

# Training and the New Industrial Relations: New Zealand Research that Explores Streeck's Thesis

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**Abstract:** *This New Zealand research finds some support for Wolfgang Streeck's thesis that education and training offer unions strategic possibilities in a neo-liberal environment. But it also finds that political strategies are necessary when unions' quasi-constitutional status has been substantially diminished.*

## Background and Purpose

Over the past two decades, unions in most OECD countries have had to develop a strategic response to education and training reforms. In New Zealand, that process of reform began to gather momentum in the mid-1980s and is still far from completed. The election of a centre-left government in late 1999 promises a new chapter. In some respects, the central arguments and the patterns of reform in New Zealand have been similar to those elsewhere, especially in Australia. But in other respects the New Zealand experience has been unique in that the reforms have occurred within the context of a neo-liberal inspired, radical economic and social restructuring that has included far-reaching labour market deregulation (Deeks, Parker, & Ryan, 1994).

This paper is based on: (1) an extended project that has tracked, from a labour studies perspective, the role of unions and educational and training reform in a neo-liberal environment for over a decade (Law, 1994, 1996a, 1996b, 1997, 1998b); (2) selected findings from a large membership study of the New Zealand Dairy Workers' Union (DWU) (Law, 1998a); and (3) a detailed study of the policies and strategies of the EPMU (Law & Piercy, 2000a, 2000b; Piercy, 1999, 2000). Specifically, the paper's purpose is to explore Streeck's (1989, 1992) thesis that vocational training, as part of a more co-operative, consensual, non-adversarial 'new type of industrial relations,' offers unions the possibility of a new strategic role in a neo-liberal environment. As much of Streeck's theory building has been based on metalwork unions, this paper focuses mainly on the strategies adopted by the NZ Engineering, Printing, and Manufacturing Union (EPMU). These strategies were derived substantially from the union's Australian counterpart, the Amalgamated Metal Workers' Union (AMWU).

## Research Approaches

The research approaches include: (1) an analysis of relevant government and associated policy documents, including Australian documents, that deal with education and training reform; (2) a similar analysis of relevant union documents and strategies, including Australian material, that influenced New Zealand unions; (3) twenty three, formal, recorded interviews with key players in Australia and New Zealand, including a number of unionists associated with the AWMU and the EPMU; and (4) supplementary, less formal follow-up interviews and discussions with key unionists in both countries.

## Theoretical Considerations

Streeck (1989, 1992) argues: (1) that globally, neo-liberalism, with its emphasis on individualism, has marginalised collective rights and organisations, such as unions, that were features of the welfare state; and (2) that throughout the ascent of neo-liberalism, technological change has substantially altered the labour process. These changes, he argues, not only offer management new ways of organising work but also offer unions the opportunity to push management to select models of work organisation that benefit their members by providing job security and the chance to continue to humanise the workplace. Streeck holds that skill development can be the key to such a strategy in that it can allow firms to remain competitive in an environment of change. However, for unions to pursue a skills development strategy, they need to adopt a consensual approach to industrial relations. This, he argues, runs the risk of unions being seen by members as 'selling out.' Hence unions have to be relevant to capital by engaging in workers' training and skills development while simultaneously remaining rele-

vant to members by securing greater job security and skill-related improvements in pay.

Streeck (1992, pp. 264-266) suggests unions take seven steps in order to incorporate training into bargaining strategies: (1) bargain on the basis of maintaining high wages and a flat wage structure; (2) insist on “obligatory, standardised workplace training curricula” that are broadly based; (3) ensure some form of worker representation at the workplace in order to ensure that the training is carried out effectively; (4) create a strategy that incorporates some kind of defence, legal or otherwise, that protects “employment continuity and stability;” (5) encourage a “flat wage regime” with few job classifications that “rewards knowledge rather than activities performed;” (6) actively pursue “as an objective in its own right, an anti-Taylorist policy on the organisation of work;” and (7) negotiate “training and retraining plans” that ensure workers have the entitlement to learn at work.

Boxall and Haynes (1997) have explored New Zealand union strategies in a neo-liberal, deregulated labour market environment theoretically and practically. They argue that unions have four options:

- Classic unionism, where the union relies on traditional bargaining strategies, focuses on wages, adopts an adversarial position to employers and draws its strength from workplace solidarity.
- Paper tiger unionism, where a union created under the previously legislatively provided, compulsory arbitration and conciliation framework, which relied much less on workplace solidarity, views its members simply as consumers of services.
- Consultancy unionism, where the union, normally representing white collar workers, employs some limited workplace organising strategies while providing mainly services to its members.
- Partnership unionism, where the union employs strategies that build worker solidarity through a high level of organising but that also provide a wide range of services to members. While the union retains much more of an adversarial approach, it nevertheless co-operates around areas of mutual concern, such as skills development and the introduction of new production methods.

Boxall and Haynes suggest that partnership unionism, which they associate with the EMPU, offers unions a possible survival strategy in that it blends elements of the traditional with the new servicing and co-operative strategies. Into this they weave, from Streeck, the notion that involvement in skills development offers unions opportunities to retain leverage, although they do not explore in any depth precisely what it is about skills development that provides unions with strategic advantage.

In previous papers, Law presents a more political economy analysis that focuses much more specifically on education and training reform as a cornerstone of some unions’ survival strategy. That work draws on unions’ policy and strategy documents, internal union education materials, and the DWU study. He argues that notwithstanding the general unravelling of the welfare state compromise, especially as it related to education, the ambiguity of the NZ Labour Government’s (1984-1990) approach to economic and social restructuring still included a residual commitment to social partnership (tripartism) that provided structural opportunities for unions. Thus the NZ Council of Trade Unions (NZCTU) and unions like the EMPU and the DWU, actively engaged the labour process debates of the 1980s, accepted and argued for a ‘high skill, high wage’ industrial development strategy, and adopted much of the human capital arguments that underpinned the skills development debate. They also embraced workplace reform which they saw as an attractive, co-operative strategy to create national wealth and jobs in an increasingly competitive international environment.

However, Law argues, by the time unions had developed a coherent strategy, the election of a National Government in late 1990 and the subsequent rapid deregulation of the labour market had undermined two basic structural elements that had given unions some leverage when Labour held office. First, the dismantling of the industrial relations structure and the introduction of decentralised and largely individualised wage bargaining undermined the necessary link between wages and skills that was implicit in a ‘high skill, high wage’ strategy. Second, the dismantling of legislatively supported tripartite structures, including education and training structures, meant that union representation was dependent on employers. Law (1996b) suggests four reasons why employers may choose to include unions: (1) industrial muscle; (2) workers’ scepti-

cism and thus the need to have unions 'sell' new training regimes to members; (3) unions willingness to 'buy' representation by contributing financially to industry training organisations (ITOs); or (4) a union's recognised expertise in the area of training.

Law holds that some unions, especially the EPMU, managed to retain considerable influence at the industry and enterprise levels well into the 1990s. He suggests that this was primarily because of their recognised expertise and employers' continuing needs to win workers' confidence. But, as he shows with a national case study from the dairy industry, neither expertise nor the need to win workers' support necessarily prevented a union from being shut out of the training structures once a neo-liberal regime withdrew legislative support for their presence. Moreover, he holds that by the mid-1990s, the role of the union movement, in particular the CTU, was almost reduced to that of an interested spectator. Thus from 1994, he has argued that unions' best hope of regaining an influence in education and training policy formation and implementation rests with electoral reform—New Zealand opted for proportional representation in 1993—and the election of a centre-left government committed to a more tripartite and 'hands-on' approach. This has to include, he suggests, a degree of labour market reregulation, including bargaining structures, that enable unions to negotiate explicit linkages between wages and skill.

### **Some Major Findings**

This ongoing investigation has found empirical and documentary evidence that provide some qualified support for Streeck's general thesis. But it has also revealed antipodean particularities, some of which have been common to both Australian and New Zealand unions's strategies and others which have been more specific to New Zealand.

First, Piercy's study confirms and documents, much more thoroughly than previously appreciated, the nature and extent of Australian unions' influence on New Zealand unions' strategies and practices from the mid-1980s until the early 1990s. While her study is primarily concerned with education and training reform, it makes visible how for unions like the EPMU that particular policy interest was only part of an integrated strategy. The EPMU also undertook a more membership-responsive union restructuring, revised bargaining strategies, adopted a co-operative approach to industry in-

vestment and development, embraced workplace reform, participated actively in ITOs, and engaged in political lobbying in favour of a more prescriptive rather than a voluntarist approach to industry training.

Second, both the extended research project and Piercy's study identify and elaborate important differences between the Australian and New Zealand union movements. In the case of Australia, unions such as the AMWU had been major contributors to a radical, alternative political economy debate that had its origins in the crises of the 1980s and which eventually led to a union-Labor Party 'Accord.' (see Beilharz, 1994). There was no similar pattern of unions contributing to a searching political economy debate in New Zealand over the same period. Nor is there evidence that more than a handful of key unionists were even aware of the key Australian political economy documents from the late 1970s and early 1980s.

Third, the research finds that it was really only in reaction to the first onslaught of neo-liberal economic restructuring and looming labour market deregulation that New Zealand unions began to engage and adopt Australian unions' strategic thinking and practices. The research further finds that in general this was more of a pragmatic response by New Zealand unions than an overly theoretically informed strategic shift.

Fourth, the research provides important insights into the impact on education and training policies of the change of government in late-1990 and the onset of radical labour market deregulation. In terms of industrial relations in general, many commentators have shown that New Zealand unions lost enormous ground (eg. Deeks, Parker, & Ryan, 1994). Paradoxically the research found that as unions lost their legislative base, education and training, often linked to skill based pay initiatives at the enterprise level, emerged as one of the few areas in which that had the opportunity to retain any significant leverage. And yet, it also finds that without an industrial relations framework that enables bargaining that links skills to wages, it is difficult to meet governments' skills development goals (Law, 1998c). To put it in neo-liberal terms, if the labour market fails to send trainees clear signals about the "value" of skills and qualifications they cannot make informed choices about their 'educational investment.'

Fifth, the research finds that while one of the distinguishing characteristics of the EPMU's survival in a hostile neo-liberal environment has been its skills development strategy, that is not the whole story.. In our view a very significant finding has been the importance of political work. In the case of the EPMU there have been two major thrusts to its political agenda. On one hand the union has worked closely with employers and, at times, some elements in the National Government (1990-99) in order to defend education and training reforms from the extremes of libertarian, voluntarist, neo-liberal ideology. On the other hand, the union has also worked very actively to achieve political reform—proportional representation—and the election of a centre-left government. In addition, the EPMU pressed the Labour Party to adopt skills development policies, linked to industrial relations policies, that roll back the voluntarist thrust of National's approach. This is expected, following the recent change of government, to include legislative amendments that reinstate unions as key players in industry training organisations. Significantly, the Associate Minister of Tertiary Education has appointed to his office a former EPMU education officer with the specific brief of implementing Labour's skills development policies.

### **Discussion: Relating the Findings to Streeck's Thesis**

Our research finds that the EPMU and, to a lesser extent, other New Zealand unions, quite independent of any awareness of Streeck's ideas, responded to the neo-liberal onslaught of the 1980s and 1990s in ways that dovetailed quite neatly with his seven steps:

- Within the limitations of a radically restructured industrial relations framework, the EPMU strategies afforded a central place to skills development and training as a bargaining issue.
- The union embraced and supported the idea of competency-based training based on unit standards that in turn were linked to a national qualifications framework. This was consistent with Streeck's notion of seeking "standardised workplace training curricula."
- Its attempts to build skill-based pay into industry and enterprise agreements is in line with Streeck's fourth, fifth, and seventh points: a defence of employment continuity; encouragement of a flatter wage regime with fewer steps

that rewarded skills; and the negotiation of entitlements that enable workers to learn at work. However, because the neo-liberal, industrial legislation effectively limited the EPMU to negotiating mainly enterprise agreements, its capacity to extend these opportunities to all its members has been severely hampered.

- The EPMU, through its enthusiastic support for the restructuring of collective bargaining and workplace reform, has attempted to pursue an anti-Taylorist policy.

However, the EPMU's experience, along with that of the New Zealand union movement more generally, has also revealed some limitations in Streeck's thesis. Streeck's work, we would argue, implicitly assumes that even in a neo-liberal environment unions still retain some constitutional, legislative, or judicial legitimacy (see also Streeck, 2000). But one of the major factors that distinguishes the New Zealand experience from that of Australia, North America, and Europe has been the comprehensive way in which unions quasi-constitutional legitimacy was dismantled by the National Government's Employment Contracts Act. This severely limited unions' bargaining ability and seriously compromised attempts to retain workplace representative structures. Thus the EPMU has been forced to try and monitor training effectiveness through its very active participation, at employer invitation, in relevant ITOs.

As Boxall and Haynes (1997) observe, the EPMU pursued a partnership strategy that allowed it to build on its interest and expertise in skills development to present itself to manufacturers as an organisation that could help them achieve production goals. Some employers were very receptive, in part because of the impact on them of other aspects of neo-liberal policy changes, such as the removal of tariffs, that had historically protected domestic manufacturing. But even that approach had its limitations. Recently the EPMU has found itself in a situation in which it has had to adopt more traditional, adversarial strike action against a major manufacturer which the union once hailed as one of the country's "models" of workplace reform and co-operative industrial relations.

If we cheat for a moment and move beyond the parameters of the research reported here to look at the survival experience of another union, the Service Workers of Aotearoa, we find that its success may be attributable to a different model. That

union, which organises low paid, predominantly female, Maori and Pacific Island workers, has adopted an “organising model” rather than a “partnership model.” But it too has incorporated skills development and career-pathing into its overall strategy which suggests that elements of Streeck’s thesis can be extended beyond manufacturing.

### Some Concluding Observations

The conclusion to this story is open-ended. While many New Zealand unions have incorporated skills development into their survival strategy, the EPMU placed training at the centre. This implies that in the non-manufacturing sectors—service, distribution, finance, teaching, the public service—other factors may be more important. But how long unions could have continued to survive is also an important question. It seems clear to us that without a change of government at the end of 1999, the union movement’s future looked very bleak indeed. This underpins for us the importance of political strategies. Whether or not unions and collectivity should depend on quasi-constitutional legitimation is not the issue. In New Zealand, for complex historical reasons as well as the more immediate impact of neo-liberalism, unions opted to pursue electoral reform and the election of a centre-left government in order to re-legitimize themselves and to achieve a modest reregulation of the labour market.

This conclusion does not dismiss or devalue the importance of workers’ education and training. In the sense that Streeck writes and the EPMU pursues, skills development is certainly now at the centre of many unions’ industrial relations agendas. But there is also a very significant, historic sense in which the New Zealand experience of union survival under neo-liberalism represents important continuities. For in order to build a constituency for electoral reform and then for a change of government, unions and their allies in the broader social movements had to engage in a mobilising, political education that retained some elements of the more radical tradition of solidarity building that has long been at the heart of workers’ education and the struggle for popular democracy.

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