

## **MGT2EMR NOTES**

### **Lecture 1-**

#### **An introduction to employment relations-**

##### **Why study employment relations?**

- ER affects everyone in current and future society (families, individuals, business, industry, diverse socio economic groups)
- Economic implications (trade, unemployment)
- Global implications (competitiveness)
- Political implications (power and pressure)
- Social justice issues (poverty vs excessive wealth and greed)
- Ethical reasons (equity, fairness and sustainability)

##### **The evolution of employment relations-**

- A historical perspective
- Three major factors that have, and continue to impact employment relations in Australia and internationally:
  - Globalisation (growing in significance)
  - Economic policy (evolving)
  - The labour market (changing rapidly)Eg, multi-tasking, sense of security, a stable income, skill set should change

##### **Factors that have impacted employment relations and major changes**

- Gender equality
- Increased female participation rates
- Economic, politics, social change, technological change and competition- all influence and shape employment relations

##### **Neo-liberalism-**

- Neo-liberalism defined: at its most basic, it refers to the rise of prominence of market-based processes of deciding what gets produced and who acquired it- that is, the forces of supply and demand
- Necessary implication: the state shifts from direct provision to facilitating market based processes
- Development of neo-liberalism from its beginnings in the 1970s in the United States and United Kingdom
- Key issue arising: tension between efficiency and fairness
- Major utilities service such as
  - Gas
  - Water
  - Electricity
  - Civil works
  - Transportation

- Telecommunications
- No longer provided by the government. These essential services are open for tender to private organisations/firms

### **A turning point-**

- The 1970s: in a sense, a turning point that came with the end of the long boom and the displacement of the federation settlement:
  - Inflation and declining rates of profit placed the system under pressure
  - In Australia, a stable state-centred system of wage and employment determination came under increasing challenge.
- What was this system? Employment relationships developed under the auspices of the Australian state, in which social and political evaluations of norms, fairness and equity were prominent, and the global disciplines of competitive trade and finance were blocked by trade and capital controls
- First steps towards a neo-liberal agenda:
  - Whitlam Labour government, 1972-72: begins with tariff cuts
  - Fraser Liberal-National Coalition, 1975-83: paradoxical espousal of neo-liberalism but little action

### **The neo-liberal shift-**

- Under the Hawke and Keating Labour governments, non-liberal (economic rationalism) policies were implemented as if there was a global imperative, not as a matter of ideology
- Labor's accord with the union movement initially was the mechanism for labour market flexibility in the face of a declining manufacturing sector
- What did labour market flexibility entail? Job security, working hours and work practices came into contention- and so ended the federation settlement
- With the election of the Howard liberal-national coalition in 1996, the struggle over neo-liberalism became more ideological and conflicted
- Two key thrusts:
- **Corporatisation/privatisation**
  - This period was significant for the decline in union membership and deteriorating wages and conditions in the former public services, and the rise of human resources management across the public sector
  - As in other developed capitalist nations, Australian governments became preoccupied with the sale of public assets, both because this revenue could be used to fund tax cuts and because it supported the ideology proposition that smaller government was by definition superior to larger government
- **Globalisation**
  - An emerging focus on 'competitiveness' required industry in Australia to achieve rates of profitability at least as good as global alternatives in order that corporations (local and international) would invest in Australia
  - Key initiatives: progressive tariff reductions and floating of the dollar

- Led to pressures for lower costs, including labour costs, leading in turn to the dilemma of how to continue to increase living standards (productivity improvement critical)

### **Labour market implications-**

- Extension of market-based calculus to the public sector and the rise of HRM in both the public and private sectors
- Replacement of centralised wage fixing with enterprise bargaining, and government encouragement and facilitation of individual employment agreements, which were the early manifestations of deregulation.
- The shift from the workplace relations act 1996 to the fair work act 2009 is a further demonstration that neo-liberalism is a set of ideas around the primacy of markets and the role of government. These ideas are implemented opportunistically by the major political groupings
- Put simply, we can characterise this change in the labour market as a shift in the organising principles of employment from criteria of 'fairness' to 'flexibility' in the name of international competitiveness- albeit with ongoing debate about the balance
- At the same time, slow productivity growth has led policy elites and analysts to call for more labour market reforms
- 9greater flexibility in labour utilisation) and these directions are largely accepted by both sides of politics

### **Financialisation and risk-**

- The prevalence of finance – for example, the Australian dollar is the world's fifth most traded currency, and there are increasing international borrowings
- The rise of finance means that all economic activity is subject to international standards of competition
- In the labour market, this manifests as pressures to cut costs and increase productivity.
  - The state plays a role in creating institutions and regulation that facilitate this process.
- Competitive pressures also create new risks in the lives of employees. This leads to consideration of the process of *financialisation*.
- The issue for workplace relations is that individuals increasingly are being required to treat themselves (and their families) as if they are financial units (or enterprises), to be risk managed.

- 1- What was this industrial dispute about? Provide background information to the factors that lead to the dispute if necessary and explain how the dispute unfolded
- 2- What were the environmental factors contributed to the dispute?
- 3- Analyse the dispute from the point of view of three relevant stakeholders or actors in the dispute- the employer, the employees and the federal government. What did they

hope to achieve throughout this dispute? What strategies or tactics if they use to forward their case?

- 4- How was the dispute resolved? Do u think there is an effective resolution for all stakeholders
- 5- To assist you, consider the following sources
  - ABC fact file