Develop an industrial relations plan

Overview

What is the relationship between an organisation’s strategic and operational plans and the development of long-term industrial relations (industrial relations) policies?

What is the impact of past industrial relations performance, ongoing industrial relations issues and external influences, such as the state of the economy, on an organisation’s long-term industrial relations objectives?

This resource will help you to understand:

- why industrial relations planning needs to be integrated into an organisation’s overall planning process
- how to develop an industrial relations plan.

Key terms

**Australian Workplace Agreements**

Individual agreements made between an employer and a single employee.

**Certified Workplace Agreements**

Collective agreements made directly between an employer and employees or between an employer and a union(s).

**Industrial relations plan**

A plan designed to meet the needs of an employer and its employees and thus encourage industrial harmony, cooperation and increased productivity in the workplace.
Operational plan
A plan designed to meet the short-term goals of the organisation, usually a sub-set of a strategic plan.

PEST analysis
An examination of the influence of Political, Economic, Social and Technological factors on an organisation.

Policy
Broad statements that outline how staff should operate and act.

Strategic plan
A plan designed to meet the broad, long-term goals of an organization.

SWOT analysis
An examination of the impact that the Strengths and Weaknesses of an organisation, and the Opportunities and Threats it faces, have on the organisation and its future directions.

Linking industrial relations and strategic plans

Organisational goals and objectives
Management needs to include the industrial relations objectives they have identified (eg increasing worker productivity) into the company’s strategic and operational plans.

The company’s goals, objectives, attitudes and philosophy will therefore directly influence the industrial relations relationship within organisations.

In order for a company to achieve its goals, it needs motivated and effective staff. An effective management team not only possesses the ability to effectively manage, but also understands its approach to industrial relations issues.

Management’s primary role is to obtain a certain level of physical/mental work effort from employees. Management needs to ensure that employees are:

- performing the work they have been hired to do
- to the required standard
• at the required pace.

We need to think, therefore, about the organisation within its environment and industrial relations in the context of managerial activity.

The organisation’s industrial relations policy will reflect its specific industrial relations needs and strategic goals.

Aspects of an industrial relations policy

Below is an example of an organisation’s industrial relations policy. Four important aspects have been identified:

1. Communication
2. Involvement
3. Education
4. Planning

Communication

Communication is very important, as it allows for the free flowing of information between the employer and employees. The employer should establish clear communication channels and procedures. These channels may include formal memos or newsletters emailed to all staff. Procedures may include a formal staff meeting attended once a month by the general manager.

Involvement

All staff need the opportunity to become involved in the organisation. This may be through committees, such as a health and safety committee, or through special committees formed to discuss the implementation of proposed changes that will directly affect them.

Education

In order for the organisation to achieve its strategic and industrial relations goals, it needs to provide its staff with the opportunity to access training and professional development. Staff should be encouraged to complete training, and they should be rewarded for their efforts – either through the possibility of career progression, or through recognition of their achievements via job enhancement programs.
Planning

Planning is required to deal effectively with any industrial relation issues that may arise within the organisation. Planning is usually undertaken either by the industrial relations specialist within the organisation or a senior member of the HR/management team. It is important to have policies and procedures in place to effectively deal with issues such as grievances and industrial conflict.

Today, many organisations realise the need to tie their industrial relations strategies into their operational plans and activities. Employers realise that in order to more effectively achieve their organisation’s strategic goals they need a committed workforce who can see the benefits of cooperating with their employers.

**Example – Model Industrial Relations Plan**

Industrial Relations Plans spell out clearly:

- Column 1  The areas addressed by the plan
- Column 2  The actions to be taken within that area of the plan
- Column 3  The person responsible to complete this action i.e. the Responsible Officer
- Column 4  The date required for action to be completed.
- Column 5  Evaluation of the action.
<table>
<thead>
<tr>
<th>Area</th>
<th>Actions</th>
<th>Responsible Officer</th>
<th>Completion Date</th>
<th>Evaluation</th>
</tr>
</thead>
</table>
| **In-house Communication** | 1. Monthly staff newsletter  
2. Weekly email bulletins  
3. Daily toolbox meetings | Human Resources Manager      | All three commenced by 01/07/0X | 1. All actions implemented by due date  
2. All actions completed daily, weekly and monthly as required  
3. Feedback from all stakeholders is positive |
| **Consultative Committee** | 1. Consultative committee nominations from staff and management  
2. Committee created  
3. Constitution agreed upon  
4. Meeting schedule agreed  
5. Meetings commence and conducted regularly | Human Resources Manager      | 1. Nominations called and received by 01/07/0X  
2. Voting completed if necessary by 08/07/0X  
3. Committee convened by 15/07/0X  
4. Constitution agreed 29/05/0X  
5. Meeting schedule agreed 29/05/0X | 1. All actions implemented by due date  
2. Meetings conducted regularly and to schedule  
3. Feedback from members of committee, staff and management is positive |
<table>
<thead>
<tr>
<th>Area</th>
<th>Actions</th>
<th>Responsible Officer</th>
<th>Completion Date</th>
<th>Evaluation</th>
</tr>
</thead>
</table>
| Negotiate Industrial Agreement | 1. Management to draft outcomes required of the agreement  
2. Management ‘costs’ agreement  
3. Inform staff and unions of desire to create industrial agreements  
4. Negotiate with staff  
5. Reach agreement  
6. Distribute to all staff in community languages  
7. Sign agreement with cooling-off period  
8. Ongoing evaluation of outcomes | Human Resources Manager | 1. Draft outcomes by 01/07/0X  
2. Costs calculated by 05/07/0X  
3. Inform staff of negotiations by 12/07/0X  
4. Commence negotiations by 19/07/0X  
5. Reach agreement by 31/08/0X  
6. Distribute to staff by 05/09/0X  
7. Finalise agreement by 30/09/0X | 1. Cost benefit analysis indicates positive outcomes  
2. Negotiations are amicable  
3. Target dates are met  
4. Feedback from stakeholders is positive |
Influence of the Australian Workplace Relations Act 1996

The Australian Workplace Relations Act 1996 has had a huge impact in Australia on industrial relations practices within organisations. Employers can choose to make agreements on a formal or informal basis. Formal agreements are written agreements made in either federal or state workplace relations systems.

The size of an organisation often reflects the level of formalisation of its policies. For very small businesses, informal industrial relations procedures often work well. Owner/managers know their employees well, and sufficient understanding exists to meet business requirements as they arise.

However, as the business grows, there is the need to formalise some aspects of the employment relationship. At this stage, many organisations benefit from developing formal workplace agreements with their employees.

Between 1991 and 2001, 43,196 federal collective agreements were formalised by the Australian Industrial Relations Commission (AIRC). The shift towards agreement making has been accompanied by an increase in worker productivity and real wages, as well as a drop in industrial disputes.

Types of agreements under the Act

Employers and employees under the federal system have the choice of two types of formal agreements under the Australian Workplace Relations Act 1996. They are:

- Certified Agreements
- Australian Workplace Agreements

Certified Agreements

Certified Agreements are collective agreements made directly between an employer and employees, or between an employer and a union(s). Certified Agreements are designed to meet the needs of employees within an organisation.

A Certified Agreement generally covers a single business, a geographically distinct part of a single business or an operational unit within a single business. Should a Certified Agreement be made with employees through a union, the union must have a member within that organisation.

Certified Agreements usually last for no more than three years.
Australian Workplace Agreement

Australian Workplace Agreements (AWA) are individual agreements made between an employer and a single employee. They are usually aimed at increasing workplace productivity and flexibility. Agreements, therefore, can provide for better pay and conditions through employees attaining increased productivity levels. Workplace Agreements run for between one and three years.

AWAs allow for terms and conditions of service to be developed to suit that individual. AWAs may also be negotiated between an employer and a group of employees, but each employee must sign his/her own AWA.

The functions of the AIRC and OEA

The AIRC must certify all agreements, and the Office of the Employment Advocate (OEA) must approve all AWAs. Both Certified Agreements and AWAs must pass a no-disadvantage test. To do so, the agreement must not reduce on balance the overall terms and conditions of the employees when compared to the relevant state or federal award.

Agreements in the workplace

Many organisations are moving towards negotiating certified or individual agreements with their employees. The underlying condition for all agreements is that the award provisions for things such as sick leave and minimum rates of pay are not lost or compromised within the agreements.

Workplace Agreements also allow employers and employees to negotiate terms and conditions of work that suit the individual enterprise. Agreements usually concentrate on the two issues of:

1. increasing worker productivity
2. producing more flexible work arrangements.

Here are two examples of how an AWA met the specific needs of an individual worker.

Example one

A company wants to increase performance within the workplace. To encourage productivity, employees receive an annual salary supplemented by access to productivity and sales bonuses. Access to these bonuses has increased employee motivation and performance, and has provided increased productivity for the employers.
Example two

A company operates seven days a week, 12 hours a day (7am to 7pm). An AWA was signed by employers and employees, providing flexible work arrangements, which took into consideration the business needs of the organisation, customer needs and employee preferences.

An employee had a specific need to set hours and days to meet with a TAFE timetable. The employer was happy with this arrangement and was able to roster the employee to work at times that had traditionally been hard to fill. In this instance, the employee was able to continue studying whilst the employer was able to overcome rostering and staffing issues.

Both examples have been adapted from those contained in the www.employment.gov.au website.

There may be a number of signals that your business is ready to develop a formal workplace agreement. These may include:

1. The organisation has developed formal strategic plans and goals for the medium-term.
2. It has become clear that certain award provisions are not flexible enough to suit the organisation’s requirements.
3. The business has been experiencing specific problems, such as high turnover, high rates of absenteeism or difficulty recruiting. These may be addressed through a more systematic and formal approach to setting terms and conditions of employment.
4. You have identified that the organisation will benefit from establishing a clearly documented system of rewards for its employees.

Involving unions

Within the current industrial relations environment, there is an understanding that if you want to improve your industrial relations relationship with your employees, you need, if possible, to involve employee representatives/union leaders. They can help identify the challenges faced by employees/unions and management, and the environment in which the company operates.

Remember, under the Australian Workplace Relations Act 1996, if employers are negotiating individual workplace agreements, unions can only become involved if they receive a written request from the employee to represent their interests. If the employer is negotiating a collective agreement with a union, the union must have a member within that organisation.
PEST analysis

Strategic and operational plans need to recognise the influences acting on the organisation – both inside and outside its control. One way to identify these influences is through a PEST analysis.

A PEST analysis examines the following factors and their influence on their organisation:
1. Political
2. Economic
3. Social
4. Technological

Political factors may include legislation, such as EEO and anti-discrimination laws, the agenda of the government, national (and international if applicable) government policies on interest rates, employment rights, the position of the trade union and occupational health and safety.

Economic factors may include the influence of interest rates, the expectations and level of confidence in the state of the economy, and the state of the market, whether expanding or contracting.

Social factors may include the level of unionisation and other associated social, ethical or religious pressures that may affect the operation of the organisation.

Technological factors may include the effect of technology on occupations and work patterns, and training for work activities.

Try It

Think about the organisation for which you currently work. Do a PEST analysis for it concentrating on the present environment within Australia. You only need to list the two most important influences within each category.

P
E
S
T
SWOT analysis

The other method used to analyse the environment and the organisation's position within it is a SWOT analysis.

- **Strengths** – factors that enhance the organisation’s performance and reputation
- **Weaknesses** – factors that reduce the organisation’s performance and reputation
- **Opportunities** – factors that the company can use to expand or develop
- **Threats** – factors that may cause an organisation to decline.

Performance indicators

Managers, representing the interests of employers, influence the industrial relations environment within organisations through their management practices and policies. They need to be accountable for the effectiveness of the industrial relations policies of that organisation.

Management accountability for industrial relations can be made possible through the use of key performance indicators. These indicators measure the effectiveness of the organisation’s industrial relations practices. Measures may include information on the level of absenteeism and labor turnover rates over time, as well as monthly statistics on issues such as strikes, stopwork meetings, time lost and the number of lodged grievances.

These statistics can help show whether the organisation’s industrial relations practices are contributing to a productive, cooperative work environment, or if a change in policy is needed.

*Example: Hancock Enterprises – developing an industrial relations strategy and Certified Agreement*

Hancock Enterprises is owned by Helen Hancock (55) and Peter Hancock (57). It comprises a medium-sized factory and involves the manufacture of a range of quality furniture. Peter started the firm when he was 27 years of age, and it has grown over time. Today, Peter employs 75 staff – 50 of whom work in the factory, 10 as forklift or delivery drivers, five as office staff and five as managers.

Peter and his managers have recently decided that they are going to expand the operations of the business. They need to increase the amount of furniture they manufacture, employ new staff in all areas and introduce modern technology to help make the factory operate more efficiently.
The major reason for their decision to expand the company is that Peter has recently won a large, long-term contract. Aside from this contract, Peter is hoping to win another two major contracts, which will ensure that his factory prospers and that his staff’s jobs are secure.

Peter has realised that he now has to make a strategic plan for the future. The strategic plan on the whole is, over the next five years, to grow the company effectively while maintaining standards of manufacture. Peter and his managers have realised that this can only be achieved with the cooperation of all staff members. Therefore, they have reached a decision that they need to tie their strategic plans into their industrial relations plans and objectives.

Aside from the award, there are no formal industrial relations procedures or policies in place. Peter has realised that for his firm to meet the requirements of the new contract, his employees will need to become more efficient. While Peter has quite a good relationship with his employees, there is resistance to change, and many have had little, if any, formal training.

His employees work under a federal award, and they are represented by a union.

Peter has employed an HR consultant to help him manage the industrial relations side of the business. The HR manager has two main tasks to achieve over the coming two years. They are:

1. to help Peter tie the industrial relations needs of his employees to the strategic plans that he has made
2. to help Peter negotiate a Certified Agreement with his employees.

The HR consultant sets about documenting the Hancock Enterprises’ goals and objectives. The business has just won a large contract, which could mean that it needs to expand the business and employ new staff. Could this mean that Peter can also concentrate on winning other large contracts?

Two goals for Peter’s business might be:

1. to expand the operations of the business
2. to increase the level of efficiency through the introduction of new technology.

Think

Think about the options available to Hancock Enterprises. What decisions and suggestions would you make for appropriate managerial actions?
**SWOT analysis**

A SWOT analysis of Hancock Enterprises would need to take into account that while it has a reputation for producing quality goods on time, this is the first major contract it has won for several years.

Also, the employees are loyal to the company but are resistant to change and have had few opportunities to access training and development. This may create problems should the company wish to introduce new machines or a computerised administration system.

A SWOT analysis of Hancock Enterprises might therefore produce the following results:

**Strengths** – factors that enhance the organisation’s performance and reputation:

- high quality staff
- good working relationships between employer and employees
- good relationship with the unions
- established reputation of the company.

**Weaknesses** – factors that reduce the organisation’s performance and reputation:

- potential for disputes – if the union feels that worker rights are being threatened
- resistance to change by staff
- staff have received little training.

**Threats** – factors that could cause an organisation to decline:

- possibility that they will not be able to maintain their high standards of manufacture
- possibility that they will not secure additional contracts in Asia
- possibility that the current positive industrial relations environment will be eroded because of conflict
- possibility that the staff members will not use the new technology.

**Opportunities** – factors that the company can use to expand or develop:

- opportunity to introduce a Certified Agreement
- opportunities for staff to access training and development
- opportunities for career advancement
- opportunities for expansion of the company into new international markets.

Parts of this resource are adapted from Open Learning Institute (2003) *Learner's Guide BSBHR504A* TAFE QLD; used with permission.