

How Well Off Are Employees Under AWAs? Reanalysing the OEA's Employee Survey

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While most studies have shown employees to be disadvantaged by individual contract regimes, a survey undertaken by the Employment Advocate purported to show that employees were at least as well off, and in some ways better off, under AWAs, particularly in large workplaces where "high performance" strategies allegedly dominated. There are several possible reasons for this set of findings, but one clear factor is the failure to distinguish between managerial/professional and "ordinary" employees in analysis of the effects of AWAs. Further analysis of the survey data indicates that, for ordinary employees, pay is less satisfactory, hours are more likely to increase, and the work-family balance is more difficult for AWA employees than for other employees, while there is little evidence of the higher trust claimed in large AWA workplaces – though there is a possibility that AWA employees have lower expectations than other employees.

Introduction

A large number of studies have suggested that individual contract regimes are associated with poorer outcomes for employees than collective bargaining (eg Oxenbridge 1999; Rasmussen and Deeks 1997; Dannin 1997; Watson 2001). There is, however, one research fly in the ointment. This is a survey undertaken in 2001 for the Office of the Employment Advocate (OEA) and analysed and written up by Paul Gollan of LSE.

The OEA is the body established by the Howard Government to administer two parts of the Workplace Relations Act: the "freedom of association" provisions, and the provisions relating to AWAs. It is a highly controversial agency that the Labor Opposition has promised to abolish if it wins Government again, as it is seen as championing the anti-union agenda set out in those two parts of the WR Act (the "freedom of association" provisions being primarily concerned with preventing compulsory union membership and prosecuting unions who seek to impose compulsory unionism). It is certainly the case that the OEA simultaneously has responsibility for ensuring AWAs satisfy legislative requirements while actively encouraging their use through media

campaigns, and this appears to create an irresolvable conflict of interest for it. Having said that, it must be pointed out that, to the OEA's credit, access to AWAs for researchers is considerably easier than was access to individual contracts under the former New Zealand or Victorian legislation, and the OEA has funded several external research projects, one of which was the Gollan survey. The Gollan/OEA survey has been used by the OEA to refute claims in other research (eg by Roan et al 2000) that firms using AWAs adopt a "hard" rather than "soft" HRM approach. Again to its credit, the OEA has also allowed access to the survey dataset to outside researchers, enabling this paper to be written.

The Gollan/OEA study actually involved two parallel telephone surveys, each with about 1000 respondents: one of employees on AWAs, drawn from the OEA database; and one of a random selection of employees in the population at large. The "random" sample mainly includes people on awards, unregistered individual agreements and registered collective agreements, but is unable to distinguish between them. Broadly speaking, the Gollan survey found little difference between the two samples on a range of issues. Where there were differences, they

tended to favour the AWA-covered employees. For example, Gollan reported that

AWA employees are more likely to be working longer hours and to report working harder, but are less stressed and are more likely to report that their work and life balance has become easier because their workplaces have become more accommodating. This suggests that “flexibility” may be a two way street in AWA workplaces and indicates a “soft” HRM approach. (Gollan 2002:45)

These figures confirm that AWA employees are in general no less satisfied with their pay than other employees and could be indicative of high performance workplace characteristics being more common within AWA workplaces. (Gollan 2002:45)

The Employment Advocate, Jonathan Hamberger, has likewise argued that:

These results suggest that in practice employees with AWAs are doing better than other employees in terms of control over their working hours and balancing their work with other aspects of their lives, (Workplaceinfo 2002)

and that:

perceptions of management amongst AWA employees in larger workplaces are consistently much more positive than those of other employees (many of whom would be on collective agreements)...When it came to change in satisfaction with pay and conditions, AWA employees in larger workplaces were significantly more positive than the random sample employees (Hamberger 2002).

One of the themes of these analyses is that the benefits of AWAs for employees are particularly apparent in large workplaces, where the people that AWA employees are being compared against are most likely to be covered by collective agreements. As implied above, Gollan refers to these large workplaces with AWAs as pursuing “high performance” strategies.

Possible explanations for divergence

There may be several reasons why the Gollan/OEA survey produces findings at variance with the other studies reported above. First, there are problems with the

survey itself. Cully (2001) in particular has criticised the first iteration of the study (Gollan 2001) for failing to report response rates, failing to consistently apply tests of statistical significance, questionable use of causal attribution and, most importantly, a series of biases in the data. The “random” or control group over-represented white collar and well-educated workers, under-represented blue- and “pink-collar” workers, over-represented the better paid and over-represented trade union members. There was no test of bias or representativeness in the “AWA” sample. There was an in-built bias in the AWA sample as it only included employees who had an AWA approved from six months to two years prior to the survey, the upper limit being to “minimise those employees who might have changed jobs or employers since their AWAs were approved”. There were twice as many employees in the AWA sample (47 per cent) who have worked for their present employer for less than two years than in the random sample (25 per cent), and to the extent that employment duration is a predictor of attitudes, this may explain some of the observed differences between the AWA group and the random group (Cully 2001). A year later, the OEA and Gollan responded to this critique by issuing a revised report (Gollan 2002) in which results were reweighted by occupational category using ABS employment data. In the end, this did not make large differences to many of the findings, in part because some of the other biases in the dataset (such as the under-representation of casuals) were not corrected or were even worsened (for example, the overrepresentation of union members (Gollan 2002:54)).

Second, even if we set aside these concerns, there may be substantial heterogeneity in the characteristics of AWAs. For example, many employees on individual contracts are senior managerial and other senior staff, and in the public sector in particular senior managerial staff

are paid under formalised individual contracts; consequently many employees on individual contracts have high earnings because of their occupational position, and this distorts any comparison between workers on individual contracts and other workers. Thus, the ABS *Employment, Earnings and Hours* survey estimates that, in the public sector, earnings of employees on registered individual contracts are 35.7 per cent higher than those on collective agreements, reflecting the heavy concentration of individual contracts amongst senior public servants. Yet in the private sector, earnings of employees on registered individual contracts were 2.2 per cent less than those on collective agreements for males, and 10.0 per cent less than those on collective agreements for females. Overall, earnings of employees on formalised individual contracts are higher simply because of this overrepresentation of highly paid senior public servants in the data.

Third, and relatedly, there may be variation in the purposes of employers in introducing AWAs. While there is a wide body of evidence that many employees under individual contracts are worse off than they would be under union-negotiated collective agreements or even, in some cases, under the low standards set by awards, it does not follow that employees on individual contracts will inherently have inferior terms and conditions of employment. Many recipients of individual contracts will be more senior or skilled staff in relatively high paid positions. Consistent with this, Schedule 1A workplaces in Victoria, were also more likely than workplaces under federal coverage to have high rates of pay (Watson 2001:142) – in addition to being (as mentioned) more likely to have low pay than workplaces under federal coverage. Contractualist arrangements were more likely to apply both to employees with substandard pay and to employees in occupations with strong labour market position.

Moreover, individual contracts may have a non-union premium attached to them. Because of the increased profitability that might apply through the greater exercise of managerial prerogative available through procedural individualism – that is, because individual contracts give management greater power to demand of labour as it sees fit – employers may offer employees a higher wage through individual contracts than is available through collective bargaining, in order to induce employees to forego union coverage. CRA/Rio Tinto, for example, offered employees several thousand dollars per year – at Bell Bay, for example, equivalent to increases in wages of between 11 and 13 per cent - to move from award coverage to individual contracts (AIRC 1994; Hearn Mackinnon 1996:289; Waring 2000:47).

Fourth, there is a strong possibility of reverse causality. That is, employers may be most likely to succeed in introducing AWAs in workplaces with high “trust” between management and employees. It would not follow that AWAs in any way enhance trust at the workplace.

Fifth, AWA employees may have lower expectations than other employees, leading to higher satisfaction for a given level of benefits or conditions.

Finally, the way in which the survey data were analysed by Gollan may disguise heterogeneity in AWA content and strategy. In particular, Gollan did not separately analyse the treatment of managerial, professional and non-managerial, non-professional employees. As mentioned above, the patterns in relation to managerial employees on AWAs may be very different to non-managerial employees, in particular because of the public sector effect. Moreover, employees in professional occupations, typically possessing high individual bargaining power in the labour market, may not be significantly disadvantaged through the introduction of AWAs and indeed may receive premia for

taking up AWAs. Those in non-managerial, non-professional occupations will be more likely to lack the individual bargaining power or labour market position of managerial and professional employees, and may be less likely to be advantaged by AWAs. While, within non-managerial, non-professional employees, we cannot separately differentiate between those with strong labour market position, those subject to “premium strategies” and those who are in weaker bargaining positions, it may still be more useful to look at this “ordinary” group and see if it follows the patterns ascribed to the population at large.

Accordingly, the rest of this paper represents a secondary analysis of the Gollan/OEA survey. Our main interest is in testing whether, for non-managerial, non-professional employees, the benefits of AWAs are apparent. For the sake of

brevity, we shall call this group “ordinary” employees. We test the significance of the difference between AWA employees and the control group by use of the χ^2 log-likelihood test. We use unweighted rather than weighted data, as the weighting system employed by Gollan did not overcome many of the biases in the sample and the application of weights would needlessly complicate the calculation of significance tests. We look at comparisons across all workplaces but also look at differences between AWA employees and the control group (the “random” survey) within large workplaces (those with 100 or more employees) as the OEA and Gollan both suggest that it is in large workplaces that the benefits of AWAs and their link to a high performance management strategy are more apparent. However, because the large - workplace sample is necessarily

Table 1 Satisfaction with pay

	AWA employees	Control group	Significance level of difference
	% satisfied	% satisfied	
Managerial and professional employees	51	45	ns
Ordinary employees	43	53	0.1%
Ordinary employees in large workplaces	41	53	1%

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-profl AWA), 349 (mgl-profl control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

Table 2 Satisfaction with pay and conditions

	AWA employees	Control group	Significance level of difference
	% satisfied	% satisfied	
Managerial and professional employees	53	49	ns
Ordinary employees	46	52	10%
Ordinary employees in large workplaces	42	53	1%

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-profl AWA), 349 (mgl-profl control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

smaller than the all-workplace sample, significance levels in the large workplace sample will be weaker even when the effects are the same as for all workplaces.

Are “ordinary” employees as satisfied with their pay as other employees?

While Gollan reported that “AWA employees are in general no less satisfied with their pay than other employees” it is apparent from Tables 1 and 2 that this statement is very dependent on the type of employee being considered. In particular, ordinary AWA employees were less satisfied than the control group with their pay, and with their “pay and conditions”. This was so even in large workplaces, raising serious doubts about whether high performance pay was more common within large AWA workplaces.

Do AWA employees have greater control over their hours, less stress and a better work/family balance?

The claimed benefits of AWAs for employee control over their working hours are questioned by the data in table 3. Very divergent trends are apparent between managerial/professional and other employees. In the managerial/professional category, AWA employees perceive

greater control over working hours than do other employees. Amongst ordinary employees, however, the AWA employees have significantly less control over their hours than other workers. The pattern is in the same direction, but weaker (and non-significant) when we restrict it to the smaller sample of large workplaces. One reason why ordinary AWA employees were less satisfied with their control over working hours is that they were more likely to be working longer hours than the control group. This is apparent in Table 4, which shows data for full-time employees as well as all employees (as an increase in hours amongst part-time employees would be considered a good thing by many of them).

Similarly, ordinary AWA employees were more likely than the control group to report that they were working harder now than two years earlier (Table 5). This was not the case within the managerial/professional group – the sign was in the opposite direction, though the difference between AWA and control employees there was non-significant. In large workplaces, the gap amongst ordinary employees between AWA employees and the control group was smaller and non-significant.

Table 3 Satisfaction with control over hours

	AWA employees	Control group	Significance level of difference
	% satisfied	% satisfied	
Managerial and professional employees	67	53	5%
Ordinary employees	50	57	1%
Ordinary employees in large workplaces	49	52	ns

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-prof AWA), 349 (mgl-prof control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

Table 4 Increase in hours worked

	AWA employees	Control group	Significance level of difference
	% working more hours	% working more hours	
Managerial and professional <i>full-time adult</i> employees	35	35	ns
Ordinary <i>full-time adult</i> employees	33	25	1%
Managerial and professional employees	40	42	ns
Ordinary employees	32	24	1%
Ordinary employees in large workplaces	36	25	10%

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-profl AWA), 349 (mgl-profl control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

Table 5 Changing work effort

	AWA employees	Control group	Significance level of difference
	% say difficulty of work is harder	% say difficulty of work is harder	
Managerial and professional employees	56	59	ns
Ordinary employees	53	47	5%
Ordinary employees in large workplaces	54	51	ns

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-profl AWA), 349 (mgl-profl control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

Despite suggestions of lower stress amongst AWA employees by Gollan, the differences between AWA employees and the control group on this issue were non-significant.

All this meant that the alleged benefits of AWAs for the work-family balance did not materialise for many ordinary employees. As Table 6 indicates, in the ordinary group AWA employees were significantly more likely than control employees to report their work and family balance had become more difficult. The pattern was similar when restricted to large workplaces but, principally because of smaller sample size, the difference became non-significant. Within the professional/managerial group,

the pattern was once again different: AWA employees were significantly less likely than the control group to report balancing work and life had become more difficult.

Do AWA employees have different expectations?

As mentioned, it is possible that AWA employees have different expectations of their workplace and management than do other employees. Robust data on expectations are not readily available from the survey. However, one factor that is likely to influence expectations is awareness. Employees who have knowledge about their rights in relation to particular issues are more likely to want to enforce their rights and more likely to have

higher expectations of their conditions and management.

There is one question in the Gollan/OEA survey which tests awareness, though unfortunately it was not asked of all respondents. Female workers who were permanent employees (and hence would have access to maternity and family leave) were asked whether they were very aware, somewhat aware or unaware of their rights at work with regard to Pregnancy leave and work conditions, and maternity leave. Despite the small sample size, AWA employees were significantly more unaware of their entitlements in relation to both issues (Table 7).

Notably, they did not differ in terms of their satisfaction with the level of communication and information at their workplace – amongst female permanent employees, 37 per cent of AWA employees and 38 per cent of the control group were satisfied with communication and information. If AWA and other employees had similar expectations, then we might expect this lower level of awareness on a fundamental issue to translate into lower satisfaction with the information available to them. Although more research needs to be undertaken, the data suggest that it is possible the satisfaction levels of AWA employees might be “boosted” by lower expectations.

Table 6 Balancing work and life

	AWA employees	Control group	Significance level of difference
	% say balancing work and life is more difficult	% say balancing work and life is more difficult	
Managerial and professional employees	44	56	1%
Ordinary employees	39	34	5%
Ordinary employees in large workplaces	41	37	ns

Source: Gollan/OEA survey, unpublished data. N=746 (ordinary AWA), 661 (ordinary control), 294 (mgl-profl AWA), 349 (mgl-profl control), 308 (ordinary AWA, large wkplaces), 209 (ordinary control, large wkplaces).

Table 7 Awareness of rights

	AWA employees		Control group		Significance level of difference
	% unaware of rights – pregnancy leave & conditions	% unaware of rights – maternity leave	% unaware of rights – pregnancy leave & conditions	% unaware of rights – maternity leave	
Managerial and professional employees	12	9	14	13	ns, ns
Ordinary employees	33	32	24	24	5%, 10%
Ordinary employees in large workplaces	28	28	20	24	ns, ns

Source: Gollan/OEA survey, unpublished data. N=240 (ordinary AWA), 251 (ordinary control), 113 (mgl-profl AWA), 175 (mgl-profl control), 125 (ordinary AWA large wkplace), 86 (ordinary control large wkplace).

Populations: female permanent employees

Do AWA employees trust management more?

While Gollan (2002:8) thought that a higher level of trust recorded by AWA employees in large workplaces “may be indicative of AWA workplaces exhibiting the characteristics of high performance / high trust workplaces, where there are more than 100 employees in the workplace”, he failed to control for the effects of tenure. In large workplaces, shorter-tenure employees (those with less than two years service with the current employer) were much more likely to agree that “management can be trusted to tell things the way they are” (47 per cent agreed) than were longer-tenure employees (just 32 per cent agreed). As mentioned,

AWA employees had considerably lower average tenure than the control group. When we controlled for tenure in a logistic regression for ordinary employees within large workplaces, differences between AWA employees and the control group became non-significant (Table 8). Similarly, when tenure was controlled in a logistic regression predicting whether “management does its best to get on with employees”, the significance of the AWA variable disappeared. Nor did AWA coverage help predict whether employees perceived that management gave them a say in how they do their job, once income and union membership were controlled. On the question of whether management

Table 8 Trust and attitudes to management: Logistic regression equations

	Management does its best to get on with employees	Management can be trusted to tell things the way they are	Management gives me a say in the way I do my job	Management gives me a say in the way things are run	
AWA	0.280 (0.202)	0.178 (0.210)	0.327 (0.202)	0.391 (0.221)	#
Tenure < 2 years	0.399 ** (0.203)	0.549 ** (0.206)	0.064 (0.203)	0.078 (0.216)	
Blue collar	-0.228 (0.214)	-0.337 (0.227)	-0.225 (0.216)	-0.516 (0.243)	**
Union member	-0.235 (0.206)	-0.061 (0.215)	-0.577 ** (0.208)	-0.256 (0.227)	
Income	0.093 (0.110)	-0.058 (0.113)	0.246 ** (0.111)	0.338 (0.118)	**
Age under 21	0.613 (0.442)	0.411 (0.411)	-0.041 (0.417)	1.076 (0.425)	**
Constant	0.611 (0.704)	0.763 (0.721)	-1.119 (0.708)	-1.520 (0.765)	**
N	497	496	497	496	
-2 Log likelihood	665.452	641.531	666.446	600.464	
Cox & Snell R Square	0.034	0.035	0.044	0.046	
Nagelkerke R Square	0.045	0.048	0.059	0.064	
chi-squared	16.985	17.727	22.524	23.305	
d/f	6	6	6	6	
significance	0.009	0.007	0.001	0.001	

Standard errors in parentheses. Populations: ordinary employees in large workplaces.

* significant at 5% level. ** significant at 1 level. # weakly significant at 10% level.

For each equation the dependent variable compares agreement with non-agreement.

was perceived to give employees a say in how the workplace was run, AWA coverage was weakly associated with a higher probability of agreement. Overall, there was little reason to believe a high trust approach was being perceived by ordinary employees in large workplaces covered by AWAs.

Perhaps the reason why attitudes are not more favourable to management lies in the earlier tables. In fact, given those disadvantages, it might have been expected that AWA employees may have been less positive towards management. Interestingly, when we predict responses to the statement “Management does its best to get on with employees” by reference to various satisfaction questions, AWA

employees are significantly more pro-management when satisfaction with aspects of work is controlled (Table 9). This is also the case even when variables measuring control or change in control are added to the equation. One possible explanation is again that AWA employees have lower expectations of management – that is, even if they are dissatisfied with aspects of their work, they might not attribute this to management to the same degree as other employees would. This may in turn reflect the possible reverse causality referred to in the early part of this paper: employees who trust management more may be more easily persuaded to sign AWAs in the first place.

**Table 9 Predicting management tolerance with satisfaction:
Logistic regression equation**

AWA	0.499	**
	(0.216)	
Satisfaction with pay	0.364	**
	(0.144)	
Satisfaction with communication and information	0.784	**
	(0.154)	
Satisfaction with recognition of work and effort	0.423	**
	(0.150)	
Satisfaction with the amount of work you do	0.204	
	(0.156)	
Satisfaction with the amount of training you receive	0.349	**
	(0.137)	
Satisfaction with your control over your hours of work	-0.045	
	(0.138)	
Constant	-3.496	**
	(0.546)	
N	517	
-2 Log likelihood	546.448	
Cox & Snell R Square	.178	
Nagelkerke R Square	.249	
chi-squared	158.779	
d/f	8	
significance	.000	

Standard errors in parentheses. Populations: ordinary employees in large workplaces.

* significant at 5% level. ** significant at 1 level. # weakly significant at 10% level.

The dependent variable compares agreement with the statement 'Management does its best to get on with employees' to non-agreement (neutral and disagreement).

Conclusion

While the OEA/Gollan dataset has to be treated cautiously, because of the odd composition of the sample, a close analysis of the dataset suggests that the favourable findings regarding AWAs that arose from it had at least as much to do with the way the survey was analysed as with any sampling problems. The broad picture that emerges is consistent with the vast bulk of other evidence that has been uncovered to date on individual contracts. Individual contracts such as AWAs represent a weakening of the bargaining power of employees. For ordinary employees – those below the managerial and professional ranks – this is translated into increasing hours and work intensity, a poorer work-family-balance and lower satisfaction with pay and conditions; other

studies have indicated the reasons for this lower satisfaction are grounded in poorer objective conditions, though it is also noteworthy that there are suggestions in the data that employees covered by AWAs might have had lower expectations than other employees.

Of course, some employees fare well under AWAs – those with strong individual market power, those whom employers wish to put onto generous AWAs to avoid union identification (eg senior public service managers). But there is little evidence that large workplaces are running a “high performance” “soft HRM” agenda with their ordinary employees. Rather, for ordinary employees the outcomes in large workplaces are what we would expect from all the other evidence: a weakening of the relative power of labour.

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