding that the excesses of *WorkChoices* would be circumvented through what in many quarters have become standard and sensible alternative means.

These defensive and essentially myopic gestures have had only a peripheral effect on the state of actual relationships on the ground,¹⁵ but they are symptomatic of a trust

¹⁵ The union state secretary's log of claims was filed away and played no further part in the negotiating dynamic. The log was redundant in a high-trust environment. The company's churlishness in recording access practices should have no practical impact either – access is not an issue at Manusite. It is readily granted by management, and not abused by the unions, again because of the good working relationships on site. No doubt the leadership of both organisations would defend their

deficit that has still to be closed. Unless and until the leadership understand and accept that trust is indeed the signature of great workplace, the local journey will continue to be hampered.

The composite list of the three parties' interests and claims that arose from the initial exchange (see Appendix 7) reveals a blend of old and new forms of engagement. Interestingly, the employer's contribution suggests a better appreciation and uptake of the mutual gains scheme of things.

Prosecuting the negotiations ('exploring, testing')

The negotiating exchanges represented a mix of standard and interest-based forms, with the latter colouring the overall mood ('exploring, testing'). Important topics such as training and flexible working arrangements were explored in a relatively problem-solving way. The qualifier 'relatively' has been added because the negotiators have more work to do here if they are to reap the full-benefit that comes from the free-flowing and non-judgmental generation of options and brainstorming. It is no easy thing for parties to break away from old patterns of defending self-interest in exploring an issue. But, without wanting to patronise and viewed in comparative perspective, their performance for a first encounter with a new way of doing things was very encouraging.

If the parties elect to adopt the same approach to bargaining in the next round, their challenge will be to build on their 2007-8 experience.

As is often the case, even in mutual gains mode, the negotiations over money were pursued in a tighter frame.

It was agreed that an overhanging issue from the last agreement, the classification of engineers and their due pay rewards, should be taken out of the main negotiations and managed in a separate discussion with the aid of another CoSolve facilitator.

Sorting out some unfinished business

In the previous collective agreement the parties had committed to reviewing the skills and knowledge required and applied at Manusite in respect of engineering staff, with a view to reclassifying employees where appropriate.

The Manufacturing, Engineering and Related Services Industry Training Advisory Body's guidelines for implementing the National Metal and Engineering Industry Competency Standards are the key resource for employers, employees and their unions to tackle this exercise. There is a degree of expertise required in the conduct of the exercise and whilst the parties at Manusite had recognised this and concluded

respective stances as merely prudent risk management. They do not appreciate that their actions are received as votes of no-confidence in the people on the ground – the very people responsible for the production of goods and services.

than an external resource was required to assist them, they could not agree where that assistance should come from. The employer's consultant of choice was retained in the first instance, but employee misgivings over the suspected outcomes meant that the process stalled and then failed to get going again.

In the context of the mutual gains objectives, the employer did some reconnaissance work and thereafter the parties agreed to the engagement of MISTAS (Manufacturing Industry Skills Training & Assessment Services), an AMWU-owned enterprise, to support a committee comprised of management and employee/union members charged with progressing the reclassifications. After a facilitated meeting on 13 September 2007, the process was put back on track and the reclassification exercise completed. In due course, this saw an increase of some 12 per cent being given to engineers as part of a market adjustment (apart from the negotiated 5 per cent increment for all employees – see below).

The negotiations were conducted in a very positive spirit throughout, irrespective of the amenability or toughness of the subject matter. From CoSolve's comparative facilitating perspective, the negotiation process at Manusite can fairly be categorised as one of the best.

As will appear from what follows below, the middle game of exploring and problem-solving proceeded well at first, but the mood was dampened when a key substantive area was removed from the table by management.

While taking up some time, the 'focussing, trading, eliminating, agreeing' stage proceeded fairly smoothly, although the content fell short of the parties' expectations as they had been developing during the course of negotiations.

Content of the Agreement¹⁶

As touched on above, there was not the appetite amongst the parties to produce a new form of agreement, and so the contours of the Agreements (each union ended up with its own mirror image) that did emerge were conventional in character.

Standard subject matter was canvassed in the negotiations, but the *Smart Workplaces* context saw three more special areas of discussion open up:

1. The introduction of mutual gains language
2. The introduction of a consultative committee with a mutual gains orientation
3. Gain-sharing

Each of these will be discussed briefly in turn

¹⁶ The full agreements are reproduced in Appendix 8

The introduction of mutual gains language

Collective agreements of all stripes are replete with fine preambles, but practitioners and parties know that deeds speak louder than words. None the less, words are a form of commitment and the parties have signalled in their new agreements that they intend to relate to one another in more cooperative terms. Manusite Agreements' stated objectives were expanded in the course of the *Smart Workplaces* dialogue. An extract:

'The aim of this agreement is to make [Manusite] a more successful company and a better and more rewarding place in which to work. The parties intend to promote these objectives by:

- a) Fostering good working relationships between management and employees, and between all employees
- b) Building good relations between management and invited unions representing employees at [Manusite]; namely the NUW
- c) Improving the competitiveness of the company's ... operations through better customer service and satisfaction, product quality, productivity and cost consciousness
- d) Understanding and conforming to the requirements of our internal and external customers and delivery of defect free services and products at all times;
- e) Introducing more flexible work practices to achieve more efficient use of time, materials and equipment and consistent with good work-life integration
- f) Making work interesting and rewarding
- g) Looking to protect employment security
- h) Offering training and career-improvement paths for employees
- i) Upgrading the skills of all employees to enable a devolution of responsibilities and greater involvement of personnel in the day-to-day organisation, based on the introduction of a team based organisational structure, with commensurate payments
- j) Structured training and education so as to provide a continuum of learning, thus providing the basis for constant adaptation and improvement;
- k) Examining mutual gains sharing with appropriate reward and recognition for employee effort
- l) The maintenance of externally accredited quality systems, e.g. ISO9002 and HACCP;
- m) Constantly seeking improvements in safety, quality and the work environment so that continuous improvement becomes an integral part of the company's culture;
- n) The establishment of clearly defined key performance indicators, at a company- wide level, site level and team level, as a tool to assist in the tracking, monitoring, analysing and focusing of performance in key result areas.

The introduction of a consultative committee with a mutual gains orientation

Consultative committees are not uncommon institutions in workplaces but, as it happened, Manusite did not have one. Having been provoked by *Smart Workplaces* into taking on broader goals, the parties decided it made sense to have a standing

body to advance them. A Joint Consultative Committee (JCC) was accordingly provided for in the Agreements. The JCC charter – captured in the Agreements – aims to line up several objectives:

1. Promoting respect, appreciation, cooperation and a problem-solving.
2. Providing opportunities for employee contribution to the business
3. Operating in a nimble and efficient way (something probably alien to the experience of most Australian consultative committees)
4. Relationships of equity but also robustness

The constitution frames matters in the following terms:

‘The main goal of the Committee is to make the ... operation ... a great place in which to work: a really successful business delivering good product efficiently and where people treat one another with respect and appreciation, where employees are given plenty of opportunity to contribute, where that contribution is recognised and rewarded, and where everyone gets a fair deal.

The Committee’s specific objective and the rules governing its operation are set out below. However, more important than the rules is the need to develop shared understandings that –

- good communication and consultation between the company, its employees and their representatives on all matters of key mutual interest are vital if a great workplace is to be created and sustained;
- consultation must be efficient and nimble with a strong focus on effective and timely decision-making and a minimum of formality;
- Committee members must develop a strong problem-solving ethos, and avoid a blaming mentality when dealing with issues;
- not all matters end in consensus outcomes; while promoting co-operation the Committee must be strong and resilient enough to weather disagreements as well.’

In this particular case, the JCC was also charged with taking up matters raised in the collective agreement negotiations but left unresolved:

‘investigating gain sharing; management of absenteeism; rosters and flexible working arrangements to meet peak demand and efficiency; on-going productivity improvements in such things as waste, filling yields, water/power usage and machine set-up times.’

The reason why this rather specific role was left for the JCC will become apparent just below.

Gain-sharing

As one might expect, the feature of gain-sharing fits comfortably and perhaps even logically with the notion of a mutual gains enterprise. At Manusite, the business process improvement projects had run their course and their impressive results were plain to see by the time bargaining was seriously underway. All concerned were very

encouraged at the efficiency gains, and both the project teams and the negotiating teams began contemplating how to institutionalise the success as an on-going joint benefit. At the same time, there was some apprehension in employee ranks that too much efficiency might raise the spectre of redundancies.

It was clear that the key to sustaining interest and engagement in the intended roll-out of further business process improvement projects was to provide for mutuality: productivity improvement and cost savings for the employer, reward and recognition for the employees. In the process the parties began to produce formulas to match up these interests. Prompted by leads from local management, the unions suggested the following set of provisions:

‘PRODUCTIVITY / PERFORMANCE BASED INCENTIVES

The company commits to introducing an incentive scheme based on quantifiable improvements to performance and productivity ("the scheme"), for all employees covered by this agreement. The implementation of this scheme is contingent upon:

- (i) The scheme being self-funded, and relating explicitly to gains generated through work practices, procedures and innovation.
- (ii) The form and structure of the scheme will be determined by the Company after consultation with the employees(s) and, by invitation, their elected representatives; and
- (iii) The objective of instituting the scheme will be to provide an "at risk" additional wage benefit to the employees at no detriment to wage rates specified in Clause X above; and
- (iv) Any additional wage benefit to the employees from the scheme including in its formation and introduction will not constitute any part of the ordinary time earnings at any time and will not be included for the purposes of calculating entitlements in respect of annual leave loadings, superannuation, long service leave or any other entitlements as an employee; and
- (v) The Company may revise the form and structure of the scheme after consultation with the employees and by invitation, their elected representatives.’

Notable about this union proposal was the wide control vested in the employer. The local management’s counterpart proposal was largely the same, but with still more discretion over the introduction. This was strong consensus between all members of the negotiating teams that some or other variation of gain-sharing was vital if the business were to continue along the ‘good to great’ road (or perhaps more modestly, ‘okay to good’).

At the same time, quite apart from the business process improvement projects, local management argued that that for wider business gains to be made additional flexibilities in the work arrangements should be made. Specific roster proposals were made in this regard. Furthermore, the business would do better, it was suggested, if the parties made a concerted effort to manage costly levels of absenteeism more successfully.

Management tied willingness by the unions to engage constructively on these issues and business process improvement with any possible introduction of a gain-sharing arrangement. The unions were up to the debate, and substantive discussions began.

The message filtering back from the head office, however, was that the company was not persuaded on the merits of the particular gain-sharing formulas on the table. This created difficulties at several levels. In process terms, head office's response to a common proposal generated by the negotiators was always going to be seen as a measure of the former's trust in the bargaining competence and general judgement of not only the local management negotiators but of the whole negotiating group. In principle, what autonomy was the organisational centre prepared to give to the output of local actors engaged in collaborative problem-solving? Secondly, in substantive terms, gain-sharing represented the confluence of both *Smart Workplaces'* elements at Manusite – it was the cement both for the implementation of a mutual gains bargaining agreement characterised by open-ended commitments, and for continuing business process improvement. The strongly developing cooperative momentum under facilitated bargaining and process improvement was plainly at stake here.

Given the character of the message and the high stakes, the CoSolve facilitator travelled to the corporate head office on 16 October 2007 for a meeting with the relevant business division head and the group executive responsible for HR. The essence of the case put was that –

- both employee morale and engagement was below par at Manusite (not compared to other sites within the company, which yielded more or less similar engagement survey scores, but to good and great workplaces);
- the process improvement pilot had demonstrated that if employees could be equipped and then motivated to examine their workspace, productivity gains flowed;
- the challenge was to find a formula for the spread and maintenance of gains;
- gain-sharing had the makings of an appropriate solution: the local parties had generated it and would own it;¹⁷ gains would be unlocked which would

¹⁷ See Thomas Kochan and Paul Osterman *The Mutual Gains Enterprise –forging a winning partnership among labor, management and the government* (Harvard Business School Press, 1994) at 74: 'A common finding in both gain-sharing and profit-sharing studies was the importance of having a supportive, collaborative arrangement between labor and management. These plans seem to work only if the labor force is given sufficient access to information to be confident that the system is fair. More important, the plans can accomplish their goals only if workers have sufficient power in the production process or distribution system to make a contribution.' On the general value of gain-sharing and profit-sharing, the authors had the following to say: 'One typical survey of 2,703 workers who were in twelve different profit-sharing plans found that 91 percent were positive about the plan, 51 percent said that it made people work more effectively, and 86 percent said that it was good for the company and the employees. The fact that people were more positive about the plan on dimensions other than work effort suggests that the plan improves the working conditions of the firm. The surveys of employers also produced positive responses with between 73 and 100 percent reporting that the plans were successful. Weitzman and Kruse also reviewed the evidence from their own and other econometric studies of profit sharing. They found that profit or gains sharing had positive impacts on productivity in the sixteen studies examined. Although some of these effects

otherwise stay under key; all that was required to make gains was to give a portion away.

The company remained unconvinced. First, it believed the detail of the provision on the table to be too prescriptive. Second, it had concerns over a lack of adequate baseline data to allow for proper measurement as any scheme proceeded.

Not entirely undeterred, the local negotiators decided to move the lost negotiating and relationship opportunity into the bailiwick of the proposed Joint Consultative Committee. Hence the otherwise over-specific references in its constitution to 'investigating gain sharing; management of absenteeism; rosters and flexible working arrangements to meet peak demand and efficiency; on-going productivity improvements in such things as waste, filling yields, water/power usage and machine set-up times.'

If the JCC in turn is not given latitude to consult meaningfully and productively over these and kindred matters, a fair prediction is that its value will be short-lived.

In the same month that the company was drawing back on the local gainsharing initiative, Jeffrey Pfeffer's piece was published in the *Journal of Economic Perspectives*. He could have been writing about Manusite:

[H]ow people are managed and their job satisfaction and job attitudes are both substantively and statistically significant predictors of a number of dimensions of organizational performance. Comprehensive evidence from studies in numerous industries and countries establishes this point and also helps us identify high-performance management practices. ... ***[I]n spite of the fact that much of what is required to build engaged and successful organizations is at once well known and not always costly to implement, many, maybe most, organizations have failed to take appropriate actions, thereby, in some sense, "leaving money on the table".*** (emphasis added)

'Although the various studies of the effects of human resource practices use somewhat different variables, a consensus has emerged about the elements of a high-commitment or high-performance set of management practices. "High commitment" work arrangements include investment in training to develop skills and knowledge; a regime of mutual commitment and employment security with long-term expectations for the employment relationship; rewards contingent on individual but also group and organizational performance; decision-making structures such as decentralization and self-managed teams that permit trained and motivated employees to actually influence decisions about work; and the sharing of information so that people can understand the business and have the data to make better inferences about what to do and how to do it.'¹⁸

were small and failed to reach statistical significance, they found no studies in which profit-sharing or gains sharing had a negative effect on economic performance." (At 73)

¹⁸ Jeffrey Pfeffer 'Human resources from an organizational behaviour perspective: some paradoxes explained' *Journal of Economic Perspectives* 21(4) (2007) at 115 and 119.

A 2003 study on high performance workplaces in comparative perspective by Ireland's National Centre for Partnership and Performance anticipates Pfeffer's comments on the widespread phenomenon of employer ignorance or disregard of the value of employee involvement:

'Partnership, employee involvement and high performance is still a niche strategy. It is still the case that many organisations are either unaware of its potential, or being aware, simply remain wedded to existing low road, cost-based performance. The UK provides some interesting data.

In a comprehensive review of research in the UK, Robert Taylor illustrates that employee skills and greater opportunity to use those skills makes a very positive impact on organisations (Taylor 2003). However, he notes that there is evidence that employers are choosing not to utilise those skills. For example, in a survey of manufacturing firms, 60% had made no attempt to use employee participation. Taylor questions the level of real commitment among key stakeholders – employers and parts of the government – to high performance and the requisite investment in employees and workplace modernisation.¹⁹

In 2000 the Business Council of Australia put out a rhetorical call:

How can Australian enterprises grasp and create new opportunities emerging from globalisation, technological change and the knowledge economy? How can we create leading, high performance workplaces that are characterised by their creativity, innovation, flexibility and competitiveness? Workplaces where people choose to work and give freely of their energies and feel and sense of personal achievement, satisfaction, individual purpose and security. Where there is synergy between personal missions and work challenges, and organizational achievement. And where the workplace sense of community contributes to overall social cohesion.²⁰

The cry contains its own answers, of course. But as this slice from the Manusite case study demonstrates, recognising and acting on the obvious turns out to be elusive in practice.²¹

Pay

A measured set of discussions with only the occasional raised tone produced a pay deal which all – including the workforce in due course – rated as a fair. In a nutshell,

¹⁹ *Achieving High Performance: Partnership Works – The International Evidence* (Forum on the Workplace of the Future, Research Series No 1 (National Centre for Partnership and Performance, 2003)

²⁰ Business Council of Australia *Managerial Leadership in the Workplace*, 2000

²¹ One of the most striking and repeated observations found in the research on high performance workplaces is that the apparently self-evident is either not comprehended or acted upon: See the extracts from Pfeffer and the Irish study above and Hull & Reid: 'Our list of factors that influence workplace performance emerged from the study that in itself was open ended. Thus while they may have the appearance of being "merely commonsense", they are obviously not, otherwise there would be many more excellent workplaces in Australia' (*Simply the Best Workplaces in Australia* Acirrt Working Paper No 88, December 2003 at 5).

employees received an increase of around 5 percent per annum over three years, with engineers receiving an initial market-related lift-up of some 12 percent.

Retrospectivity

It is common for employers to use the matter of the date of implementation of pay increases as a bargaining lever or pressure point. This kind of tactical measure has little place in interest-based negotiations.²² If the general expectation is that the next increases fall due at the end of the life-span of an agreement, and if the parties are bargaining in good faith, then there is no call to interfere with the settled expectation. This was the case with Manusite. With the period of campaigning for the general election coinciding with the bargaining period, it was always going to be a struggle for distracted union officials to give their full attention to Manusite. The employer gave the assurance that 1 October would remain the implementation date notwithstanding a bargaining overrun, and the assurance was duly respected.

Training

A common understanding was quickly achieved in the negotiations that a greater focus was needed in training, and this priority was reflected in the discussions of the first JCC meeting. While a greater investment in training was also needed, by the negotiation's end it was not apparent that there was a corporate willingness or perhaps capacity to make strides here.

Redundancy and severance pay

The company has shared with the employees in very general terms that the operations at Manusite may move at the termination of its lease of the current site in 2011, and that certain lines may not survive the move, or even until the move.

Against that backdrop, the company was amenable to strengthening at least the financial security of employees by increasing severance pay in the event of redundancy to four weeks leave per year of service, capped at 104 weeks (in addition to notice pay).

Duration of the negotiation process

As already noted, joint training in mutual gains bargaining was conducted over two days (31 July and 1 August). Two weeks later, the parties met to settle their bargaining approaches and protocol.

²² This statement needs some qualification. Economic leverage including industrial action is not excluded from the interest-based bargaining equation, and if the exercise of power is needed to produce outcomes then all pressure points remain in play. But in the normal course tactical positioning is not indicated.

Negotiations proper commenced on 21 – 22 August. The parties initially attempted to compress meeting intervals to assist with the development of negotiating momentum. Facilitated negotiation sessions were accordingly held on 11 -12 September, 19 -20 September, 3 – 4 October and 9 – 10 October. With the union organisers then heavily involved in the federal election campaign, bargaining was put on hold for the better part of a month, although out-of-session communications were maintained. By the last meeting of the year, held on 27 November 2007, a full agreement had effectively been reached although further aspects were nussed out at a meeting after the holidays, on 24 January 2008.

Workplace Relations Act (WRA) compliance issues meant that the Agreements were only finalised around March, and only implemented (with retrospective pay effect) in April in the case of NUW members and even later in the case of AMWU members.

The negotiations effectively ran over some two months, from late August until mid-October and covered some ten days, but the election delayed the reaching of an agreement until December. A combination of end-of-year holidays, the bedding down of detail and WRA conformity quibbles saw money in the hand for employees only very much later.

These extended delays in finalisation and implementation gave rise, understandably, to a strong sense of frustration and disgruntlement amongst employees, something reflected in the final Perception Mapping survey (see below)

Implementation

Implementation of the agreement is a vital part of any agreement-making process, but perhaps especially mutual gains agreements. The JCC has been charged with responsibility for this task. How successfully it acquits itself will depend in large measure on the respect shown to this forum by all the parties.

Communications

Most written communications to the workforce (and union members) were joint in nature, but these were supplemented by face-to-face member report backs. The local management stayed in constant contact with their principals.

THE SECOND SET OF PERCEPTION MAPS

The follow-up *Perception Maps* are one indicator of the impact of *Smart Workplaces*. The relevant maps are reproduced immediately below.



Manusite Comparative Perception Map

























































































































by Business Unit: July 2007 and April 2008















































































































| | | | | | |
|---------------|---------------|-------------|------------|--------------------|-----------|
| Legend | M | E | P | SE | WH |
| | All Employees | Engineering | Production | Salaried Employees | Warehouse |































| Statements | | M | | E | | P | | SE | | WH | |
|-------------------|-------------------------------------------------------------------------------|----------|------|----------|------|----------|------|-----------|------|-----------|------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 1 | My company inspires me every day to do my best work | | | | | | | | | | |
| 2 | My company motivates me to work harder than is normally required to do my job | | | | | | | | | | |
| 3 | If given the chance, I would let others know that working here is great | | | | | | | | | | |
| 4 | I would recommend this company to a friend who is looking for a job | | | | | | | | | | |
| 5 | I don't often think about resigning from this company to work elsewhere | | | | | | | | | | |
| 6 | It would take quite a bit for me to want to leave this company | | | | | | | | | | |

| Statements | | M | | E | | P | | SE | | WH | |
|------------|----------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 7 | I know what is expected of me in my work role | | | | | | | | | | |
| 8 | I get the support I need from my immediate manager(s) to do my job competently | | | | | | | | | | |
| 9 | I am able to get on and do my job - I don't feel over-supervised | | | | | | | | | | |
| 10 | Management generally trusts employees to make decisions and then act on them where appropriate | | | | | | | | | | |
| 11 | Employees work with one another effectively and co-operatively across business divisions to get the job done | | | | | | | | | | |
| 12 | My immediate managers are competent in what they do | | | | | | | | | | |
| 13 | I respect my immediate manager(s) | | | | | | | | | | |
| 14 | My immediate managers treat me with respect | | | | | | | | | | |
| 15 | Generally speaking, my co-employees in other parts of the business with whom I interact treat me with respect | | | | | | | | | | |
| 16 | My immediate manager(s) keep me reasonably well-informed about changes and developments within my work area that might affect me | | | | | | | | | | |
| 17 | The company keeps me reasonably well-informed about challenges, changes and developments at the site overall | | | | | | | | | | |
| 18 | I have a good understanding of the vision and values of the company | | | | | | | | | | |

| Statements | | M | | E | | P | | SE | | WH | |
|------------|------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 19 | The culture of the company is consistent, and standards are consistently applied regardless of where you work | | | | | | | | | | |
| 20 | In making their business decisions, management listens to what employees have to say and takes their views into account | | | | | | | | | | |
| 21 | There are proper opportunities at work for me and my fellow employees to contribute our own ideas on how to make the business run better | | | | | | | | | | |
| 22 | Our improvement ideas are genuinely considered by management | | | | | | | | | | |
| 23 | Generally speaking, there is good teamwork in my work area | | | | | | | | | | |
| 24 | Everyone pulls their weight in my work area and puts in extra effort wherever this is required | | | | | | | | | | |
| 25 | There are few if any work practices in my area of the business that I would call inflexible | | | | | | | | | | |
| 26 | We are working pretty much as efficiently as we possibly can | | | | | | | | | | |
| 27 | Our pay and conditions of service are reasonable | | | | | | | | | | |
| 28 | The company does not place unreasonable demands on employees when it comes to work performance | | | | | | | | | | |
| 29 | I work in an environment where I feel physically safe and comfortable | | | | | | | | | | |
| 30 | Employees expect the business to be viable over at least the next several years, and to have a job with the company if they want one | | | | | | | | | | |

| Statements | | M | | E | | P | | SE | | WH | |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 31 | I have the training I need to do my job well |  |  |  |  |  |  |  |  |  |  |
| 32 | I have access to the training opportunities I need to develop my skills and contribute further to the success of the company |  |  |  |  |  |  |  |  |  |  |
| 33 | The company is making the investment in training it needs to keep the workforce on top of its game |  |  |  |  |  |  |  |  |  |  |
| 34 | Generally speaking, I would say employee morale is high within my work area |  |  |  |  |  |  |  |  |  |  |
| 35 | I would say employee morale is high within the site as a whole |  |  |  |  |  |  |  |  |  |  |
| 36 | Individual and direct employer-employee relations are better these days than they were a few years ago |  |  |  |  |  |  |  |  |  |  |
| 37 | I think that management respects the role of unions in the workplace |  |  |  |  |  |  |  |  |  |  |
| 38 | From what I know, top management and the union leadership are very professional in their dealings with one other |  |  |  |  |  |  |  |  |  |  |
| 39 | I think there is a good trust relationship between top management and union leadership |  |  |  |  |  |  |  |  |  |  |
| 40 | Management and the unions have a generally co-operative relationship with one another |  |  |  |  |  |  |  |  |  |  |
| 41 | As far as I know, bargaining for the 2008 enterprise agreements (now called Union Collective Agreements) was carried out in a constructive and productive way |  |  |  |  |  |  |  |  |  |  |
| 42 | The agreements reached in this last round of enterprise bargaining - or my own last individual contract - gave me a fair deal |  |  |  |  |  |  |  |  |  |  |

| Statements | | M | | E | | P | | SE | | WH | |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 43 | Bargaining at the company for these latest collective agreements was commenced and finished in a reasonably time-efficient way (disregarding the formal screening and lodging requirements under the Work Choices legislation) |  |  |  |  |  |  |  |  |  |  |
| 44 | As far as I am aware, collective bargaining this time round was carried out in a way that strengthened rather than damaged working relationships between the company and union negotiators |  |  |  |  |  |  |  |  |  |  |
| 45 | My expectation is that the deals now struck in the collective agreements will be implemented in practice |  |  |  |  |  |  |  |  |  |  |
| 46 | As far as I am aware, outside of the collective bargaining process, there is a reasonable level of ongoing consultation on key issues between top management and the union leadership |  |  |  |  |  |  |  |  |  |  |
| 47 | Management is doing a reasonable job of trying to balance the interests of the company and its shareholders on the one hand and the interests of employees on the other |  |  |  |  |  |  |  |  |  |  |
| 48 | The unions as a whole are doing a good job of looking after the best interests of their members and employees generally |  |  |  |  |  |  |  |  |  |  |
| 49 | My union is doing a good job of looking after my best interests and those of my fellow members in dealings with management (please give a neutral answer - 4 - if you don't belong to a union) |  |  |  |  |  |  |  |  |  |  |
| 50 | All things considered, top management at the site is doing a reasonable job |  |  |  |  |  |  |  |  |  |  |
| 51 | Middle management at the site is doing a reasonable job |  |  |  |  |  |  |  |  |  |  |
| 52 | Management-union relations are better these days than they were a few years ago |  |  |  |  |  |  |  |  |  |  |
| 53 | The current state of industrial relations will help to make the site a successful and viable company into the future |  |  |  |  |  |  |  |  |  |  |

| Statements | | M | | E | | P | | SE | | WH | |
|------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| | | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 |
| 54 | Employees have the facilities, systems and equipment they need to do the job |  |  |  |  |  |  |  |  |  |  |
| 55 | Performance issues are fairly and effectively managed in the workplace |  |  |  |  |  |  |  |  |  |  |
| 56 | Disciplinary issues are fairly and effectively managed in the workplace |  |  |  |  |  |  |  |  |  |  |



Manusite

Statistically Significant Employee Perception Shifts

July 2007 and April 2008

| Statements | Rankings and Shifts | | |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------|------|--------|
| | 2007 | 2008 | Shifts |
| I know what is expected of me in my work role | 1 | 1 | |
| I am able to get on and do my job -I don't feel over-supervised | 2 | 2 | |
| I work in an environment where I feel physically safe and comfortable | 3 | 5 | |
| I respect my immediate manager(s) | 4 | 3 | |
| Generally speaking, my co-employees in other parts of the business with whom I interact treat me with respect | 5 | 8 | |
| My immediate managers treat me with respect | 6 | 6 | +ve |
| Generally speaking, there is good teamwork in my work area | 7 | 4 | +ve |
| Management generally trusts employees to make decisions and then act on them where appropriate | 8 | 10 | |
| I have a good understanding of the vision and values of the company | 9 | 9 | |
| The company keeps me reasonably well-informed about challenges, changes and developments at the site overall | 10 | 16 | |
| Employees expect the business to be viable over at least the next several years, and to have a job with the company if they want one | 11 | 21 | |
| From what I know, top management and the union leadership are very professional in their dealings with one other | 12 | 14 | |

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|------------|
| I have the training I need to do my job well | 13 | 7 | +ve |
| I think that management respects the role of unions in the workplace | 14 | 12 | |
| I would recommend this company to a friend who is looking for a job | 15 | 26 | |
| We are working pretty much as efficiently as we possibly can | 16 | 15 | |
| All things considered, top management at the site is doing a reasonable job | 17 | 23 | |
| My immediate managers are competent in what they do | 18 | 11 | |
| My immediate manager(s) keep me reasonably well-informed about changes and developments within my work area that might affect me | 19 | 13 | |
| I get the support I need from my immediate manager(s) to do my job competently | 20 | 20 | |
| The culture of the company is consistent, and standards are consistently applied regardless of where you work | 21 | 29 | |
| Employees work with one another effectively and co-operatively across business divisions to get the job done | 22 | 19 | |
| I think there is a good trust relationship between top management and union leadership | 23 | 22 | |
| Management and the unions have a generally co-operative relationship with one another | 24 | 17 | |
| My union is doing a good job of looking after my best interests and those of my fellow members in dealings with management (please give a neutral answer - 4 - if you don't belong to a union) | 25 | 32 | |
| If given the chance, I would let others know that working here is great | 26 | 37 | |
| Everyone pulls their weight in my work area and puts in extra effort wherever this is required | 27 | 18 | |

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|--|
| My company inspires me every day to do my best work | 28 | 36 | |
| There are few if any work practices in my area of the business that I would call inflexible | 29 | 24 | |
| The unions as a whole are doing a good job of looking after the best interests of their members and employees generally | 30 | 25 | |
| The company does not place unreasonable demands on employees when it comes to work performance | 31 | 33 | |
| Middle management at the site is doing a reasonable job | 32 | 28 | |
| As far as I am aware, collective bargaining this time round was carried out in a way that strengthened rather than damaged working relationships between the company and union negotiators | 33 | 46 | |
| As far as I know, bargaining for the 2008 enterprise agreements (now called Union Collective Agreements) was carried out in a constructive and productive way | 34 | 40 | |
| Management-union relations are better these days than they were a few years ago | 35 | 30 | |
| My expectation is that the deals now struck in the collective agreements will be implemented in practice | 36 | 27 | |
| Disciplinary issues are fairly and effectively managed in the workplace | 37 | 38 | |
| There are proper opportunities at work for me and my fellow employees to contribute our own ideas on how to make the business run better | 38 | 41 | |
| Our improvement ideas are genuinely considered by management | 39 | 43 | |
| As far as I am aware, outside of the collective bargaining process, there is a reasonable level of ongoing consultation on key issues between top management and the union leadership | 40 | 39 | |
| Management is doing a reasonable job of trying to balance the interests of the company and its shareholders on the one hand and the interests of employees on the other | 41 | 34 | |
| Employees have the facilities, systems and equipment they need to do the job | 42 | 31 | |

| | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|-----|
| My company motivates me to work harder than is normally required to do my job | 43 | 47 | |
| In making their business decisions, management listens to what employees have to say and takes their views into account | 44 | 51 | |
| Bargaining at the company for these latest collective agreements was commenced and finished in a reasonably time-efficient way (disregarding the formal screening and lodging requirements under the Work Choices legislation) | 45 | 56 | -ve |
| Individual and direct employer-employee relations are better these days than they were a few years ago | 46 | 48 | |
| Performance issues are fairly and effectively managed in the workplace | 47 | 44 | |
| I have access to the training opportunities I need to develop my skills and contribute further to the success of the company | 48 | 35 | +ve |
| The current state of industrial relations will help to make the site a successful and viable company into the future | 49 | 42 | |
| I don't often think about resigning from this company to work elsewhere | 50 | 52 | |
| It would take quite a bit for me to want to leave this company | 51 | 54 | |
| The agreements reached in this last round of enterprise bargaining - or my own last individual contract - gave me a fair deal | 52 | 45 | |
| The company is making the investment in training it needs to keep the workforce on top of its game | 53 | 50 | |
| Generally speaking, I would say employee morale is high within my work area | 54 | 53 | |
| I would say employee morale is high within the site as a whole | 55 | 55 | |
| Our pay and conditions of service are reasonable | 56 | 49 | +ve |

Discussion of the Perception Maps

Report by Grant Donovan PhD, Managing Partner, Perception Mapping Pty Ltd:

Manusite Perception Map

Results Summary – 2007 and 2008 Trend Comparison

Introduction

Comparative Perception Maps are designed to explore shifts in a group's perceptions and general mood over a given period of time, often after a specific intervention strategy has been executed. PM uses a proprietary, three-step statistical process to determine statistically significant perception shifts and a pattern analysis to determine any discernible shifts in the overall mood of a group.

The following diagnostic report discusses both the statistically significant and non-significant shifts reported in the **Directional Trend of Perception Shifts in Work Groups - July 2007 to April 2008**.

Diagnostic Report

Overall, the directional trend in employee perceptions, related to the company culture and the bargaining process for the latest collective agreements, indicates a slightly positive improvement but not a statistically significant shift.

This identification of a slight positive shift in employee perceptions is specifically highlighted by the fact that five of the 56 items measured in the survey produced statistically significant positive shifts, while only one item, relating to the time efficient completion of the latest bargaining agreement, produced a significantly negative shift.

The remaining 50 questions answered by employees produced no significant shifts but the visual pattern shown in the **Directional Trend of Perception Shifts in Work Groups - July 2007 to April 2008** document clearly demonstrates a positive mood shift for Production Workers and Salaried Employees, while the Engineering and Warehouse patterns indicate no mood swing.

More critically, the combined employee result produced significantly improved perceptions related to managers treating employees with respect (except Engineering), improved teamwork amongst co-workers, better training and training opportunities, plus a more positive perception of employee pay and conditions.

Based on previous mapping with other organisations, the positive results achieved in the areas of management relations, reward satisfaction, teamwork and training generally indicate the work culture is trending in a positive direction. This, combined with positive management perceptions, should provide Manusite with an excellent opportunity to capitalise on the slight positive shift by planning and executing their next improvement strategy sooner rather than later.

PM's research indicates that organisations which fail to capitalise on the momentum of a positive mood swing, by instituting new improvement initiatives quickly, more often than not find the mood of their employees gradually slips backwards.

As noted just above, the *Perception Map* surveys show a small positive shift in perceptions of employees over the *Smart Workplaces* pilot period.

A focus group discussion with members of the new Joint Consultative Committee at Manusite rendered the following explanations for the modesty:

- The effect of the corporate rebuff on the negotiating group's joint proposals on gain-sharing, and its linked and negative impact on those involved in business process improvement.
- The negativity amongst the engineering staff was attributed to the fact that they had still not received their 17 percent increases at the time the second survey was done, and because they represent a small, vocal and hard-to-please group. Their negotiating delegate – perhaps the most articulate and engaged of all the delegates – agreed that the engineers' negative response to statement 41 ('As far as I know, bargaining for the 2008 enterprise agreements [now called Union Collective Agreements] was carried out in a constructive and productive way') was simply an inaccurate commentary on the true state of affairs.
- The negativity amongst the small warehouse staff complement was attributed to dissatisfaction with their supervisor (a factor that appeared to cloud their entire sense of well-being), as well as reaction to heightened volume pressures.
- There was an undercurrent of insecurity over jobs in the light of uncertainty over the future of particular production lines and the possible translocation of operations at the end of the site's lease in 2011.

Significantly, the mood of the JCC as at May 2008 – made up of a blend of old and new leadership – was strongly upbeat, both in their evaluation of the entire *Smart Workplace's* project and the prospects for going forward. There was genuine surprise at the modesty of *Perception Mapping* outcomes. A CoSolve view is that if the JCC is given due room to carry out its role, a *Perception Map* in six months' time would reveal a distinctly improved picture.

OVERALL EVALUATION AT MANUSITE

'I thought the whole process of engagement was brilliant. The best thing was the opportunity to see things from both sides' – Union delegate

'Our union does not normally engage in hand-holding, but this mutual gains process worked well and the outcome was pleasing' – Union official

'Several months after the formal negotiations have concluded, there is still a firm sense of respect, tolerance and understanding amongst the parties who made up the original negotiating team – this enduring relationship is one of the key cornerstones to the success of the Smart Workplaces initiative' – HR manager

'The bargaining process was professionally conducted, and the mutual gain we achieved would not have happened without the assistance of Smart Workplaces. The [business process improvement] projects were a great success' – Site manager

For reasons canvassed above,²³ Manusite represented a suitable candidate for a *Smart Workplaces* project, elements of corporate ambivalence notwithstanding.

What were the overall results, and how ought they to be evaluated? A recap of the project milestones may help to set the scene for answering this question:

- **May 2007:** Introductory and planning discussions with the key players; communications with employees
- **June 2007:** Leadership agreement on the project plan; communications with employees
- **9 – 11 July 2007:** First *Perception Mapping* surveys undertaken
- **19 -20 July:** *Winning Workplaces* – relationship review and employee engagement workshop
- **25 July 2007:** Generic training in problem-solving skills for process improvement team members
- **31 July – 1 August:** Training for bargaining
- **August 2008:** Applied training for business process improvement projects; bargaining planning meeting
- **September – October 2007:** Ten day of negotiations; follow-through on process improvement projects
- **November 2007:** Federal election campaign
- **December 2007:** In principle consensus on content of next collective agreements
- **January 2008:** Details of Agreements finalised
- **February – March 2008:** Dealing with Agreement compliance issues
- **April – May 2008:** Implementation of Agreements, including backdating; launch meeting of the Joint Consultative Committee

The sources for evaluation are the following:

- Comparison of the *Perception Mapping* results
- CoSolve's running observations and notes of all the relevant processes
- Personal interviews with leading figures (site manager, HR manager, union official)
- Focus group debrief with the members of the Joint Consultative Committee (who included most of the lead negotiators)
- Content of the negotiated collective agreements
- Results of the business process improvement projects

²³ See XX

The bargaining process

This has already been analysed above. It is fair to say that it was a qualified success in terms of the *Smart Workplaces'* objectives. Employer-employee-union cooperation was adopted as basis for interaction and this had a clearly beneficial impact on both relationships and outcomes. The process was more protracted than desirable, but this was essentially due to extraneous factors.

The business process improvement projects

The projects were a remarkable demonstration of the value of employer-employee-union cooperation in action. However, the pilot also revealed the challenges associated with attempts to spread and sustain such projects

Overall employee engagement

A modest improvement was seen over the lifespan of *Smart Workplaces*, but there are encouraging signs that a sound basis has been created for a firm improvement in the future.

Resources

It became clear over the lifespan of the project that it was a resource-commanding intervention, requiring resources to be freed up if it was to be done well.

Commitment

If one factor can be isolated as the major inhibitor for demonstrating the proposition that cooperative approaches are good for businesses and employees, then it was this: a lack of understanding and commitment at the top level of the stakeholder organisations. That itself is a commentary on the general labour-political milieu, entrenched over years and difficult to displace,

Quo vadis Manusite?

From a case study point of view, it will be of interest to see what sought of durability the modest changes wrought by *Smart Workplaces* will enjoy at Manusite. There is a basis for further improvement in cooperative relations and better business outcomes, but probably only if the union and corporate leadership sees this as a valid – and desirable – link, and if the JCC takes up its mandate in earnest (and is given the licence to do so).

Restructuring would appear to lie ahead for Manusite, so the recipe for building and maintaining good relations between the employer, its employees and their representatives is likely to be sorely tested.

PILOT SITE No 2: AN AGED CARE ORGANISATION

PROFILE OF THE COMPANY

The aged care organisation concerned is a large one, with around 9,800 employees at over 150 residential, community and respite centres across Queensland. It has some 60 residential facilities, many of which offer a combination of high and low care services.

For clarity, ease of reference and again anonymity purposes, the organisation will be referred to as Careorg and the facilities the subject of the workplace project Caresite 1 and Caresite 2.²⁴

Careorg is owned by a religious organisation and is structured with a head office providing overall direction and support, regional management to provide support to clusters of facilities and services and facility or service specific management directing the day to day activities of employees. Most employees are eligible to be members of the Queensland Nurses Union (QNU), the Australian Workers Union (AWU) or the Liquor, Hospitality and Miscellaneous Workers Union (LHMU). The union which featured in this case study, the QNU, has a little over half the nursing staff as its members.

Careorg is regarded as a sector leader with respect to pay and conditions of work.

ENGAGEMENT OF THE STAKEHOLDERS IN THE SMART WORKPLACES PROJECT

As with Manusite, the consent and cooperation of the parties was essential for the launch, continuation and completion of the project. Our success in this regard was mixed: a strong beginning, a chequered middle and a split end.

In the latter half of 2006 Careorg approached CoSolve in regard to possible assistance with training in mutual gains bargaining skills in 2007. This first overture was made by the then Industrial Relations Officer of the organisation, a firm proponent of cooperative workplace relations.

In March 2007, at a stage when a second manufacturing candidate for *Smart Workplaces* was proving hard to find, CoSolve suggested to Careorg (after having received clearance from DEIR) that it might wish to feature as the second pilot site. The QNU, an organisation conversant with the mutual gains approach readily agreed.

²⁴ *Postscript:* Having had an opportunity to read and comment on the original report, the organisation concerned provided permission for the disclosure of its identity. 'Careorg' is Queensland's largest private sector aged care provider, Blue Care. The QNU was equally comfortable with the release of the report as first compiled. We are grateful to the parties for their robustness in allowing a candid and often critical report to see the light of day in its original form.

After considerable conferencing, the parties settled the terms of the *Smart Workplaces* engagement on 1 May 2007.

The auspices for a *Smart Workplaces*-type assignment looked good: the sector was involved in the delivery of a community service rather than profit (albeit hedged by telling financial constraints), the employer was a mission-based one and the union had a track record of working successfully with a cooperative model of workplace relations in other employment settings. Relations between the employer and union were sound. While some diffidence on the part of the then HR director about the project's premises was apparent, that diffidence changed to firm support as things got underway. Our understanding was that the Executive Director of Careorg supported the whole notion (although at no stage was CoSolve invited to meet with the individual concerned).

On the face of it, it was hard to think of a more propitious environment to pilot some advances in cooperative employer-employee-union relations.

None the less, there were also obvious challenges in that same environment. The demand for aged care services is escalating strongly in step with the changing national demographics (particularly with respect to the high care needs of an ageing population), the supply of skilled nursing staff is limited, the work itself is taxing and the government funding model is distinctly parsimonious. These stressors were always going to exact a toll on the ambitions of *Smart Workplaces*.

We also faced some more immediate hurdles. By twist of fate, interpersonal workplaces issues saw the exit from the organisation of the project's most enthusiastic supporter, the IR Officer, even before things were underway. To compound matters, three months into the project the HR Director also left the organisation quite suddenly as part of an organisational restructure.

Carriage of the project then devolved onto the Director of Organisational Development, someone with limited IR experience who none the less came with fresh ideas, a good sense of humour, a determination to pick up the cudgels and a well-qualified support team.

THE SCOPE OF THE ASSIGNMENT AT CAREORG

The *Smart Workplaces* endeavour at Careorg was not explicitly conceived as a pathway to a deeper engagement between the employer and the union. The intent was more limited: to have a more productive next set of collective agreement negotiations and then also to tackle a worthwhile workplace change project in a collaborative spirit.

In respect of both the collective agreement negotiations and the workplace change project the focus was on the employer-QNU relationship. This was the case mainly because the employer-QNU collective agreement came up for renewal first (at the

end of 2007) and because both these parties had particular and pressing but not necessarily shared objectives in relation to work process improvement. In due course it was agreed that the work process improvement component would be conducted at two high-care facilities, one metropolitan, in Brisbane (Caresite 1) and the other regional (Caresite 2).

THE STATE OF PRE-EXISTING RELATIONSHIPS AND PRACTICES REFERENCED AGAINST THE *SMART WORKPLACES* OBJECTIVES

Employer-employee-union relationships

The employer is self-evidently dedicated in the execution of its mission of care. That dedication is matched by its nursing staff, who have a deep concern over the welfare of the residents. For all of that, and mainly as a result of the constrained conditions in the sector, employer-employee relations can be quite charged from establishment to establishment.

Even though Careorg is a pay leader in aged care, the overall state of employment conditions in the sector means that it has problems with staff attraction and, especially, retention. That itself is an indicator of the employees' sense of job satisfaction. Annual turnover rates of nursing staff are in the order of twenty percent, and managers of residential facilities reveal quite staggering turnover rates of over forty percent. According to self-reporting by employees, union officials and some management members, the chronic staff shortage has had adverse implications for health and work and family outcomes. The QNU, articulating the voice of its members, states that the key issue here is workloads. While freely acknowledging the shortage of nursing staff, top management contest the workload thesis, saying that proper management of all resources – with reciprocal employee diligence – would address matters very substantially.

Employee perceptions

Employee morale across the whole organisation has not been formally interrogated, but a survey that CoSolve initiated amongst nursing staff at both Caresites elicited the following responses to the following questions (ranked according to the frequency of response):

| WHAT WOULD MAKE WORK MORE REWARDING? | WHAT WOULD RESULT IN RETENTION OF NURSES? |
|------------------------------------------------------------------------------|--------------------------------------------------|
| 1. Acknowledgement, e.g. for work done well and coming in to do extra shifts | 1. Better pay |
| 2. Better pay, including for skills attained | 2. More staff |
| 3. More staff, a casual or float pool, more time | 3. More training, including on-the-job |
| 4. Experienced staff | |
| 5. Good equipment in working order and | |

| | |
|-----------------------------------------------------------------------------|--|
| sufficient supplies | |
| 6. Teamwork | |
| 7. Time to spend with residents | |
| 8. Time to train inexperienced staff | |
| 9. Good communication – two way | |
| 10. Break time | |
| 11. Sick leave review | |
| 12. Limit change in permanent shifts | |
| 13. More hours per shift and fewer shifts | |
| 14. Absence of harassment and favouritism | |
| 15. Better staff amenities, a free hot lunch from time to time for staff | |

Significant, too, against a backdrop of an organisational need to improve efficiencies in a financially strapped environment with staff shortages, was the top response to the question ‘What do you need in your working day to *add value* to residents? – *‘More time to interact with them’*’.

Turning to the state of employer-union relations, it was reported that the parties have pursued a generally traditional approach to bargaining, ongoing consultation, problem-solving and dispute resolution.

While the pre-existing collective agreement provided for forms of consultation between the employer and the union, it was apparent that little meaningful consultation had been taking place. There had been no effective initiatives between the parties in relation to collaborative workplace change or process improvements. Typical of a non-high trust union-management environment, most of the interaction between the parties occurred in the episodic bargaining exchanges (with their distributive bias), and not in high-value ongoing consultation over workplace improvements.

For all of that, both the union and the employer were of the view that their state of workplace relations was generally sound and probably better than elsewhere in the aged care sector, and this self-perception was supported by our own view of the parties’ relationship once we had observed them in action.

Crucially, though, the *extent* of the employer’s recognition of unions as legitimate stakeholders and its appreciation of the role of unions, actual and potential, were and remains a matter of some debate, something we return to later and then again in conclusion.

TACKLING THE ASSIGNMENT AT CAREORG

The agreed plan was that the upcoming bargaining would be undertaken in a mutual gains frame, preceded by joint training in the requisite bargaining skills, and that joint training in problem-solving skills would precede the workplace change exercise.

Specifically with respect to bargaining, the parties agreed that they ‘would like to develop and deploy a mutually beneficial approach to their next round of enterprise negotiations. In particular, they would like to assess and, if found beneficial, adopt a more interest-based orientation to their bargaining interaction’.

As discussions around the detail of the workplace change project continued, it became apparent that the initial issue identified by Careorg as the focus for collaborative process improvement – the administration of medicines, with certain tasks being delegated to unlicensed carers – would not be supported by the QNU in isolation from a consideration of other workplace issues.

A process of re-examination of the scope of the project was then undertaken, and in July a training session for stakeholder policy-makers on interest-based problem solving was conducted by CoSolve.

The next day separate policy-making sessions were held with each of the two main stakeholders in order to achieve consensus on the way ahead in some detail (see Appendix 9). Key elements of the agreement then reached included the following:

- The parties endorsed a workplace change project that would re-examine the roles and tasks of Registered Nurses, Endorsed Enrolled Nurses, Enrolled Nurses and Assistants in Nursing.
- A Project Steering Group was established.
- Two pilot facilities were identified.
- Local Project Teams consisting of management, employees/union members would be established in each facility.
- There would be a staged approach starting with research followed by a review to determine whether to continue and implement change by way of a trial.
- There would be facilitated collective bargaining negotiations employing an interest-based approach.

Additional technical resources were called on once the dimensions of the workplace change project were reset.

THE WORKPLACE CHANGE PROJECT

The terms of reference

After considerable discussion, the parties agreed the following terms of reference:

| |
|--|
| |
|--|

Workplace change project: optimising the organisation of work and work practices in the high care facilities

Problem-statement

The parties agree that it is critical that the skills of Registered Nurses, Endorsed Enrolled Nurses, Enrolled Nurses and Assistants in Nursing be fully optimised, and that the persons carrying out these roles experience greater job satisfaction.

[Careorg] and the QNU have decided that it would be timely and beneficial to re-examine the roles and tasks of the categories of employees just mentioned in a trial project with a view to achieving more satisfactory outcomes for all concerned. [Careorg] and the QNU recognise that for a trial to commence on a sure footing, the support of the employees and QNU members concerned at the trial site(s) is also essential, and this support will be sought at the outset of the project.

Considerations

In the project process, due regard will be paid to, amongst other things, the maintenance of professional standards, employee health and safety, resident safety, the applicable legal and regulatory requirements, and work-life balance.

The trial and its outcomes are a ring-fenced exercise, and will have no bearing on any enterprise bargaining negotiations or any other initiatives of the parties relating to the subject matter concerned unless the parties subsequently agree that they should.

Immediate stakeholders for purposes of the trial

Given that the focus in the trial is expected to be on one or more high care facilities, the immediate stakeholders are [Careorg], the employees involved and the QNU. However, given the interfaces between working arrangements and employee roles at high care and low care facilities, the LHMU and its members may also have some interest in the trial and hence those parties too will be consulted at key stages.

Provisionally agreed sites

- Caresite 1
- Caresite 2

Process

1. CoSolve facilitation throughout
2. Establish project steering group – QNU and [Careorg] policy leaders – develop and adjust terms of reference and protocols as appropriate over the lifespan of the project; consideration of available macro-level data – stakeholder communication strategy
3. Project steering group oversight throughout
4. Confirmation of sites – steering group
5. Initial joint visit and meeting with local participants (Caresite 1 and 2) to introduce the concept (24 and 26 July respectively)
6. Interest-based discussion with could-be participants (optional, depending)
7. Local endorsement

8. Joint IBPS-training for both sets of site participants (9 August)
9. First phase: establishment of local project groups – data-gathering: audit of existing roles and tasks – focus groups – report back – ongoing steering group oversight and problem-solving (and conflict-resolution) – stakeholder communication strategy
10. Evaluation and decision-making in respect of exiting project or moving ahead with a second phase
11. Assuming a second phase:
 - steering group plus local project groups: identifying interests and brainstorming options for changes to roles and tasks, developing and refining terms of reference and protocols further
 - planning workshop for trial(s), including resourcing issues – arising from brainstorm
 - trialling agreed options
 - protocol for trial(s) established and checked by project team(s)
 - education for RNs, EENs, ENs and AINs on chosen trial options, if applicable
 - monitoring
 - trouble-shooting, adjusting
12. Review and reporting to stakeholders (further survey work?)
13. Decisions on the future
14. Writing up of a case study in consultation with the stakeholders

Some introductory observations

Any workplace change project was always going to be difficult. As already noted, the work environment is a demanding one, with multiple pressure points. Aged care organisations are confronted with systemic and external environment issues that do not allow for ready fixes.

The two parties arrived with their preconfigured mindsets. As mentioned, QNU member surveys had highlighted workloads as *the* major confronting issue, while management saw more flexible work practices as perhaps the most worthy project goal. There was some early jostling, which saw the employer's project of choice – a trial on the administration of medicines by staff other than registered nurses – fall by the wayside. The agreed project was then cast in the broader terms seen just above, with a three-stage process: an initial data-gathering exercise, then an evaluation and decision-making exchange and finally the tackling of some agreed 'new arrangements' pilot (see below). It is perhaps not unfair to say that the unstated game-plan of the leadership of both parties was to see exactly what emerged for the data-gathering phase before making any commitments on project subject matter.

What was clear once the parties at local level had arrived after discussion at their respective preliminary analyses of the work situation was that Careorg – no doubt like almost all aged care institutions – was beset with multiple issues (see the next page). In our estimation, nearly all of these issues lend themselves to examination and then joint problem-solving in pilot site projects, with the prospect of learnings so uncovered then being diffused to the many other sites within the organisation.

While both parties set about the project with some vigour, a full and shared commitment to persevere was to prove impossible. There were several reasons for this, which we set out below. But perhaps the biggest sleeper was a management ambivalence, later to present as a defeating reluctance, to engage with the union in any intensive way over ongoing workplace change. While management was fully aware of the need to review and improve work processes, ultimately it wanted to deal with this issue on its own.

The conduct of the project

Getting local support

On 24 and 26 July consultations were held with management and nursing staff at the two high-care facilities identified as candidates for the work process projects. The staff at the two sites in question subsequently voted in support of participation in the projects.

Training

On 9 August 2007 the members of the Local Project Teams from Caresite 1 and Caresite 2 came together for a day of generic training in problem-solving. The objective was to allow all team members an opportunity to establish a working rapport amongst themselves in a training environment, and then of course also to assist them in developing in orientation that would aid the conduct of the projects themselves.

Moving ahead, and an initial take on the issues

On 13 August a joint policy-makers meeting was held to firm up the content of the envisaged projects. As foreshadowed above, it was agreed that the projects would run at two high-care facilities, one metropolitan (in Brisbane) and one regional. The stated goal was to examine the work days of Registered Nurses, Enrolled Nurses and Assistants-in-Nursing to see how their workload issues could be addressed and their services deployed more efficiently.

It is important to note at this stage of the report (in the light of later developments in the direction of the project) the many concerns articulated by both employees and management at that meeting. The chief concern of nurses was workloads, and they identified a range of issues they believed were giving rise to this state of affairs, namely:

- Untrained staff
- (Inadequate) orientation and buddying
- Complexity of residents increasing. E.g. Vietnam residents, psycho-geriatric residents
- Culture of longer-serving vs younger staff
- Communication

- Workflow
- Lack of and under-utilisation of equipment
- Skills mix
- Frequency and timing of medication rounds
- Staff ratios
- Ageing staff
- Documentation
- (Lack of) opportunities for staff to increase qualifications

Management's concerns included the shortage of RNs and ENs, and the retention of AINs. They identified improving rostering and addressing the culture of acceptance of new staff as the key to retention. They also identified the following further issues:

- Current work practices – can we do things differently, eg work flows?
- Service manager burn-out
- Training of the unregulated workforce
- RNs' time – clinical care & leadership vs documentation & medication
- Staffing establishment to provide for leave

Work flows identified as the problem for further examination

Nurses and management shared common concerns about work flow, amongst other things, and this then was the topic they decided to do further work on. In particular they decided to focus on the activities carried out and the skills deployed, as a window into the kind of changes in work practices that might be considered for the next phase of the project.

The meeting decided to assemble relevant documentation, arrange for the Local Project Teams to be trained in workflow mapping and then actually to undertake the mapping.

Given the direction the project had now assumed, CoSolve felt it appropriate to introduce additional work process expertise. Accordingly, in early September an expert in both manufacturing and service process improvement, Paul Anderson of *Lean Capabilities*, teamed up with CoSolve to provide the Local Project Teams with insights on lean systems and to discuss the tools for examining work flows (see Appendix 10).

Field work on work flows

The group at Caresite 1 decided that it needed help in the workflow mapping process that went beyond the training then provided. It was agreed, therefore, that another consultant, Kylie Dearn, would join the QNU and management in building a detailed map of the tasks and skills of staff at the two selected sites. This would be done by the consultant, assisted by the parties' representatives, shadowing particular staff throughout the day, afternoon and night shifts. Caresite 2 adopted this decision for their facility as well. It was also agreed that this would be augmented by input from

the group documenting their own work flow and results from a survey of staff (the results of which have been outlined earlier in this report). This work – painstaking, taxing and revealing for the documenters (who included senior head office and regional office managers, a QNU organiser, and the QNU educational officer) – was carried out over several shifts, on both weekdays and over weekends and completed in mid-October. Both the union and management were unstinting in the contribution they made in this exercise.

Thereafter meetings were held with the Local Project Teams to discuss the emerging findings, and on 19 October 2007 CoSolve facilitated a final report back session at which the full set of the observations of Dearn and others were analysed by the Local Project Teams jointly.

It was intended that the results would be used to help the Local Project Teams and the Steering Group decide on whether to go ahead with trial work process changes. In particular, the map of the typical working days and nights of RNs, EENs and AINs was to be used to see more clearly the pressure points, workflows, issues, patterns and, potentially, opportunities for improvement.

During the meeting of 19 October the group discussed the following issues associated with major tasks identified in the observation exercises:

Manual Handling

- Leave people in bed?
- Equipment okay – sling, pixel
- Two people needed – sometimes not available
- Furniture in room
- Continuity of staff – a key concern across *all* tasks

Medications

- A lot of interaction with pharmacy, doctors
- RN, EN (Med), CNs involved
- Trolley design an issue with the medication crusher system
- Medication round involves other nursing activities: assessment of residents; interactions with residents, other activities

Hygiene

Shower, bed bath

Communication

- Doctors (single-resident doctors can be an issue – they set their own appointments to suit)
- Residents and families
- Most often rushed
- Some part timers not been there for days, so handover issues
- Finding assistance an issue

- Phone system would help – linked to call system

Dressings

- Potential restocking issue

Food

- Resident dissatisfaction issues
- Residents wanting alternatives
- Communication issues: care/hospitality areas
- Dietary supplements factor
- Feeds: not enough time

Laundry

Off-site issues (centralised service)

Special Needs (nursing care)

- BSL (blood sugar levels)
- Palliative care;
- Continence management: compliance issues
- Shift timing issues
- Inter-shift communications
- Training

They also considered other factors and activities relevant to developing a full picture, including administrative and other overarching issues, and arrived at the following summary:

- Staffing levels – a key concern
 - A great deal of time spent chasing up replacements, agencies, etc
 - Managers filling in on shifts
- Much time spent chasing things during shifts
- Documentation a large burden
 - New Careorg rationalisation initiative, but will only commence during March 2008; hard to change or cut down in the meantime
 - Interaction with residents: again, time the issue; volunteer program at Caresite 2, but not Caresite 1.
- Interaction with family: ‘pre-emptive action’ needed
 - developing norms, setting expectations
- Behaviour of residents:
 - Strategies?
 - Policies?
 - Specialist recruitment needed (psycho-geriatrics)
- Rostering/continuity/ handover

The staff survey findings were consistent with the themes emerging from these discussions - workloads, desire to spend more time with residents and concern about untrained staff – amongst others (see Appendix 11).

It is perhaps instructive to pause at this stage to consider a chart drawn up by the researcher Dearn. She compiled it immediately after she had completed her shadowing observations and, in pushing through to identify possible solutions and evaluate them, in fact exceeded her brief. It was of course the job of the Local Project Teams and Steering Group to perform those exercises. However, for Dearn, not so versed in the dynamics of workplace relations and perhaps not sufficiently restrained by the facilitators, it made perfect sense to forge on and to tease out some obvious and perhaps less obvious conclusions. The significance of her exuberance for this report is simply that it shows that the field work was suggestive of many solutions for parties if they were prepared, firstly, to brainstorm effectively and, secondly, to translate ideas into actions. It would transpire that the parties lacked a shared energy and resolve to carry through with what Dearn had anticipated.

The material covered by Dearn was summarised further in a chart compiled by CoSolve, and here is an extract, indicating the range of issues at play and needing urgent attention in Careorg's high care facilities:

| Issues Identified | Flow- on Impacts | Possible Solutions | Advantages |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 1. Lack of staff employed to fill shifts or staff that are employed call in sick, leaving that particular shift short | 1. RN (or Admin Staff depending on the time of day) may spend up to 2 hours of their time ringing (up to 40 agencies who all say no) to get the staff needed to fill the next shift. | 1. a) Administrative call centre where staff are asked to call if can't make it for a shift. It is then up to the call centre (24 hours) to find staff. This call Centre could be for all of [Careorg] in Queensland. b) The call centre needs to be regularly updated with a list of possible staff to call, and to develop a casual pool of regionally centred staff. c) Call centre role to expand to actively recruit care staff to join the casual pool which is regionally based. | 1. a) RN able to focus on value add activities. |
| 4. Long-term, experienced and permanent staff working with agency or new staff on shifts and are expected to | 4. Shift will usually take longer to do when training new staff. No guarantee the training given is 'best practice' and no authority given to | 4. Staff who would like to be given the role of training new staff to be identified. Staff trainers identified at all levels including AIN, EEN & RN. These staff members given a 'training allowance' + slight change in their title to identify | 4. Reduce staff resentment toward training and acknowledge the importance of developing a 'life-long |

| | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <p>train these staff on the job.</p> | <p>the “peer” training the new staff to “correct” mistakes or to ensure competence is achieved.</p> <ul style="list-style-type: none"> • Resentment grows as staff feel it is not their role to train new workers • Insecurity if don’t feel competent to train a new staff member • RNs usually only person on the shift in their area and if from agency won’t be supervised or given on the job supervision • AINs may not feel confident to take directions from the agency RN as they may feel they ‘know more than they do’ | <p>them to other staff members as trainers.</p> <ul style="list-style-type: none"> • Be rostered on with new staff to provide the training with a ½ -1 hour start prior to shift starting to orient the new worker to role, patients and all equipment needed for the shift • staff trainers to be available to be on call for if problems arise during the shift • mentor and develop staff to also become mentors to staff who show the correct qualities for the role • develop and encourage a learning environment within ‘blue care’ • Staff trainers to be super numerary on some shifts throughout the year to collect ideas for training and to ensure consistency across the board. Occasionally may visit another facility to collect good ideas. | <p>learning approach’ toward work and develop a culture of ‘continuous improvement and best practice’</p> |
| <p>7. Communication time wasted in finding other staff when needed due to lack of communication device eg: walkie-talkies.</p> | <p>7. Waste of time walking around to find other staff members to tell things to. No way of getting help in an emergency eg: if fall in resident bathroom.</p> | <ul style="list-style-type: none"> • Communication devices linked with buzzer system and other staff | <ul style="list-style-type: none"> • dramatically increase efficiency • increase feelings of safety and team work |
| <p>11. Attracting and keeping staff. What ideas do you have about how it feels to be a new person to your organisation?</p> | <p>Staff resent training new staff but also resent not having enough staff, so where do staff see their part in the solution? Do staff have the</p> | <p>11. Develop a training package that can be seen on DVD or similar and sent as an orientation ‘on line’ via ‘e-mail’ so that the nurse views this and answers some basic questions before starting work. Training could focus on issues</p> | <p>11. Consistency in training ‘Testing’ of training packages by managers gives a clear idea of gaps and improvements.</p> |

| | | | |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>How friendly are the staff? What is the orientation like? What is the training like?</p> | <p>skills, resources and training to train new staff effectively?</p> | <p>such as</p> <ul style="list-style-type: none"> • correct use of slip sheets; • hoist (and onsite training); • transfers including standing transfers and use of the ‘walking belt’; • position of back when attending to residents i.e.: showing some incorrect postures and then corrected through a multiple of tasks and postures; • enlisting resident support and maintaining resident independence, eg, introducing self to resident and the tasks, giving clear verbal cues, etc; • giving of baths and showers; • feeding; • dressing and undressing. <p>Managers not involved in direct patient care to do one or two shifts in another facility and see if they can do the shift after the orientation and training given by staff in that facility, eg, acting as if were an agency nurse</p> | <p>This type of hands on involvement gives a feeling of support to direct care staff as well as increasing team work and good will.</p> <p>Feedback from the manager back to the training program to continually improve</p> |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Deciding what to do in the wake of the field work: adopting a lean processes methodology?

As mentioned, a key element of the original agreement between Careorg and the QNU was that once the initial scoping work had been done the parties would pause and consider the next steps. And so a meeting of the Steering Committee and the Local Project Teams was held on 5 November at head office for this purpose. Paul Anderson from *Lean Capabilities* facilitated this meeting. The idea was that he would present lean systems tools for the group members to analyse the results of the observations, so that they could then better select an area for follow-up improvement pilots. The staff from Caresite 2 were unable to attend this meeting due to roster difficulties, and in retrospect their difficulty in participating was indicative of their looming inability to continue with the project (see below). Nevertheless, it was agreed

that the project would continue, and that at each site two areas of focus would be identified for work process improvement.

In December meetings were indeed held for this now more specific purpose. Under the guidance of Anderson, the groups conducted on-site walk-about, and Anderson identified a number of simple steps which would boost efficiency and relieve staff of some of the time pressures they experience. These steps were consistent with the same tenets of process improvement seen in manufacturing, including Visual Controls, Standard Work and 5-S (already noted earlier in this report in respect of the work at Manusite):

- S1 – Remove unnecessary items
- S2 - Clean
- S3 – Organised, everything in its place
- S4 – Set standards
- S5 – Follow the standards

Anderson's proposal was that the Local Work Teams should select just a single workstation in each of the pilot facilities and then methodically consider every aspect of the workflow and adapt the physical arrangements and processes so as to bring about sustainable improvements in efficiencies. Unspectacular stuff, but the hallmark of process improvement everywhere, and reflective of the work done at Manusite which had produced such significant improvements.

The larger proposition put to both management and employee/union members of the Local Project Teams was essentially three-fold:

1. While the actors in a people-oriented service sector might scoff at suggestions that they have anything to learn from machine-oriented manufacturing, in fact the lessons of process improvement are substantially the same for all economic sectors.
2. The lessons of World Class Manufacturing are at least a decade ahead of the services sector in the area of process improvement.
3. The key complaint of the nursing staff is a lack of time. If the 5-S methodology (and more) were to be embraced and adopted rigorously, a twenty percent reduction in wasted time could be expected, and resources freed up accordingly. A twenty percent improvement in time is the equivalent of another person per five staff.

Anderson's observations are well founded. Perhaps the leading source of process improvement knowledge in the world today is the *Lean Enterprise Institute* (www.lean.org). US-based but with a global reach, it declares its global mission to become –

'the leading educators for society in maximizing value and minimizing waste. To accomplish this goal, we develop and advance lean principles, tools, and techniques designed to enable positive change.

The Lean Enterprise Institute (LEI) is a non-profit education and research organization founded in 1997 to promote and advance the principles of lean thinking in every aspect of business and across a wide range of industries.'

Its healthcare work draws through the common principles, as reflected in this news item on LEI's website:

'Each year, innovations offer hope in improving health care: breakthroughs in disease prevention, new technologies for early detection of neurological conditions, innovations in cellular medicine and dramatic advances in gene therapy.

Yet, it may be a time-tested manufacturing practice that promises the most compelling change in patient care today. Leading health-care organizations across the country are beginning to implement a manufacturing principle called "lean" in their organizations in order to eliminate waste, streamline processes and cut costs.

Sure, it has decades of success in the automotive industry ... but health care? It may help to understand the essence of lean before dismissing it altogether.

Lean is an integrated set of industrial principles that emerged in the post-World War II Japanese automotive industry and gained traction in the United States in the 1970s. It eliminates waste by taking out unnecessary processes and redirecting human effort toward value-added business operations. This reduces production time, decreases costs and improves customer satisfaction.

Experts agree that our health-care system is fraught with inefficiencies and redundancies that have an effect on patient care. When an individual spends more time in the waiting room than with a doctor, for example, this suggests some inefficiency is taking place. When a medication error occurs or medication isn't administered in time, this can be attributed to some breakdown, bottleneck or miscommunication in the process. These problems, in turn, increase costs and decrease the quality of medical care and health insurance for employers and workers.

So, how does lean apply to health care -- where practitioners aren't factory workers and patients aren't widgets? Both manufacturing and health care have a work flow -- a succession of steps and an established process -- that requires interaction with humans. As different as they are, both industries require this interaction to produce an output or outcome; it could be an automobile or a healthier patient.

Most people in health care will tell you that, like manufacturing, health care must cut costs and streamline operations to improve quality of care. This understanding has led a number of health-care organizations to adopt the methodology.'

In the event, management, the union and the employees were unpersuaded by the Anderson message. Their general sense was that the 5-S approach amounted to minor adjustments when what were needed were wholesale remedies to improve (variously) work arrangements and to relieve the heavy workloads. Sitting behind this disaffection was the realisation, particularly by management, that process

improvements would be time-consuming, and that there simply was not the time or spare hands to make the investment.

This rejection is part testimony to a failing by the lean systems expert and CoSolve to carry the debate, and partly a commentary on a sheer lack of insight by the organisation, the union and the employees concerned.

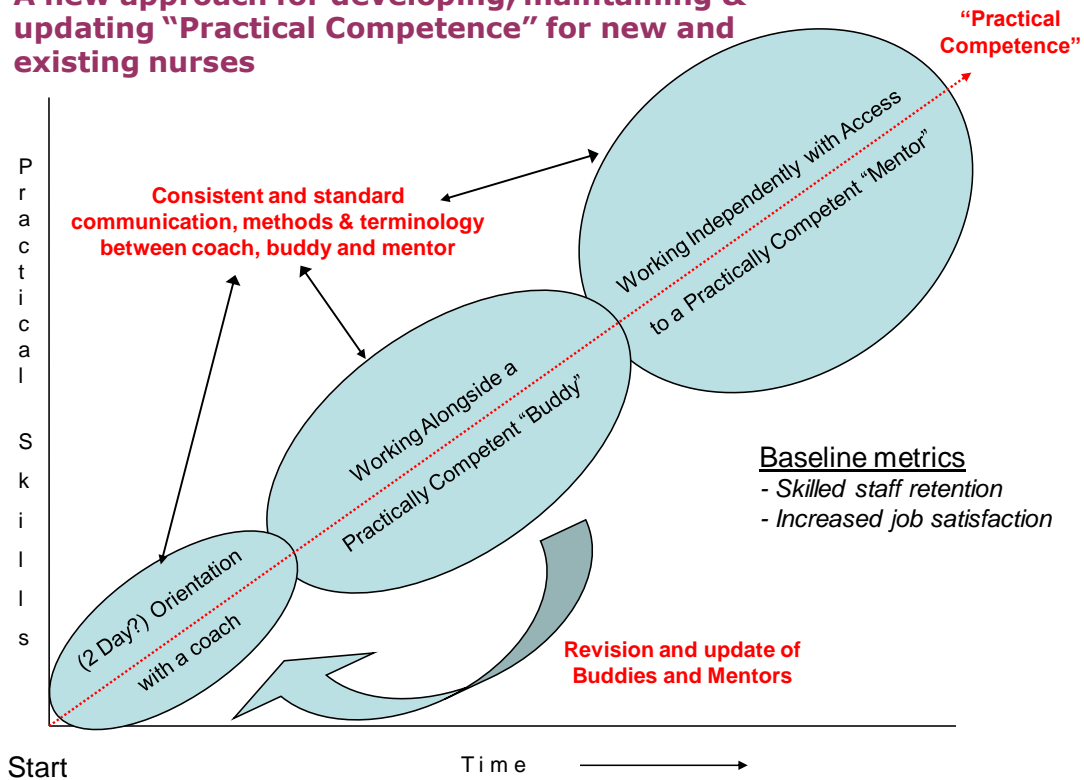
It was notable that at two of the process improvement meetings at Caresite 2 the facility manager was too busy to attend proceedings. A catch-22 situation had developed: the organisation's resources and systems were too stressed to invest in the time needed to remedy them.

Careorg is a large organisation and its pressures points on its facilities are systemic. There must be a strong case for the organisation to focus not merely on the revamp of processes in single workstations but on the redesign of the work space and processes at an entire facility, with a view to creating a truly model site for organisation-wide learning (even recognising that different facilities will generate different choke points). This will require an organisational rethink on what lean processes have to offer coupled with a willingness to backfill staff while the redesign process is underway and, generally, to invest the necessary resources.

Deciding to work further with orientation and induction of new untrained staff

Caresite 1, on management prompting but with a warm employee reception, decided that a major workloads issue facing them was unfilled rosters due to recruitment difficulties and the lack of skills of newly recruited untrained staff. This was causing tensions with existing staff and concerns with care provided to residents. It was decided to undertake a collaborative project to improve the orientation and induction undertaken by such staff. The proposed scheme was captured by CoSolve and Anderson in a set of slides (see appendix 12), the first of which appears below:

A new approach for developing, maintaining & updating "Practical Competence" for new and existing nurses



Caresite 2 had not reached a conclusion in its meeting. Caresite 1 invited Caresite 2 to become involved in this project. However after a further meeting in February 2008 (where the parameters of the project were fleshed out, see just below) Caresite 2 decided to observe the project only, and become involved at the stage of trialling the new induction and orientation program.

The proposal took the following shape:

**Smart Workplaces
Workplace Change Project**

ORIENTATION AND INDUCTION PROGRAM AT [Caresite 1]

At a joint meeting of [Caresite 1] and [Caresite 2] project teams members on Friday 8 February 2008 –

- the analysis and proposals of Kylie Dearn, coming out of her shadowing and recording work at the two facilities, were discussed and evaluated;
- other proposals on work process improvement were discussed;
- the proposal in relation to Orientation and Induction was mapped out in terms of Output, Project Benefits and Project Resources (see below);
- a provisional decision was taken to make Orientation and Induction *the* Smart Workplaces workplace change project;
- a provisional decision was made to make the Caresite 1 the site, but with Caresite 2 project team members offering assistance on an as-needs basis;
- discussion was taken on how to draw on the earlier research and data collection work at Caresite 1 and Caresite 2 in pursuing the project;

- discussion was taken on how this project might foreshadow and support further process improvement and workload mitigation initiatives that may be tackled pursuant to the collective agreement and related negotiations;
- it was agreed that this document be forwarded to senior [Careorg] management with a view to corporate endorsement, especially given the resourcing needs; alternatively, to allow senior [Careorg] management to consider but arrive at other decisions or recommendations on future action.

The proposal

Project Output

1. An enhanced training manual based upon a review of key processes and documentation of a revised standard approach should be developed.
2. The manual would be in modular form.
3. Modules for delivery would depend on the stage of development of the inductee concerned: e.g. a new AIN with no Certificate III and no previous aged care experience would be trained in most modules; a cert III AIN would be taken through slightly less, etc.
4. The delivery might be as follows:
 - Minimum of 24 hours over 4 days face-to-face, a component of which would be induction and orientation to the whole corporation conducted at the region office. Whether the balance of the face-to-face component would need to be conducted at the regional office to take advantage of economies of scale is something still to be decided.
 - 5 - 7 shifts with a buddy during which the inductee is supernumerary
 - Assessment to determine whether an inductee needs an extension to induction and/or training in specific competencies not included in the induction/orientation program
 - Training package *for the buddies* as well (to be delivered to almost all staff, as all are potential buddies since the shifts with a buddy are unlikely to be able to be arranged with the same buddy each time)
 - Process for eliciting feedback from inductee
 - Review and assessment of inductee after 3 months
5. Reorientation for all staff in new standards for key processes
6. New coaching capacity/cohort available
7. *Overall outcome*: a product and process, duly tested and demonstrated at the pilot site, that can be rolled-out further and indeed right across [Careorg]

Project Benefits

1. Better care for residents, with more competent new starters
2. Enhanced retention of staff as the stress of working with new starters with low competence is addressed, and new starters themselves are made to feel more comfortable and welcome in their new roles
3. Happier workplace with more competent staff all around
4. Lower incidence of sick leave as the stress of working with new starters with low competence is addressed
5. Improved pool of staff supply, as candidates without Certificate III can be more confidently reached out to and recruited

Project Resources needed

- (i) Support from head office and/or People Development

- (ii) Support from regional office
- (iii) Support from the facility manager
- (iv) Process expert to guide review of key processes and documentation of standard approach
- (v) Targeted but limited CoSolve facilitation support
- (vi) Assistance for development of buddy training package
- (vii) Backfilling of up to 10 shifts per member of the Project Steering Committee over 6 months
- (viii) Timeline: six months from start to finish

Next steps

Awaiting senior management decision on the above.

The meeting in February decided to go ahead with the project but to do so required head office approval including budget support (for backfilling employee members of the Local Project Team and for additional consulting resources where required).

With the agreed timetable for the *Smart Workplaces* project drawing to a close, and the Careorg workplace change project only at the conclusion of stage 2 (decision-making on the actual trial), CoSolve asked the Department of Employment and Industrial Relations for an extension in time, which was granted and then extended still further later.

The unravelling of the project

CoSolve then liaised with relevant head office executives to try to achieve the necessary underpinnings of the orientation and induction project. The Director of Organisation and Strategy, who had accountability for the *Smart Workplaces* project, was approached immediately following the meeting in February. He replied in March that he was supportive, but that CoSolve should confer with Careorg's Learning and Development Consultant as she would have actual carriage of the project. In April CoSolve and the QNU met with her twice and she expressed support but indicated that resource constraints meant she would have to consider how the project could be supported. It was very apparent to CoSolve by this stage that there was waning organisational enthusiasm for the project. None the less, a further meeting of the Local Project Teams for arranged for May.

In the meantime, it turned out that the facility manager for Caresite 1 had resigned in February. In March the new manager arrived and made a fresh analysis of situation. Although not telegraphed to CoSolve until much later, she uncovered many of the very concerns that had been the subject of the numerous exchanges between Careorg management, employees and their union in the early stages of the Workplace Change Project. Taking a participative management approach outside of the *Smart Workplaces* ambit, she set about addressing the many concerns raised by staff. Chief amongst these was sorting out the roster. In meetings with staff it was then decided

that Caresite 1 would offer all casual staff permanent part time roles with opportunity to increase their hours of work. This resulted in rosters being filled, so reducing the impact of unfilled rosters on workloads. Caresite 1 would also forthwith cease recruitment of untrained staff. Only staff with a Certificate III would be recruited and induction of all new staff would proceed with trained volunteer buddies. (A similar idea to that was to be incorporated into the new induction and orientation program).

In May, when briefed about *Smart Workplaces*, the new manager indicated that she did not believe that the facility could manage the time associated with the conduct of the orientation and change workplace change project. She was supported in this position by head office.

CoSolve held a meeting with the employee members of the Local Project Team and the relevant QNU organiser on 27 May to discuss the future of the workplace change project. The members supported the new manager's view that the project was no longer necessary given the action that had been taken. They were pleased with the collaborative approach she had taken to solving problems and expressed their frustration with the time the workplace change project had taken to get to the point of a concrete initiative – one that they now saw as having been overtaken by events.

In retrospect it is clear that the previous manager at Caresite 1 overlooked a range of initiatives that staff were suggesting (both directly and through the *Smart Workplaces* project) that could have improved the situation. The lack of willingness to listen to staff and the absence of channels to gather, discuss, evaluate and implement changes in the workplace in a collaborative manner was choking off the opportunity for workplace improvement at the site.

Also lacking was the responsiveness of regional or head office managers who, whilst being aware of the staff concerns (both directly and through the *Smart Workplaces* project), put them down to 'culture'.

With the timeframe for *Smart Workplaces* largely exhausted, and with management bent on unilateral actions to the exclusion of continued support for *Smart Workplaces*, CoSolve decided not to pursue an alternative site for the development of this or any other workplace change project. The QNU concurred.

The experience with this element of the *Smart Workplaces* project confirms the proposition that, in the absence of internal champions, externally driven initiatives, no matter how thorough the diagnostic lead-in, struggle for traction. The staff involved in the Local Project Team for Caresite 1 knew what the problem was and were getting close to developing a solution to a major area of concern, but without the active support of local management were unable to take sufficient initiative to follow through. The breakthroughs available from a management style that uses the platform of authority to engage with staff and develop a virtuous cycle of 'listen-act-evaluate-listen' are significant. The absence of initiative taken by staff throughout the project suggests that the legacy of 'doing what you are told' gives rise to a form of

'learned helplessness' that, ironically, responds well to management that takes command and fixes problems.

In a *Smart Workplaces* wrap-up interview, Careorg's Director of Organisational Development (who was not involved with the initial negotiations that set up the project) confirmed the view that there was a lack of management buy-in and a mismatch of expectations: the sort of work that the project focussed on concerned matters that the managers believed should be addressed by them.

A consideration of management's alternative change initiative at Caresite 1

It is worthwhile noting the processes followed by the new manager in reforming work practices at Caresite 1 and drawing conclusions of value to the overall objectives of *Smart Workplaces*.

Upon arrival at the facility the new manager was told by head office that there was a problem with the culture of the staff at Caresite 1. After only a few days in her new position she decided that this was not correct. She concluded the problem was that the concerns being voiced by the staff were not being listened to.

The first step taken by the new manager was to hold discussions with staff. Initially she conducted one-on-one corridor discussions and mini-meetings followed by a full staff meeting. She then developed a program of regular meetings in functional or area groupings. She has used these meetings to listen to the concerns raised, group these concerns into priorities, jointly develop possible solutions, implement solutions and evaluate the outcome.

Actions were taken in the following areas:

- Rosters
- Ordering
- Laundry
- Equipment
- Opening hours
- Resident Care Plans
- Medication Review Documentation
- Recruitment
- Orientation and induction
- Tenna Pad System
- In service training
- Maintenance

It would be instructive to review the further progress at Caresite 1. Will the early reforms that were apparently painlessly undertaken solve all the problems? Are there more intractable or generalised problems that do not respond so well to simple problem solving techniques implemented in the course of traditional employee-management relations, no matter how participative?

At this stage it appears that neither the new manager nor the staff are open to more structured approaches such as lean systems and interest-based problem solving that do require staff to come off line and work in a more deliberate and time consuming manner. It also appears that neither management nor staff see a role for the union that transcends the traditional 'defender' or advocacy role.

On a plain analysis, the quick and heartening results at Caresite 1 would seem to be the product of excellent leadership displayed by an exceptional manager. Quite apart from the question of sustainability on site, how does the organisation reproduce these results across its other sixty sites – including perhaps Caresite 2 – which are not similarly blessed? How are fruits of site leadership maintained in the face of manager turnover?

Accounting for the failure of the workplace change project

There are fundamental shortcomings in the way in which aged care facilities are grappling with the delivery of services in the context of chronic shortages of skilled staff, particularly registered nurses. Careorg is a leader in the sector, yet a QNU survey of members undertaken in preparation for the 2007 bargaining round returned the following as issues of major concern:

- (1) There are insufficient nursing staff numbers at all levels to achieve standards of care that meets all the needs of the residents.
- (2) There are also shortages (staff and supplies – laundry, kitchen, cleaning) in other non-nursing areas that are impacting on nursing/care services.
- (3) In a significant number of facilities there are complaints about equipment in relation to maintenance, availability and age. There were a very high number of complaints about access to continence aids such as pads due to budget restrictions.
- (4) There is a perception that there is a high level of unplanned absenteeism which exacerbates the staffing problems.²⁵

There are over sixty residential facilities within Careorg, and in many of these the issues noted above, amongst others, would feature prominently in employee perceptions. Then there is the matter of a turnover rate of over forty percent per year in facility managers, testimony to a very high personal burn-out rate.

The investigation done by employees and managers along with process experts in the course of the *Smart Workplaces* workplace change project brought a host of issues to the surface in just two facilities, selected on the strength of their typicality. Other things being equal, one might have thought that it would be in the interests of the employer (and the other stakeholders) to work intensively and sustainably with the representative of over half of the nursing staff in developing solutions. But it was not to be. After a period of initial joint action in the fact-finding stage, management quite consciously allowed the project to slide before effectively extinguishing it all together.

²⁵ See Appendix 13

Our conclusions for this development have been anticipated above, but are collected in point form and then extended here:

- Management has a strong preference to deal with work flow and related issues in the course of 'ordinary' management, and without involvement (be it in the form of contribution or interference) from a trade union. In short, management works with limited union recognition model, and has yet to be persuaded on the merits of a full (high-engagement) union recognition model.
- The facilitators were insufficiently assertive in challenging management to stay the course after the conclusion of stage 1.
- The union was insufficiently assertive in mustering local member energy and activity to keep up the momentum of the project.
- Careorg management, the QNU and nursing staff themselves do not have an appreciation of the worth and applicability of the lean systems approach in the aged care sector.
- Management, already under resources stress, is not prepared to put aside additional resources to invest in thorough-going systems reappraisals, at least not in collaboration with unions but, in an important sense, probably not even independently anyway. No doubt much is being done and spent in certain quarters in relation to systems reviews and overhauls, but the evidence of this being carrying through to work arrangements, work culture or the work process areas identified by the lean systems experts is scant.
- The resources required to do a really thorough job – which would mean investing in the lean systems methodologies, even in a pilot setting, would have been considerable, and beyond the *Smart Workplaces*' budget.

The future of workplace change initiatives within Careorg

Measured against the original *Smart Workplaces*' objectives, we have given a necessarily sombre account of our experiences in trying to stay the course with a potentially meritorious workplace initiative, and perhaps painted a picture of little prospect for the future.

In truth, the outlook is more sanguine. Workplace relations remain sound at Careorg, and both the employer and the union report that their relationship has been strengthened rather than diminished through the parallel interest-based bargaining process. While the workplace change process did not deliver, no party appears to have had particularly hard feelings about the outcome. Important things have been jointly identified in the workplace change inquiry process, and boundaries in the current state of relationships made evident.

The recipe for collaboration in this area has not been uncovered this time round, but the challenges remain and in their respective wrap-up debriefings with CoSolve the leading figures on both sides expressed both optimism and realism over unfinished business. We pursue this subject further in our concluding remarks on this case study.

AN EXERCISE IN MUTUAL GAINS BARGAINING AT CAREORG

Introductory remarks

The parties shared a common intent with their approach to the 2007 round of bargaining: both wished to see Careorg emerge as *the* employer of choice in the Queensland aged care sector. Unsurprisingly, then, the challenge centred on how best to address staff attraction and retention factors through a new deal on pay and conditions of service.

Whereas the workplace change project initially benefitted from relatively high level management involvement which later waned before evaporating altogether, the bargaining endeavour enjoyed top level attention from end to end. This discrepancy serves as a marker of both perceived priorities by the parties and, on our analysis, of their skewed priorities. The distributive side of their relationship currently trumps the potentially much more valuable integrative side.

Preparing for bargaining: getting the mandates and other preliminaries

While the particular union negotiators had had no experience with interest-based bargaining, the QNU as an organisation did. Consequently, the notion of approaching members for a broad mandate and eschewing any production of a log of claims caused the union no hardship.

A union survey of members had previously yielded workloads as a matter of prime concern, so in anticipation of the negotiations the QNU carried out a more focussed membership survey on this topic alone. Some key results have already been reproduced a few pages above, and the full questionnaire and results appear as Appendix 13 and 14. What is significant here was not so much the issues identified in the survey, but how the parties elected to deal with them. In the event, they addressed the matter of workloads in a breakaway problem-solving session during the negotiations, more of which later.

Careorg responded favourably to a QNU request to release from its service for a three-month unpaid period one of its longstanding enrolled nurses (and a union member) so that she could assist with bargaining preparations.

Because of the departure of its HR director after the joint training had been completed, Careorg found itself in an unprepared state at a point where the negotiations should have commenced (that is, August 2007). In other circumstances, with the then current agreement expiring in December 2007, any delay with getting negotiations underway may have precipitated a bout of union recriminations and warnings. Give that a commitment to a different approach had already been achieved, however, the QNU readily agreed to a two-month postponement and the employer in turn gave the assurance that no financial disadvantage would flow to employees by reason of the late start. That assurance was upheld.

Preparing for bargaining: joint training

During August 2007 joint training was conducted over two day for the negotiators. As a result of the change in personnel of the management negotiators, a shorter version of the same program was given again to the new management faces, including the new lead negotiator, later in the year (on 18 October).

Preparing for bargaining: agreements on approach and protocol

The parties had no difficulties in signing up to the mutual gains bargaining principles, and accepted the bargaining template sketched above in the Manusite case study, which do not need repeating here. They duly entered into a bargaining protocol.

The negotiating dynamics

The negotiators

Given the size of Careorg in terms of employee numbers and also geographic spread, it was perhaps not surprising to see large negotiating teams assembled: around ten persons on the part of management and around a dozen for the union. The employer delegation was led by its Director of Organisational Development, and was made up further of a mix of operational and HR managers. The union delegation was headed by its industrial officer with responsibility for the aged care sector, assisted by a sector organiser, an education officer and then a sizeable contingent of delegates.

None of those at the table had had prior experience of bargaining within an explicit mutual gains framework.

Interests, claims and the engagement process

The parties committed themselves to a protocol with intent provisions similar to those seen earlier in this report relating to Manusite (avoiding fixed positions, consciously looking for underlying interests, etc) but which also provided for the following:

SAFETY NET WHILE WORKING WITH AN INTEREST-BASED APPROACH

The parties accept that working with an interest-based approach means that:

- options may be floated tentatively and that proposals once explored may be rejected, even by the party initially proposing them. Options may be overtaken within the negotiation process by better ideas or they may not stack up once other things are taken into account;
- the fact that a party is prepared to explore a proposal put up by it or the other party, does not mean it will ultimately go along with that proposal;

- proposals and options may range widely and perhaps even wildly, and will be treated in confidence by all members of the bargaining team until such time as it is appropriate to share them with a wider audience; the timing of this will normally be by agreement (people outside the bargaining team may not appreciate the spirit in which interest-based bargaining is meant to be conducted)

It is CoSolve's experience that the sort of aspirational language seen above enjoys a much better conversion rate in the context of bargaining protocols than in the end product of bargaining itself, collective agreements (which are often resplendent with fine-sounding preambles). This is probably due to a number of factors:

- **Immediacy.** There is typically a relatively short interval between the making of the commitment and the commencement of the process to be regulated.
- **Conditioning.** Protocol commitments are the outcome of fresh-in-mind training encounters which, happily, often engender new insights and then outlooks.
- **Specificity.** The undertakings are quite pointed in their content (eg, 'avoid making positional statements'), and hence lapses are readily spotted and labelled.
- **Supervision.** Independent facilitation, when present, brings with it a chastening, norm-affirming effect.

And so it was with Careorg. The declarations of intent had observable impacts, starting with an exchange between the parties of the interest-identifying letters that signalled the commencement of bargaining process proper. Subsequently, both in the open negotiating sessions and private caucuses, the parties regularly measured – with appropriate decorum, usually – their and the other party's behaviours against the yardstick of the protocol, and noted this in their respective debriefings with CoSolve. Parties sometimes reminded the facilitator about the need to uphold the mutual gains way when contrary conduct surfaced and was not put down.

At the commencement of actual bargaining, both parties gave well-researched, big picture presentations setting out their high-level objectives and offering scenarios for the future. In so doing, they articulated their respective interests and devolved these into interest-reflecting claims as well. In what for CoSolve is a rare turn of events, both presentations drew rounds of appreciative applause at their conclusion. An encouraging beginning, but also the last of the applause as the parties moved on to more taxing exchanges thereafter.

Prosecuting the negotiations

By CoSolve's comparative lights, the negotiations were conducted in good spirit. Behaviour ranged from friendly, even humorous, through to 'merely' civil. There were a few sharp exchanges – in the testing moments before agreement was reached on pay outcomes, and when one or other party believed that external

communications may have offended against protocol undertakings – but these were of short duration and limited aftertaste.

Proceedings were relatively well-focussed, and the level of information exchange was high. One post-negotiation comment was that the facilitator may have been sterner with time management in the face of the occasional rambling.

Testimony to the wonders and curses of contemporary technology, the lead employer negotiator adopted the practice of promptly emailing information requests – on staffing levels, turnover rates, and the like – to colleagues elsewhere in the organisation and then feeding back the replies to the full complement of negotiators as and when they came in by the same route.

The union delegates who had participated in earlier rounds of bargaining expressed the view that the atmosphere this time was far more cordial and constructive, while the lead union negotiator described the exchanges as ‘generally positive’.

Management’s lead negotiator, on his first bargaining outing (unlike some of the more seasoned campaigners in his team), gave the spirit of proceedings a mixed review. In his estimation, matters went along in a ‘generally cooperative’ way on the easy issues, but the problem-solving ethos was less evident when tougher issues such as pay and inter-union boundaries were on the table. The bargaining protocol had forewarned of such a development:

‘The parties also accept that there may be occasions when an interest-based approach cannot be maintained and negotiations may become more traditional. The parties will strive to maintain an interest-based approach and to be transparent in their adoption of a positional approach should that occur.’

Progress in negotiations is obviously influenced by its structuring. In this case, after a delayed start, the parties agreed to meet fortnightly for two days at a time – but with a four-week break over the summer holidays period – and to tackle set subject matter (career progressions, consultation processes, remuneration, leave arrangements, and so on) on each occasion.

In an ideal world, it is preferable to create more bargaining momentum by extending the number of consecutive meeting days and compressing the intervals between them. None the less, the formula adopted here seemed to work tolerably well and fitted better with the operational requirements of the business and the family demands of the negotiators.

A tried and tested formula for interest-based bargaining is to deal with the more integrative matters such as training first, secure some wins and then move on to the harder distributive (economic) matters later. There is always something of a fine balance in the actual execution of this strategy. The messages of positive psychology and happiness surveys notwithstanding, money regularly features as the main attraction in negotiations (not for nothing are they known in common parlance as

'*wage negotiations*'). A level of both anticipation and frustration tends to build if the issue of pay is kept in abeyance for too long. Additionally, when a breakthrough on pay is achieved, that development often precipitates expansive and expeditious treatment and then resolution of the balance of matters.

In the case of Careorg, the timing was probably about right. Important career and job classification matters were successfully addressed in the pre-summer holidays' exchange, and then at the second session of the New Year the subject of remuneration was introduced.

The pay discussions were as short as they were charged, an indication it is suggested of some inexperience on the part of the negotiators with this genre of bargaining. The employer proposed; the union countered with a quite expensive, part-positional, part-interest-based response; there were some angry exchanges before the parties broke overnight; the employer returned first thing the next morning with a revised offer that substantially met the union's claim, and the deal was accepted. Employees would receive an increase of six percent per annum over the next three years.

With the passage of time and so the benefit of hindsight, it may well turn out that the pay points settled upon in haste are in fact the optimum ones, promoting at an affordable level Careorg's status as an employer of choice and by that token addressing the attraction and retention issues. But it was not obvious in the moment that the robustly brokered deal represented the best intersection of the interests in the room.

Both parties commented very favourably on the worth of the pre-bargaining training, the observation being made that it not only gave fresh insights and methodologies but, like the ensuring protocol, also served as a continuing yardstick – and discipline – as the negotiations proceeded, both in open and closed sessions.

A major benefit of mutual gains bargaining that was raised in the review by the parties was that it provided what the employer described as a 'safer environment' in which to float propositions, develop ideas and test responses to proposals. Forum confidentiality was respected, and parties could venture without the fear of being publicly exposed or held to what were only test runs.

Both parties also expressed the view that independent facilitation was very valuable in keeping the parties on track and in overcoming the inevitable road-humps. In this regard, the employer gave the example of an issue concerning the extension of certain shifts, where the union had adopted a positional stance but was then persuaded to re-engage in a more flexible manner until such time as a solution was achieved.

Deliberate problem-solving in the midst of negotiations

As will by now be very apparent, a matter that has featured large in the minds of the QNU and its members is workloads. This has been a pervasive issue both within and beyond the bargaining context, and it was tabled as an item in this round of negotiations as well.

While it is plainly the case that many of the terms and conditions of employment that were the subject of negotiations impinged on the workloads concern, it was decided that it would be beneficial to deal with this special subject in a non-standard way. Accordingly, a half-day was set aside to problem-solve the question, and another CoSolve facilitator parachuted in to serve as a fresh presence.

The matter was brainstormed in the first instance, and a respectable – by brainstorming measures – total of eighty proposals was generated by the group and recorded. While the assembly of ideas were not thereafter systematically processed and winnowed, they did serve as a prompt for the employer to develop an organisation-wide monitoring and action tool which was immediately endorsed by the union (see Appendices 15 and 16).

As the workloads issue is a longstanding one that has continually to be assessed and addressed rather than disposed of, the parties' experience with the monitoring and response tool will prove to be something of a litmus test of their ability to implement agreements and to confer meaningfully on an ongoing basis. The post-negotiation debrief has revealed a certain amount of good intent on the part of the employer and a certain amount of scepticism on the part of the union. The jury of employees is still out on the matter.

Content of the agreement²⁶

The parties had a fair deal of work to do to achieve the objective of strengthening Careorg's claim as an employer of choice in the sector. With one exception, they did so, reaching in principle agreement largely within their scheduled timetable (if the inevitable mopping up stages are overlooked).

The exception related to the employer's quest to rationalise and render more consistent its several industrial instruments in respect of unlicensed care workers. With not all relevant stakeholders at the table, and with the cost implications not fully assessed, this became a subject that could not be taken to conclusion and it consequently fell away. It will return.

The agreement not only settled standard items for the next contract period (three years) but also broke new territory. Headline items included:

²⁶ The full agreement appears as Appendix 17.

Career progression and pay recognition:

- A pioneering step was made in the private sector of Queensland aged care with the creation of the role of ***Nurse Practitioner*** at the top of the nurses' professional ladder.
- Provision was made for ***Assistant Nurses*** who perform relevant duties to advance to Level 3 based on a Certificate 3 rather than a Certificate 4.
- ***Enrolled Nurses*** benefitted from the establishment of a new pay point set just below the Registered Nurses Level 1.1 rate. Provision was made for ***Endorsed Enrolled Nurses*** with at least 12 months experience at Level 2.2 to advance to Level 2.3.
- ***Registered Nurses*** who believe they are performing at an advanced level beyond level 1.4 are now given a dispensation to apply for a personal upgrade to level 2. Successful applicants will have a new personal classification of ***Level 2 Residential Clinical Nurse*** or ***Community Clinical Nurse***, depending on the area of practice.

Pay and other benefits

- ***Wages increases*** over the three-year life of the agreement of 18%, were provided for:
 - 4 % from 1 January 2008
 - 4% from 1 July 2008
 - 5% from 1 July 2009
 - 5 % from 1 July 2010.
- An increase in ***long service leave*** was made to 1.2 weeks per year of service.
- ***Superannuation*** was revised to remove any limitations on age or hours worked.

More flexible and responsive work arrangements

- Agreement was reached to ***trial twelve-hour shifts*** at certain workplaces.
- Provision was made for ***part-time employees*** to reduce hours to less than 16 hours per fortnight on request from the employee and subject to agreement from the Facility Manager.
- As already mentioned, a ***workloads reporting tool and flow chart*** was agreed to as an adjunct to the formal agreement as a step towards gathering relevant data so that the entire issue could in time be more comprehensively and dispassionately assessed.

Consultation

- ***Consultative processes*** were revised with the object of making them more user-friendly and responsive to changing circumstance in particular facilities.

Duration of the negotiation process

As has been noted, there was a delay between the initial training in negotiation skills and the commencement of negotiations proper. The parties settled their bargaining plan and then worked to the following session dates:

1. 21 – 22 November 2007
2. 6 – 7 December
3. 21 – 22 January 2008
4. 4 – 5 February
5. 18 – 19 February
6. 3 – 4 March
7. 17 – 18 March

In principle agreement on the deal was reached by 18 March but, as mentioned, devils were discovered in what was meant to be merely outstanding details. They were, in time, exorcised.

A general observation to be made about mutual gains bargaining is that the process can be time-consuming, especially on the occasion that parties first embrace it. It requires initial joint training and a deliberate planning stage. The process itself involves an exploration and sometimes researching of issues not normally seen in conventional bargaining. The pay-off for the extra investment is meant to be, of course, qualitatively superior outcomes, and these usually are achieved.

However, time itself can address the issue of process efficiency, as the parties become more familiar, confident and skilled with the techniques.

Implementation

The parties have streamlined the consultative mechanisms within the renegotiated agreement, the earlier ones being invoked largely in the breach only. They have agreed to undertake a formal review of progress with the developmental provisions of the agreement as well as progress with the matter of workloads six months into the life of the agreement.

Communications

Communications were generally well-managed, although union delegates did express the view that a richer flow would have meant a better informed constituency.

Somewhat out of keeping with the ethos of the protocol, the Executive Director anticipated what by rights should have been a joint communiqué on the successful reaching of an agreement conclusion with its sterling wage increases. He proceeded to make his own pre-emptive announcement of the glad tidings in an organisation-wide newsletter to staff. The only party mightily offended by this turn of events was the facilitator, an expendable item.

An assessment of the bargaining process

In review interviews, Careorg state that the process of interest-based bargaining was a superior one which it would use again, despite its sense that its negotiating counterpart drew selectively on its features. Crucially, both parties felt that the bargaining process (and, perhaps perversely, even the abortive workplace change process – it obliged the parties to work together, at least for a time, in ways previously not seen) has left them with a stronger relationship.

CoSolve would identify with another observation made by the employer and touched on above, and that is that the process began in elevated style with well-motivated, mutual gains-seeking exchanges but then descended (though not wantonly) into more familiar negotiating behaviours when the tougher subject matter came up for consideration. This is generally true of our interest-based experiences beyond Careorg as well. It is genuinely difficult for parties to maintain clear sight of the mutual, longer term interest when finite and perishable goods are on the table. The answer probably lies in the development amongst the parties over time – if they are prepared to stay the course – of greater maturity, stature and wisdom, so that they can reap a fuller dividend.

There is, of course, a certain functionality and efficiency to the conventional mode which should not go unrecognised, particularly when it is socialised by elements of the interest-based approach. (And, as an aside, this is one reason why CoSolve offers a training program called ‘Blended Bargaining’ and why the US Federal Mediation and Conciliation Service regularly facilitates what it terms ‘modified traditional bargaining’.)

The QNU, for its part, summed up the bargaining outcome in the following terms:

‘The Agreement covers [a major] private sector provider of aged care and community services in Queensland. It contains significant improvements in wages and conditions. Firstly, it provides improvements to their income and take-home pay and secondly, in doing so, it may cause more nurses to be recruited and improve retention rates. This in turn may have implications for workloads pressures and standards of care. Workloads and standards of care are the highest rating issues of concern for aged care nurses. Thirdly, it may cause other aged care providers to adopt a more proactive role in relation to workforce issues. Fourthly, it may improve union membership and union engagement.

We believe it will have a significant positive impact on service delivery over the next twelve months and beyond.’

The union’s assessment of the larger dynamics of the Smart Workplace’s encounter is also worthy of record:

‘A significant disappointment from our perspective is an underlying and entrenched reluctance by [Careorg] to develop a genuine partnership with the QNU. We think their position in relation to unions generally is one of tolerance and risk minimisation rather than acceptance of the potential benefits of developing a

genuine partnership. We also feel there is no in-depth appreciation of the important advocacy role unions play on behalf of members, but also the role we play in the broader social context.

We believe there are some commonalities across the two organisations and we believe there are unrealised synergies. We sense that a genuine partnership is too threatening and resource-intensive for [Careorg] at this point. We think this is a missed opportunity, but live in hope that if we apply a constructive approach in our engagements with [Careorg] a greater degree of trust may develop. We think a closer and more informed relationship has enormous potential for both parties and the aged care industry generally. We hope the new agreement will go some way to enhancing the relationship.'

CAREORG POST-SCRIPT PRECONDITIONS FOR EFFECTIVE EMPLOYER-UNION ENGAGEMENT: FULLY-FLEDGED UNION RECOGNITION BY THE EMPLOYER COUPLED WITH A UNION CONFIDENCE TO CONTRIBUTE EVEN AS IT DEFENDS

By the end of the *Smart Workplaces* interlude, it had become clear that a certain asymmetry characterised the parties' attitudes and relationships towards one another. The union, partly out of conviction and partly (it is probably safe to assume) in a quest for strategic gains, was intent on forging a deeper level of engagement with the employer. Its approach to bargaining could be described as a considered though unmaturing mix of advocacy and efforts at joint problem-solving. In respect of ongoing consultation, the union's intent – evident both in the way it dealt with the (ultimately unfulfilled) workplace change project and other subject matter areas such as workloads – was to set a platform for a higher level of constructive engagement.

The employer, on the other hand, worked with a policy of circumscribed recognition. It was distinctly wary about the prospect and implications of a 'deeper level of engagement'. It was clearly not anti-union. It had gone out of its way to facilitate effective union participation in the negotiation process, and had in the main (though with some revealing lapses) gone beyond mere good faith bargaining into the more refined territory of mutual gains bargaining in its interaction. But while it was prepared to engage with the union quite expansively in the bounded sphere of bargaining, it showed little relish to provide oxygen in the ongoing arena of consultation. This (we would say from our semi-detached vantage point as participant observers) would be providing the union with too much cachet in the affairs of the organisation.

So while the previous and renewed collective agreements do indeed provide for consultation, and include for instance very specific engagement remedies for the contested area of workloads, the prospects for truly collaborative and solution-gear work in this sphere still look limited.

Careorg is scarcely unique in this defensive posture. Most employers in Australia (and indeed in the bulk of the Anglo-Saxon advanced market economies) have

assimilated the philosophic and strategic outlook that unions are largely a relic of a past era of industrial struggle, at best to be humoured until their eventual demise. This analysis spawns a policy of containment, not engagement.

In short, employers such as Careorg (and probably Manusite in its upper echelons as well) do not fully recognise trade unions. They see them not so much as agents freely chosen by their employees to represent them and advance their interests, but as third parties with agendas of their own, legitimately keeping the employer honest on occasion, but often meddlesome and troublesome. There is no full and consistent appreciation of the rationale for and consequences of freedom of association.

The expectations of *Smart Workplaces* cannot be realised for so long as this remains the predominant employer worldview.

A more sophisticated analysis would see representative unions both as key representatives of an employer's employees for important purposes and as entities with interests in their own right. The employer's challenge then becomes to interact creatively with unions to grow an engagement model where there is more scope for mutuality in the interests of employers, employees and unions, and a better recipe for the management of conflicting interests.

This is not a black-box engagement model. It requires more than trusting that some invisible hand in a union-inclusive variant of Adam Smith's market economy will produce good social outcomes, or that a tempered Marxist dialectic – development through opposition – will do the same. It requires a very carefully calibrated and joint journey, characterised by incremental gains in trust, investments in time and resources, resilience and patience. And the scaffolding for all of this would need to be provided by a new and quite different post-industrial imagination.

The case for this investment is clear and has already been stated: great places in which to work and which produce greatly are ones founded on trust and cooperation.

A high engagement model turns on full recognition by all parties of the worth and role of others. That allows the employers and unions to work respectfully and intelligently with one another not only in the peripheral territory of bargaining but also the high value heartland of continuous consultation over all matters of mutual interest (and certainly without undue deference to the sort of legislative strictures that *WorkChoices* represents, in either its earlier or lingering guises). It means consultation of a special type: one that successfully reconciles the tension between the business imperative of decisiveness in decision-making and the union/employee need for inclusion in decision-making. Compare Kochan & others (even bearing in mind their discussion relates to the full-blown partnership expression of engagement):

“Partnership” is a form of labor management relationship that affords workers and unions strong participation in a broad range of decisions from the top to the bottom

of the organization. “Strong participation” means that workers and/or their representatives are active participants in decision making, as distinct from either being consulted or being informed after the fact. Partnership involves workers directly and via their union representatives in a broad range of decisions, specifically, strategic and workplace-level managerial decisions and not only decisions concerning terms and conditions of employment that are the normal province of collective bargaining. Partnership can thus be contrasted with most forms of “employee involvement,” which allows participation only in workplace, operational issues, and usually only in consultative form; and it can be contrasted with “corporatist” structures where union leaders participate in top-level decision making but participation at lower levels is weak.²⁷

Australian unions come with baggage that often precludes a high engagement model. They were forged in times of industrial conflict, and the exclusionary bent of recent legislation, enthusiastically embraced by employers, has done little to persuade them that the time for conflict is past. Nor did their encounter with corporatism in the Accord years do much to equip them for the contemporary challenges of the high performance workplace.

The level of recognition required for serious as opposed to dilettantish workplace cooperation can only be offered to unions that can successfully carry off another balancing act – that between the traditional defender role and now also the ‘modern economy’ contributor role. The problem is that the union must often play these parts simultaneously in different areas of engagement, and the employer must be mature enough to work with the duality. This is no easy double act.²⁸

We feel, though, bold enough on the basis of encounters and experiences in multiple environments to make this assertion: that the QNU is one of the few unions in Australia that has the demonstrated willingness and capability to be a serious workplace cooperation partner, in the right circumstances. The Careorg setting of 2006/7 has turned out to be less than the right circumstances, but perhaps the seeds have been sown.

PROJECT CONCLUSIONS AND SOME SUGGESTIONS ON THE WAY FORWARD

To pick up the thread from our preface, we must report in conclusion that only some of the expectations that we set out with at the beginning of the *Smart Workplaces* exercise have been met. The ones that have not have been satisfied, however, delivered as many pointers. We would summarise the lessons emerging from our

²⁷ See Thomas Kochan, Paul Adler, Robert Mckersie, Adrienne Eaton, Phyllis Segal & Paul Gerhart ‘The Potential and Precariousness of Partnership: The Case of the Kaiser Permanente Labor Management Partnership’ *Industrial Relations* Vol. 47, No 1 (January 2008) at 36.

²⁸ ‘Managers tend to equate partnerships with cooperation, and are surprised when union leaders revert to more distributive bargaining behaviors when conflicts arise.’ Adrienne Eaton, Saul Rubinstein & Thomas Kochan ‘Balancing Acts: Dynamics of a Union Coalition in a Labor Management Partnership’ *Industrial Relations*, Vol. 47, No. 1 (January 2008) at 10.

Smart Workplaces journey, which began with multiple rebuffs eighteen months ago before moving onto more fertile ground later, in the following ten statements:

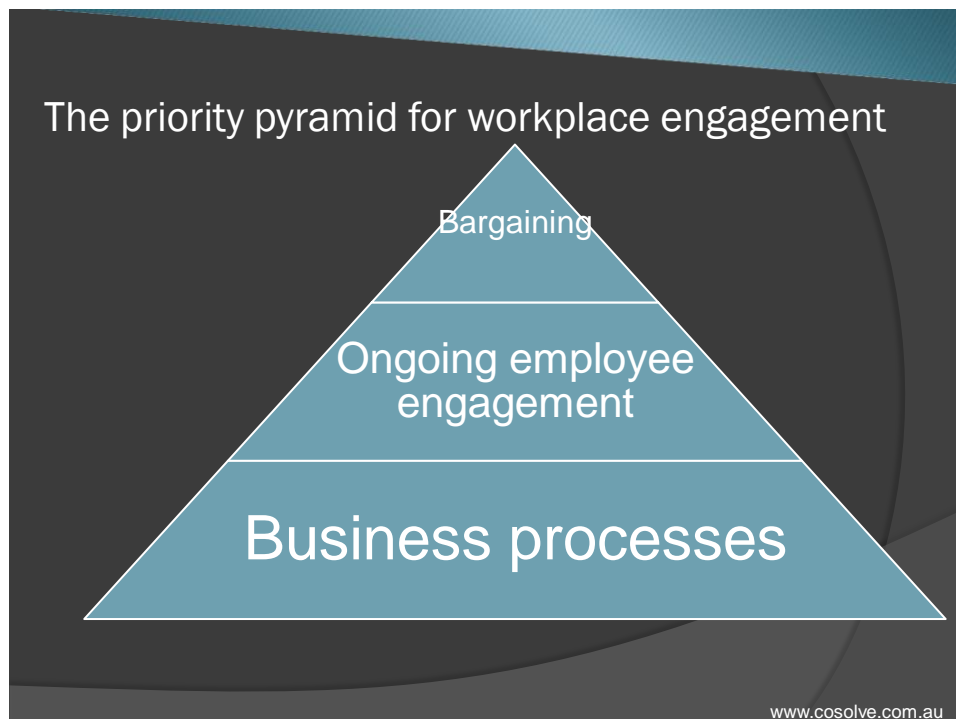
1. Much more ground will need to be prepared before there is any widespread appreciation amongst the Queensland (and Australian) workplace parties – employers, employees and unions – of the value of the cooperative model. Anti-union sentiment is deeply entrenched. Employers see little scope for a positive union contribution to their businesses, while unions still operate largely within a conflict model of workplace relations.
2. The *Smart Workplaces* record fortifies our broader experience: a significant minority of Queensland workplace parties are ready to step up from the conventional to the mutual gains bargaining mode, and would profit from it – modestly at first, and probably handsomely if they persevere. It was in the area of bargaining that both sets of *Smart Workplaces* employers were prepared to engage the most, and where the element of reciprocity was at its strongest.
3. Careorg and Manusite have emerged from the *Smart Workplaces* initiative with (moderately) strengthened workplace relations; other things being equal, that should stand them in better stead for weathering the external shocks and seizing the opportunities that lie ahead for them.
4. While it is in the area of continuous engagement between the workplace parties over a broad range of workplace matters that most gains are to be made, this is also where the most employer resistance lies.
5. Precisely because the maximum value lies in continuous engagement, the longer term policy goal, with targeted supporting strategies, should be to make breakthroughs here.
6. While strong workplace relations may indeed support better business (and employee) outcomes, employers are not readily open to that connection. The projects and propositions that will attract their attention are ones that target better business performance directly, and with stronger workplace relations in a hand-maiden role. Consider the account of Kochan and others in relation to the most developed cooperative exercise currently on foot in the United States:

‘Achieving tangible, valued, substantive results from partnerships is a necessary condition for sustainability. The partnership has to deliver in tangible ways on its promise of doing better on critical concerns than the parties could do through traditional collective bargaining. It is not sufficient to simply improve interpersonal and interorganizational relationships; substantive gains must be clear, tangible, and of high priority to each of the key interests involved. The early quality of working life and quality circle initiatives in the automobile and other industries illustrate this lesson. The evidence from these employee participation efforts was quite consistent that employee participation improved workplace climate and job satisfaction; yet few of the early efforts proved to be sustainable (Drago 1988; Freeman and Rogers 1999; Goodman 1980). *One reason is that as stand-alone initiatives, they did not*

*generate substantial enough bottom-line improvements in productivity, quality, or other performance outcomes of concern to management (Katz, Kochan, and Gobeille 1983). The attitudinal improvements achieved were not enough to sustain management interest, nor to motivate the parties to work through the stumbling blocks that arose.'*²⁹ (emphasis added)

7. For business process focus projects with a labour-management dimension to succeed, provision must be made for labour to share in the gains, and metrics need to be established up front towards this end.
8. Business process improvement projects are one to five year efforts, and more. This is the time frame in which the supporting management-union relationship-building initiatives need to be viewed and sponsored.
9. Multi-disciplinary expertise is required to support the type of integrated projects being advocated here.
10. With any future initiatives, high-level efforts must be made to secure the understanding and then commitment of the top-level leadership of the workplace parties.

To our mind, the relative value of the workplace engagement channels can usefully be represented as follows:



²⁹ Thomas Kochan, Paul Adler, Robert Mckersie, Adrienne Eaton, Phyllis Segal & Paul Gerhart 'The Potential and Precariousness of Partnership: The Case of the Kaiser Permanente Labor Management Partnership' *Industrial Relations* Vol. 47, No 1 (January 2008) at 40-41.

Our developing thesis – one that assumes that top management and union leadership endorse the proposition that thorough-going, consistent and sustained labour management-cooperation represents the superior recipe for mutual gain – is then the following:

- A. Three separate but properly articulated labour-management engagement channels are called for: one dealing with the promotion of core business processes; one with ongoing employee relations-type matters and the last for bargaining.
- B. The largest investment (which must turn on training and education, and trial and implementation) must be made by the parties in the business process base (decidedly an arena of labour-management engagement on this analysis). The ‘efficiency in decision-making’ vs ‘inclusivity in decision-making’ tension must be successfully addressed here.
- C. The next building block requires that the state of ongoing employee relations be kept sound through continuous consultation on all matters of mutual interest.
- D. Finally, periodic mutual gains bargaining must be institutionalised.
- E. The three-tiered cascade must be grounded in values, policies and practices that place a premium on trust, respect and comprehensive information flows.

Currently in Australia, the best cooperation stories and the best beachheads for progress are represented by the collective bargaining zone (albeit amongst a minority of the workplace parties only), precisely because of its limited engagement compass. While for tactical considerations the proponents of workplace cooperation may need to work from the beachheads, the strategic message is clear: the triangle of today, precariously embedded in the sand by its tip, must be turned on its head.