

WORKING TOGETHER

A discussion paper prepared for the
NEW ZEALAND PLANNING COUNCIL

on the

**HUMAN RELATIONS ASPECTS OF PLANNING FOR
NEW ZEALAND'S DEVELOPMENT**

by

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INTRODUCTION

One of the functions of the Planning Council is to foster discussion on the main issues likely to confront New Zealand in the next few years.

Since the first canoe reached New Zealand our greatest wealth has been our people and our community. If New Zealanders lose their sense of community the future will be bleak indeed. National planning must therefore consider many human relationships: those of majority and minority cultural groups, those of city dwellers and country dwellers, those of young and old, and many others besides.

The Council decided very early that it should devote special attention to human relations in industry and set up a separate Working Group on the topic: three Council members – Brian Picot (Chairman), Claire Drake, Ted Thompson – and Noel Woods of the Industrial Relations Centre at Victoria University whom this Group co-opted to assist them. "Working Together" is a discussion paper prepared by this Working Group.

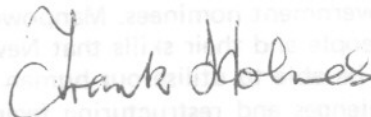
Human relations in industry raise a number of issues for effective long-range planning. They are issues which cannot be swept under the mat. The Planning Council acknowledges that there are many diverse attitudes and opinions, throughout the industrial community. Some are well-founded, some are narrow, and all too frequently they are rigidly held. There is a shortage of dialogue and the Working Group members all agreed that their main task was to promote more realistic discussion of issues rather than attempt to dream up immediate solutions. The paper therefore endeavours to take a positive approach. It is inevitable that it will be criticised as both superficial and idealistic. However, the Working Group has looked ahead and has reached three important conclusions:

- (i) It has to be accepted that human relations are complex and will probably change only **gradually**.
- (ii) Conflict is inherent in our present circumstances and therefore the first steps must be towards more intelligent and effective **resolution of conflict**.
- (iii) The next decade will see many changes in the workplace, changes which will be responsive to increasing worker participation and the spirit of **teamwork**. It is our sincere hope that the leaders of industry, trade unions, government and others will see wisdom in planning towards some form of industrial democracy for New Zealand.

As a council we are not committed to all the detailed points made in the paper. The aim is to provoke you and others to think through the issues and share your views with us on what should be done to serve best the country's interests. Accordingly, in addition to any comments you may wish to make on the analysis of the New Zealand industrial scene contained in this paper, we should be grateful if you would briefly, and preferably in not more than 1–2 pages, summarise your views on practical steps that could be promoted by all members of the community to reduce areas of animosity that have built up.

Your response could indicate whether the areas we have covered are in your view the right priorities, whether the analysis under each heading is balanced and constructive and whether you see this sort of approach as one which will trigger off a more reasoned debate about the real, rather than the imagined, problems.

The Council wants to do its bit. It has already found that there are habits of labelling which are at present seriously clouding the issues. We shall therefore value your judgement about the degree to which we are succeeding in cutting through the confusion. Ideally, we aim to help people on both sides of the fence to see people and situations as they really are rather than in terms of stereotypes.



(Frank Holmes)
CHAIRMAN

AN ECONOMY UNDER SEIGE

Present trends potentially threaten our economic well-being as much as the great depression of the thirties. For at least the past 17 years there has been a gradually declining long-run trend in what each unit of produce that we export will buy. If the very wide fluctuations in our terms of trade are evened out over this period, we find that each unit of produce that we export now buys only about 74 percent of the imports it could have purchased in the early 1960s, so our internal economy has to get back in step with our export fortunes.

Heavy Government and private overseas borrowing has delayed the worst effects of an international recession which still lingers on. This has in the last four years permitted us to buy goods and services overseas worth almost 3 billion dollars more than our actual earnings. In simple terms, we have borrowed cake from overseas and we have eaten it already. The need to face reality has thus been postponed but the time has now arrived when our whole community must take stock of the situation and find ways of pulling together to work our way into a prosperous future.

New Zealand's problem is aggravated by very high inflation which exceeds the inflation rate of most of our trading partners. This single factor has altered the real size of different slices of the cake. There will be some pain in making the necessary corrections to the structure of our economy; this pain will certainly be less if we can plan and work together in positive actions to curb inflation.

It would be naive to expect an absence of tension between labour and management at a time like this. However, the negotiated solution of tensions can often be productive. On the other hand, it can be a frustrating exercise if unrealistic expectations and adversary attitudes constantly prevail. New Zealand cannot afford destructive conflict that undermines our struggle for recovery. We can, and must, handle conflict situations in ways that do not damage our economic well-being. Too frequently in relations between unions and employers the "social partners" are fighting blind in fruitless argument — fruitless because it raises wages, costs, and prices **without** improving the production and exports which are essential to improve the **real** standard of living of the community as a whole.

AREAS OF RESPONSIBILITY

We believe there is a broad commitment in New Zealand to maintain a "mixed economy". In such an economy, while certain activities are wholly or substantially the province of Government, most enterprises are privately owned, and the Government is expected to curb private activities that are not in the public interest. At the same time Government policies should be framed to ensure an equitable distribution of income and to provide support for the disadvantaged.

A three-year election cycle provides a very frequent opportunity to review Government performance and to opt to change if people should want it. (Perhaps the period is in some ways too short.) It goes without saying that to attempt to force political change in any other way merely reduces our capacity to provide for our community.

We believe that it is the responsibility of Government, working through the Industrial Relations Council (and in other ways), to consult with unions and employers' organisations to collectively define some basic requirements for the effective conduct of industrial relations in New Zealand. These requirements, which might, for example, include a Code of Industrial Practice, then need to be explained in simple terms to employers, employees, and the community at large.

We welcome the recent decision of the Industrial Relations Council to reconstitute and revive the Consultative Committee on Employment which brings together union, employer and Government nominees. Manpower planning (i.e. a forward look at the resources in people and their skills that New Zealand needs in the future) is essential if we are to be able to utilise our human resources in the most effective way to meet the challenges and restructuring facing our economy. The Consultative Committee can make a valuable contribution by looking at longer-range issues in manpower planning and possible changes in the allocation of

resources, including labour, between industries. In addition to strong all-round representation on the Consultative Committee, we would like to see a strengthening of the Labour Department's manpower planning resources.

UNDERSTANDING AND COMMUNICATING

One of the causes of industrial discontent is the belief (whether well-founded or not), that some persons or groups are being treated unfairly. It is true that any system with human components will have elements of injustice and things that need to be put right. It is equally true that there will be instances of imagined unfairness and that these usually arise from a lack of information. Poor communications — up, down, and sideways — are like dry-rot in the industrial system. Leaders in management, unions, politics and the media have a particularly important part to play in improving the process of communication. All too frequently human relationships will suffer through impetuous and irresponsible public statements.

The need for better two-way communication within any organisation is gaining increasing acceptance. Interesting and relevant information should be available to employees of the organisation with which they have identified. There are many ways of doing this — special reports, information bulletins, house journals, induction booklets or briefing meetings. The workers for their part need a "hot line" to management. As understanding and trust grow it is logical for these contacts to move into wider areas concerning the issues, aims and objectives of the organisation. A number of New Zealand enterprises have already succeeded in this.

LEADERSHIP, EDUCATION AND TRAINING

The quality of leadership within organisations and unions is a most important factor both in workplace relationships and in the nation's economic health. The capacity to lead and communicate with wisdom can be improved by education and training. The Vocational Training Council (established in 1968) is giving a much needed push to the development of training in New Zealand. The VTC has achieved a great deal in its short history and has now established a system of "Five-Year Plans". Although funds for training incentives are provided under the VTC Act, they do not cover the problem of lost pay. It is, we believe, important that trade union delegates and others should have time off on full pay to attend seminars and courses. (Many employers already provide this.)

The need for continual systematic training of management and trade union executives at all levels, including supervisors, foremen and delegates, cannot be stressed too strongly. We believe that this should be actively encouraged at the highest levels, and that such training should include joint management — union exercises as are already being developed by the Industrial Relations Centre, Victoria University.

Vocational education is critical to New Zealand's future. Our workforce requires on-going education and this is particularly so in the case of Maori and Pacific Island people who may not be reached by existing systems. Technical Institutes and similar institutions, together with on-the-job training, can do much to reverse a situation in which many workers become locked into unskilled jobs. There are both social and economic reasons for avoiding such a wastage of New Zealand's human potential. Moreover, job skills increase efficiency as well as rewards and job satisfaction for the worker.

Where there is the alternative, we believe that we should train our own people rather than bring in immigrants.

One of the most vital areas for concern is apprenticeship and related trade training. We welcome the Vocational Training Council's efforts in this area, but believe that to meet future needs (particularly in the light of our current migration patterns and the associated progressive loss of skills), urgent reform of the apprenticeship system must be undertaken.

TOWARDS FAIR AND RESPONSIBLE INCOME DISTRIBUTION

Conflict needs to be resolved in a fair and intelligent manner. The distribution of income and wealth always creates conflict. If, however, the division of opinion about "fair shares" creates frequent interruptions to production all parties become locked in a vicious circle. Wealth must be created before it can be shared.

Inflation, combined with the present tax structure, aggravates any differences in income shares by throwing traditional methods of incentive, distribution and reward out of kilter. At a time when wage and salary earners are paying increasingly high taxes on their earnings there are other forms of income that remain untaxed. It is more than ten years since the Ross Committee carried out its in-depth study of New Zealand's taxation system and we believe that a major change in policy is urgently required.

All sectors acknowledge inflation as a thief and a cheat. The difficulty is to obtain full commitment from all sections of the community to fight inflation given the fact that some groups will find it harder to make the necessary sacrifices than others. In other words the burden has to be borne (and be seen to be borne) equitably.

A high rate of inflation increases both what unions can successfully claim in wages, and what businesses can successfully charge on the domestic market. And these increases themselves then contribute to maintaining a continuing high rate of inflation. Thus unions and employers acting individually or in collaboration can aggravate inflation by the aggressive use of their powers.

An industrial tradition of slugging it out "toe to toe" does not encourage social responsibility in the determination of wages and prices. The parties to agreements and awards too frequently meet only to bargain on the basis of immediate self-interest. The familiar sequence of claim and counter-claim argued within the narrow confines of an expiring instrument, gives little scope for basic, progressive thinking about economic and social objectives, forward planning or experimentation.

Successive Governments have become concerned at some of the effects of an adversary negotiating procedure, particularly where the self-interest of the parties is in conflict with the interests of the community. Government has tried, by regulation, to curb the extent to which prices and wages may be raised. Such regulations are politically unpleasant and administratively complex. They tend to discourage rather than foster constructive relationships between employers and unions.

Government, unions and employers would all like to be rid of these regulations, and the present Government has already moved towards "free collective bargaining", on condition that the parties use their freedom "responsibly". This brings us back to the need for a workforce that is adequately informed regarding the economic and business facts of life, as well as for employers who have a background understanding of the difficulties faced by members of the workforce. "Irresponsible" demands too often spring from ignorance for which management frequently has much responsibility.

Collective bargaining to determine wage structures is ideally negotiated at national level on an industry basis by two well-informed participants, both of whom possess the best possible economic facts and projections. Thus there is a strong case for New Zealand to move towards industry agreements as opposed to occupational agreements. The problem of striking fair income shares is greatly complicated by the large number of awards and agreements that exist (a by-product of the large number of unions). There were approximately 1000 awards and collective agreements and countless house agreements in force in August 1977. On average, therefore, several must be renewed on every working day, with the result that differentials and margins are constantly changing. No wonder there is an ingrained relativity problem which so frequently sparks industrial disputes of some form or other.

In the long-term, the amalgamation of unions would ease this complex problem since the structure of collective bargaining is largely determined by the structure and number of the organisations in the bargaining process. (In the short-term, a much

greater use of the composite agreement procedure of Section 66 of the Industrial Relations Act 1973 – this provides for a collective agreement to be made between one or more employers and a number of unions representing workers of different trades – would have the same effect and should be accepted as a viable possibility by all parties to the collective bargaining exercise.) Union amalgamation is under action by the Federation of Labour.

The advent of fewer, stronger, well-funded unions with better research facilities would make for more effective and more responsible collective bargaining. New Zealand needs such a trade union movement and every encouragement should be given to unions and the Federation of Labour in pursuit of this end.

The New Zealand Employers' Federation too requires support by its members and all the facilities to participate effectively and knowledgeably in this very responsible exercise.

Responsible collective bargaining requires that the negotiating parties appreciate any economic restraints which they may have to operate under from time to time. They must understand the national and international economic facts of life as well as Government policies and long-term objectives. For its part, Government must be aware that if economic constraints are sectionally applied they will be catalysts for unrest.

There is a need for some regular means by which all parties (Government and the representatives of all directly-concerned organisations) can jointly discuss broad issues of national importance. The discussions should include an attempt to achieve a common understanding on the economic outlook, and could consider possible packages covering the areas of choice between pay increases, improvements in public services or benefits, and tax reductions. They should be used to consider in a dispassionate way whether, and if so, where, the country faces real obstacles to an overall improvement in living standards.

JOB ENRICHMENT AND PARTICIPATION

Mass production, increasing technology, and larger-sized enterprises have resulted in a higher proportion of boring, repetitive jobs. Although individual tolerance to boredom varies, it is obvious that lack of job satisfaction contributes to many costly patterns of behaviour such as absenteeism and high labour turnover. Methods of increasing job satisfaction should receive increasing attention. Experiments with semi-autonomous work groups and other methods of increasing job satisfaction should be carried out.

Much is heard of "worker participation", "employee involvement", "industrial democracy", and "co-determination", etc. There are many critics of both the philosophy and motives of suggested changes to the old order, but the underlying aim is to involve workers more fully in the administration of activities that affect them. Even the keenest advocates of industrial democracy acknowledge that change cannot be forced upon unwilling participants. It seems likely that increased worker participation in New Zealand will evolve from gradual acceptance of the concept by unions and employers, management and workers.

There appears already to be a measure of consensus that systems of worker involvement and participation should grow on a "firm by firm" basis, and that they should evolve in forms which are appropriate to New Zealand circumstances and character. We do well to study others' experiences but not to slavishly follow them. Most of those concerned appear to wish to defer consideration of worker representation on company boards until other forms of involvement are more fully developed.

As workers and management work increasingly closely together sharing more information and more real responsibilities, so will there be a bigger reservoir of well-informed, capable men and women ready to move into joint participation at higher company level. Experience of worker representation on company boards in Europe

has been positive and the question of a two-tier board structure is one which deserves further examination. We believe that increased worker participation is one side of the coin and that the introduction of better procedures for the resolution of conflict is the other. We should therefore encourage some form of industrial democracy as the ultimate objective for New Zealand.

RESPONSIBILITY AND LEGISLATION

Democracy allows diversity and freedom. But diversity and freedom without restraint can develop into anarchy. It is, we believe, important to stress that the increased rights for any stakeholder (employer of employee) are invariably accompanied by greater responsibilities. The more that individual responsibility is exercised, the less the need for recourse to law. Generally, people will act responsibly when they are treated as responsible individuals. For this reason, we have argued that increased training of leaders, increased communication, and increased worker participation will assist social cohesion; legal solutions will then be less in demand.

Nevertheless, we must face the fact that all people in all sectors are not always "responsible". Irresponsibility exists in all areas. It can be part of the reaction to uncertainty.

Management irresponsibility is frequently less visible than that of unions and employees. However, management irresponsibility can be extremely costly in both social and economic terms. We believe there is a strong case for an independent authority to monitor, and where necessary, regulate business activity to prevent (or greatly reduce) the possibility of irresponsible, conspiratorial, speculative or corrupt practices. The Commerce Commission already has powers in some of these areas, for example the abuse of monopoly power and profiteering.

Workplace irresponsibility can vary. Sometimes very small groups with unique leverage use duress against society to get their own objectives. Wild-cat strikes, demarcation disputes and rolling stoppages can be entirely outside industrial control. With its highly fragmented union structure, the New Zealand industrial scene is susceptible to such pressures. The force of opinion of workers generally can play a very great part in discouraging incidents of this type.

However society must ultimately look to well-framed industrial laws to define acceptable responsibilities and reduce the risk of disruption. Such laws must be impartial and be seen to be so. If provisions exist that go beyond what is generally regarded as fair, they should be reconsidered and defects removed. Some parts of our present industrial legislation are undoubtedly causing misgivings and concern amongst a wide spectrum of New Zealanders. Law which is unenforceable, or not enforced, engenders disrespect for the law itself, and should also be reconsidered.

The present law making stoppages a breach of the award, the present law on giving three days' notice in freezing works, and the present provisions relating to suspensions, all fall into one or other of the above categories.

The present law and procedures governing the granting of injunctions are believed by many to favour the applicant who is best able to quantify harm. (For example, it is easier for an employer to show loss of production because of a stoppage than for workers to show prospective loss of earnings or conditions in the absence of a stoppage.) One authority in the field has suggested that it would be appropriate that legal proceedings relating to industrial disputes should first be heard in the Arbitration (formerly Industrial) Court, where a specialist bench could balance the complicated factors of workers' rights to withhold their labour against the rights of citizens claiming damage or duress. Transferring injunctive relief to the Arbitration Court would have regard not only to the rights of the parties involved, but also the resolution of the dispute at issue.

One thing stands out above all others — the law is the foundation of our freedoms and the observance of the law cannot be a matter for individual discretion. The law must not be allowed to fall into disrepute.

It is therefore timely for Government to arrange a complete review of industrial law with the object of ensuring that it is impartial and workable. While protecting the long-term public interest, the objective should be to downgrade the adversary concept inherent in the present system of industrial relations and substitute measures which encourage joint problem-solving by the parties themselves. Disputes are better solved in the workplace than in the courthouse.

The parties themselves must honour and enforce their own agreements — there is no surer way of increasing understanding and competence.

CONCLUSION

Human relations in the workplace, the relations between the various groups involved in the production process, and the relations between these groups and Government, present New Zealanders with perils and opportunities.

We can either find ways of working together effectively for progress or, as a nation, become increasingly divided, unstable and poor.

No external constraints prevent us from grappling with this issue; the answers are largely in our own hands.

DOCUMENTS PUBLISHED OR ISSUED BY THE NEW ZEALAND PLANNING COUNCIL

No. 1	A Moment of Truth	1977
No. 2	Regional Options	1977
No. 3	Town and Country Planning Bill	1977
No. 4	Planning Perspectives 1978-1983	1978
No. 5	Taxation Reform by Donald T. Brash and Graeme Thompson	1978
No. 6	Income Maintenance and Taxation: Some options for reform. By Paul Bevin, Avery Jack and John Jensen	(to be published in June 1978)
No. 7	Working Together	1978
No. 8	Towards a New Zealand Identity	(to be published in July 1978)
No. 9	Agricultural Strategies	(to be published in July 1978)

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