Transforming New Zealand employment relations: The role played by employer strategies, behaviours and attitudes

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Overview

- Major context & ER changes since late 1980s
  - Rise in individualism & employer workplace power
  - Why hasn’t the outcomes been better better?

- Our focus: employer attitudes & strategies
  - General theme: more employer-driven flexibility
  - Limited research => our surveys of employers
  - 2009-10 surveys: employer attitudes to collective bargaining => find limited active support

- Current surveys focus on legislative changes

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Path-breaking legislative change

- Arbitration system (1894-1991)
- Employment Contracts 1991
  - Radical path-breaking ‘non-prescriptive’ framework
  - Fits with other ‘individualising’ Acts & interventions
- Employment Relations Act (ERA) 2000
  - Explicit support of collective bargaining & unions
  - BUT it doesn’t bring about revival of CB & unions
    - Private sector union density falls sharply to below 10%
- Key Q: why have outcomes been poor?
### NZ union density, 1989-2011

<table>
<thead>
<tr>
<th>Date</th>
<th>Number of unions</th>
<th>Membership</th>
<th>Density (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 1989</td>
<td>112</td>
<td>648,825</td>
<td>44.7</td>
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<tr>
<td>May 1991</td>
<td>80</td>
<td>603,118</td>
<td>41.5</td>
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<tr>
<td>December 1991</td>
<td>66</td>
<td>514,325</td>
<td>35.4</td>
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<tr>
<td>December 1993</td>
<td>67</td>
<td>409,112</td>
<td>26.8</td>
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<tr>
<td>December 1995</td>
<td>82</td>
<td>362,200</td>
<td>21.7</td>
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<tr>
<td>December 1997</td>
<td>80</td>
<td>327,800</td>
<td>18.8</td>
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<tr>
<td>December 1999</td>
<td>82</td>
<td>302,405</td>
<td>17.0</td>
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<tr>
<td>December 2001</td>
<td>165</td>
<td>329,919</td>
<td>21.6</td>
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<tr>
<td>December 2003</td>
<td>181</td>
<td>341,631</td>
<td>21.4</td>
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<tr>
<td>December 2005</td>
<td>175</td>
<td>377,348</td>
<td>21.9</td>
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<tr>
<td>March 2009</td>
<td>159</td>
<td>387,959</td>
<td>21.5</td>
</tr>
<tr>
<td>March 2011</td>
<td>145</td>
<td>384,644</td>
<td>20.9</td>
</tr>
</tbody>
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Outcomes have disappointed

- Productivity growth has been low
  - Relative decline for several decades
    - Explanations vary: many SMEs, management skills, limited investments, skills, short-term focus, etc.

- Inequality has grown above OECD average
  - “Living Wage” campaign has started recently
  - Low wages have prompted ‘brain drain’
  - Post 2008 policies: encourage low ER standards

- Recently: regulatory failures & ER conflicts
ERA & role of employer attitudes

- Several well-known factors behind union decline: employer attitudes is just one factor
  - Including: ‘representation gap’, no MECAs, apathy
- Earlier surveys find 2 groups of employers
  - Are employers engaged or not engaged in CB?
  - Many employers see unions as ‘irrelevant’
- Shift in employer attitudes & behaviours
  - Employers are seeking fewer regulations
  - Diverse employment outcomes & ‘working poor’
Current surveys 1

- Results are based on first survey
  - Employers in South Island and Lower North Island
  - Mail survey with response rate 16%
    - Follow-up in-depth interviews of some employers
  - Another survey will provide full national coverage

- Overall support of legislative changes
  - Emphasis on employer prerogative (less PG rights), holiday buy-out & union avoidance
    - Highlights long-term employer concerns
Current surveys 2

- Appear to have had limited impact
  - 1/3 of employers: new regulations have impacted significantly on their business
  - 2/3: have had no or limited impact from new regs
  - ER has been impacted: ~23% score yes but ~73% score limited or no impact

- Results need to be analysed further
  - Is there a time lag; is it only certain types of employers who have seen an impact; does it cover particular groups of employees; does it.....?
Conclusion

- Major employer influence on reform agenda
- Surveys: employers support less legislation
  - Allows for more employer-determined flexibility
  - Will mainly influence “lower-end” types of jobs?
- Doesn’t have a major ER & business impact?
  - Early days yet & new 90-day rule appear to be used frequently for certain employee groups
- Can more ‘flexibility’, lower taxes & less (employer) compliance raise productivity?