

# Human Resources Management and Australian Workplace Agreements:\*

## From researchers' and engineers' standpoints

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### 1. Introduction

At present, the industrial structure of our country is shifting to a new era. International competition is intensifying even more.

Given this situation, I think it is important for researchers/engineers to have high motivation in order to tackle research and development.

Prime Minister Koizumi established the Intellectual Property Policy Headquarters in February 2003 and initiated "The scheme of Intellectual Property Policy". In addition, the "Basic Law on Intellectual Property" was passed by The House of Councillors in November 2002.

In Article 8-2 of the Basic Law on Intellectual Property (Law No. 122 of 2002), the following is prescribed, "Business enterprises shall make efforts to assure proper treatment of inventors and other employees who are engaged in creative activities so that the job contents of such inventors and other employees who are engaged in creative activities will be attractive and suitable for their importance."

The patent lawsuits, one concerning artificial sweetener production at the Ajinomoto Company, and the other concerning the blue light emitting diode of Nichiei Chemistry, demonstrate the changing employment relationship between business enterprises and researchers/engineers.

In addition, the case of Shimadzu Corporation's scientist, who is a Nobel-prizewinner, also reflects this new employment relationship between business enterprises and researchers/engineers.

The Japanese employment system for researchers/engineers currently depends on a conventional collective relationship. Reforming the employment system of researchers/engineers will be challenging, and being flexible in meeting their individual desires should be part of that challenge.

I have researched the Australian Workplace Agreements (hereafter AWAs) from the point of view of adjustment in the style of individual control.

My research is based on experience from both Australia and England.

### 2. Employment system's issues in Japan

Japan has three problems regarding its employment system for researchers/engineers. They are as follows:

#### (1) Collective employment control too strong

It has been shown that monetary incentives are not necessarily effective in precedence-setting research (Ishida Hideo, 2002, "*Human Resource Management of Researcher and Engineer*"), but rather the improvement of the research environment is more important. But the Japanese employment control system is currently based on labor agreements and shop regulations which are determined collectively. It is

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\*Key words: individual approach, negotiating agent, agreement, minimum standard

This paper is an amendment to part of "Human Resources Management of Researchers and Engineers", which was awarded the excellent paper prize in August 2003 by the Network for Policy Analysis.

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difficult to cater flexibly to the individual characteristics of researchers/engineers.

It is hoped that the environment for researchers/engineers can be upgraded to meet their individual needs. This is especially so in the case of the younger generation for whom there is little freedom. They are usually members of unions and are strongly influenced by the labor agreement arranged by that union.

(2) Less diverse treatment decision system

The excellent results of a researcher do not always gain the recognition they deserve. This is because the individual is generally treated merely as a part of a collective arrangement negotiated by the union.

The leading Japanese companies in research fields depend on relations between labor unions and companies. According to one survey<sup>1)</sup>, union membership of employees in leading companies stands at 78.4% (Table 1).

(Table 1) Union membership of employees in leading companies

n=102		
	union	no union
	80	22
100.0%	78.4	21.6

source: Japan Research Institute, *The research on employment relationships for the strengthening of industrial competitiveness, 2002*

There usually is no researcher/engineer's treatment rule which is different from other employment streams in the company. Only 18.6% of business enterprises have adopted such a double-track system according to the survey (Table 2).

(Table 2) Actual conditions of double-track employment control system

n=102			
	Double-track employment control system	Single-track employment control system	n/a
	19	76	7
100.0%	18.6	74.5	6.9

(source) ibid. Table 1

As expected, the requests of researchers/engineers are diverse, ranging from monetary factors to research issues. But Japanese enterprises are not able to provide individual treatment to researchers/engineers (Table 3).

(3) Less flexibility of treatment with an employment guarantee

The flexibility in the treatment of researchers/engineers is decided in the contract of employment which may provide for either long term or short term employment. Flexibility in treatment tends to be less if the employment contract is long term.

Business companies are unlikely to provide both stability and flexibility. It is almost certain that a business enterprise would discontinue a contract renewal, in cases where an employee wanted a long term contract combined with high salary conditions.

Alternatively for a short term contract, it may be decided that the enterprise would treat him favorably

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1) *The research on employment relationships for the strengthening of industrial competitiveness, 2002.*

(Table 3) Do you think the treatment of researchers/engineers is determined according to his achievements?

	A			B				A sub total	B sub total	A-B
	yes	yes, partly	don,t know	no mostly	no	n/a				
	102 100.0%	3 2.9	26 25.5	29 28.4	19 18.6	21 20.6	4 3.9	29 28.4	40 39.2	-11 -10.8
double-track system	19 100.0%	1 5.3	9 47.4	3 15.8	5 26.3	1 5.3	— —	10 52.7	6 31.6	4 21.1
single-track system	76 100.0%	2 2.6	17 22.4	23 30.3	14 18.4	20 26.3	— —	19 25.0	34 44.7	-15 -19.7
n/a	7 100.0%	— —	— —	3 42.9	— —	— —	4 57.1	0 0.0	0 0.0	0 0.0

(source) ibid. Table 1

by the provision of special payments and conditions.

In other words, if the employee wanted to be adopted as a permanent worker, he would give up special payments. But in this case, the responsibility to the job would continue.

The treatment of researchers/engineers needs to be determined according to their achievements, whether they are permanent workers or not. It is important that Japan introduces such flexibility into the employment of researchers/engineers.

### 3. Australian workplace agreements

#### (1) The individual approach

At present, the globalization of economic activities is occurring. Every country is adopting various policies, in an effort to obtain the dominant position in international competition.

If the chain of advanced knowledge could become more active, business enterprises would develop in leaps and bounds from now on.

Importantly, every country is reforming employment relations with the intention of promoting flexibility in the social system. For instance, through the Australian Workplace Agreements in 1996, the Australian social (employment) system was reformed, so that individuals could negotiate working conditions in a business enterprise.

Also, Prime Minister Blair of the United Kingdom clarified the importance of individuals in the document, "Fairness at work in 1997". He is currently improving the system of adjustment between business enterprises and individuals.

In both cases, new systems, which are able to adjust the relationship between a business enterprise and an individual more flexibly, have been introduced.

It is the same question in Japan too. "How do business enterprises and individuals, especially researchers and engineers, reach agreements?"

I have therefore researched this question based on the experience from Australian workplace agreements.

The coalition government in Australia has continued in government for 3 periods after taking over from the Labor Party administration, as a result of the general election in 1996. The important bills concerning labor relations could not be passed as the government expected because it did not control the majority in the upper house.

However, liberalization (Enterprise Flexibility) is promoted strongly under current Prime Minister Howard's administration. This characteristic can be observed in the AWAs system which was introduced by the Australian Industrial Relations Act in 1996.

The relationship between a business enterprise and a worker is mainly decided collectively on the basis of Awards and Certified Agreements (attestation accords). But an individual contract between a business enterprise and an individual became a new possibility under the AWAs system.

The background for its introduction was that there was economic stagnation in Australia at the same time that New Zealand was succeeding with deregulation. The OECD has commended the Australian reform of industrial relations in the light of the economic revitalization of Australia. It is an important point that AWAs make it possible for an enterprise to be able to conclude an individual agreement with a worker. And an enterprise flexibly adapts to the environmental changes that surround that enterprise.

There is no difference between Japan and Australia in the globalization of the economy. Australia has built AWAs in order that business enterprises could be more active and flexible. In other words, the individual approach was upgraded in addition to maintaining a collective approach, leading toward a new era.

## (2) The main functions of the Employment Advocate

Another point of particular attention is that an Employment Advocate<sup>2)</sup> (hereafter EA) was newly established in Australia.

The main functions of the EA are:

- ① To examine individual AWAs to determine whether the contents of the agreement fall below a present condition or general conditions.
- ② To give advice with regard to the same law and also AWAs to both workers and managers (managers of small businesses are included).
- ③ To process violations, etc. with regard to AWAs
- ④ To help an individual with a plea
- ⑤ To publish statistics related to AWAs

The EA was established as a new function.

It should be also noted that EA does not realize Fairness through collective bargaining but through examination by a neutral organization.

## (3) Individual negotiation

In addition, an individual may be able to get better conditions through AWAs than may be otherwise gained through collective bargaining. An individual may negotiate with his company in order to get better individual conditions.

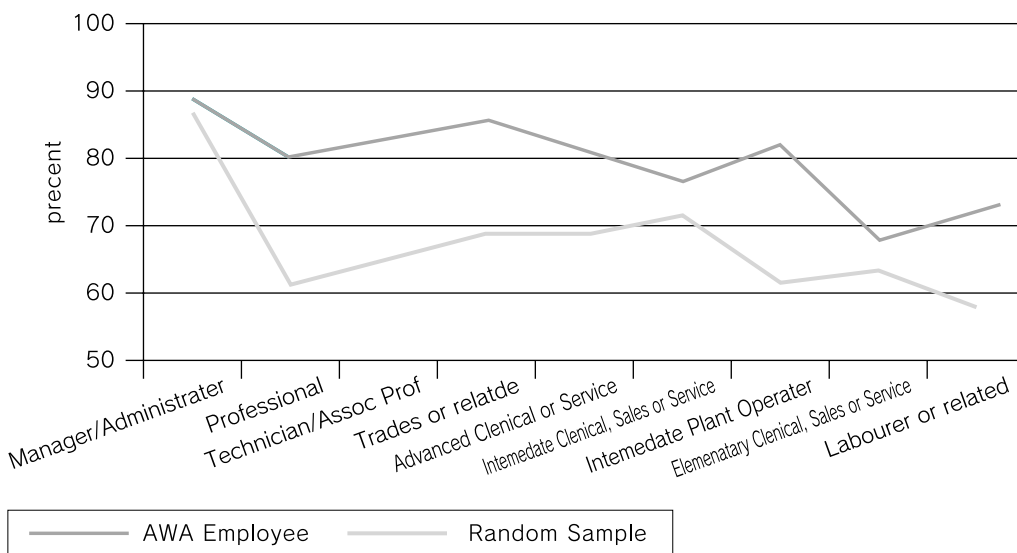
A person who is involved in an advanced business has a tendency to negotiate with the company if he has that opportunity (Figure 1)<sup>3)</sup>. The number of negotiations conducted has increased by the introduction of the new system (Table 4). It is a fundamental problem after all if there is no opportunity for negotiations.

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2) This is one of the employment protection government agencies.

3) This is according to the research paper of EA, *AWA Employee Attitude Survey. September 2001*. This survey was performed from May to June in 2000. The number in the AWAs system surveyed was 1,040 and the response rate was 24%. On the other hand, The number randomly surveyed was 1,010 and the response rate was 9%.

(Figure 1) Employees by occupation , willing to negotiate pay & conditions directly



(source) Office of the Employment Advocate. AWA Employee Attitude Survey. September 2001

(Table 4) Individual willing to negotiate pay and conditions directly with employer by employment duration

	Employment Instrument	Yes (%)	No (%)	Don't Know (%)
Current employer 2 years or less	AWAs	79.3	19.2	1.4
	Random	79.6	18.8	1.6
	Total	79.4	19.1	1.5
Current employer for more than 2 years	AWAs	81.1	17.6	1.3
	Random	63.3	34.6	2.1
	Total	70.8	27.5	1.8

(source) ibid. Figure 1

When the AWAs sample is observed the number earning above \$75,000 is greater than from the random sample (Table 5). In the case of researchers/engineers, annual income is usually in the higher bracket because of the nature of the business they are involved in. Therefore, professionals will agree to accepting AWAs only in cases where their present conditions are exceeded. However an enterprise is unlikely to agree with an employee who has no achievements to be rewarded. AWA is the system which has the advantage of increasing choices for both enterprises and individuals.

Furthermore, the “no advantage test” of an EA examines whether the condition of an AWA falls below the conditions of an award or not.

It might be referred to the Australian Industrial Relations Commission (hereafter AIRC) in cases where there is doubt whether it falls below the Award (i.e. the current terms and conditions are not eroded.)

The government doesn't necessarily support that the “no advantage test” is a desirable system and the government is about to modify this further.

Another point for consideration regarding AWAs is that of an individual's ability to choose a negotiating agent in order to negotiate his individual agreement with the enterprise.

It is necessary to support an individual in reaching an agreement with a business enterprise because

(Table 5) Respondents by Income

		Under \$10,000	\$10,000 ~ \$24,999	\$25,000 ~ \$49,999	\$50,000 ~ \$74,999	\$75,000 ~ \$99,999	\$100,000 ~ \$149,999	\$150,000 ~ +
AWAS Sample	Count	68	157	429	248	89	29	2
	%	7	15	41	24	9	3	0
Random Sample	Count	40	187	471	218	46	12	6
	%	4	19	47	22	5	1	1
Total	Count	108	344	900	466	135	41	8
	%	5	17	44	23	7	2	0

(source) ibid. Table 1

naturally the individual doesn't have the same resources at his/her disposal that a union or other negotiating agent would have. Nor would it be likely that an individual would have the same information collection ability, negotiating ability, overall judgment, technical knowledge, etc. It is natural that a business enterprise is less likely to agree to an individual's requests during negotiations where that individual isn't represented by a negotiating agent.

This freedom to choose a negotiating agent is considered necessary because of the individual's perceived inferior position. As such, the introduction of negotiating agents for individuals ensures that all aspects of relevance will be covered and it also brings rationality into the system.

The individual can choose a negotiating agent—a close friend, a specialist, a trade union, etc<sup>4)</sup>. The system must be seen to treat the individual fairly in cases where the individual negotiates with a business enterprise.

Australia introduced a reformed employment (negotiation) system in which an individual can independently take an active part towards the new era, and upgrade the system that backs an individual. It should also be noted that an individual agreement can be created based on the present conditions of employment.

#### 4. England (Advisory, Conciliation and Arbitration Service)

The Blair Labor administration took over leadership of government from the Conservatives in 1997. This was in contrast to Australia where the present Howard Conservative administration took office from the previous labor government.

However, Prime Minister Blair said that the UK would never return to the old days and that the UK supports the individual in order to gain prosperity for the nation.

For example, Advisory, Conciliation and Arbitration Service (hereafter ACAS) is useful for the individual to work with stronger motivation and without dissatisfaction.

This English system makes it possible for individual labor conflicts to be solved quickly and also the UK is improving the system that backs work style flexibility, where an individual is able to take an active

4) Dual representation is not permitted.

part. ACAS now has the ability to arbitrate unfair dismissal as well as providing advice.

The UK is upgrading its alternative dispute resolution systems that makes it possible to resolve conflicts quickly and to back work style flexibility.

The implication from The UK (ACAS) is that a neutral position is necessary to resolve disputes and to maintain confidentiality. Another implication is that individual negotiation is just as valuable as collective negotiation. Also business enterprises must be able to respond to the movement of a market, quickly and more sensitively.

In the new era, the activity of an individual becomes important for the development of society. Also, the employment structure is becoming more flexible.

## 5. Conclusion

Strong motivation of researchers/engineers is necessary for business enterprises and industry to develop. Furthermore, in order for researchers/engineers to get what they want, they should always negotiate on an individual basis with a company.

It is suggested that in order to provide incentives to researchers/engineers, it is not only necessary to provide adequate monetary compensation but also to provide a suitable research environment.

Australia and England have systems in place for both individual and conventional collective bargaining. And they have individual support systems which are established as neutral third party organizations. These points are needed for the development of our country in the new era.

In the new era in Japan, strong consideration should be given to developing a system for individual bargaining/negotiations to run in parallel with the current system of collective bargaining.

For example, while a collective labor agreement system was progressing in Australia, it has introduced the AWAs system. I think that Japan should introduce a reformed system that allows individual agreements to be reached. Japan should have a negotiation system like AWAs so that researchers/engineers would have high motivation. In other words, it is important that Japan introduces a system that allows individual agreements to be formed in the field of researchers/engineers. This will enable researchers/engineers to be rewarded for the results that they achieve. From now on, our country should form a new consensus between the employers and researchers/engineers that promotes creativity appropriate to a new era.

On the other hand, I think it isn't difficult for a company to introduce a double-track employment control system which motivates researchers/engineers efficiently. Until now not many companies have introduced this dual system (Table 2).<sup>5)</sup> This system isn't a negotiation system. But there are no restrictions in law for a company to introduce a double-track employment control system. Without a new agreement, a company can introduce a double-track employment control system and can apply the individual treatment system of researchers/engineers flexibly.

At present, it is vitally important for Japan to have highly motivated researchers/engineers so that it can compete successfully in the future with other advanced countries. In the event of researchers/engineers negotiating with a business enterprise, the system that backs the individual needs to be upgraded. The negotiation system in Japan should be changed to take into account the shift from an industrialized society to an information society.

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5) *The research on employment relationships for the strengthening of industrial competitiveness.*

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## Human Resources Management and Australian Workplace Agreements: From researchers' and engineers' standpoints

### ABSTRACT

In Japan, the style of human resource management and industrial relations is changing along with the change in the management environment now. It is inevitable that the system of negotiations between an enterprise and researchers would be adjusted and upgraded. It is appropriate therefore that a system of equality negotiations between employers and researchers in line with the new era is achieved.

Unless such relations are realized, the chain of advanced knowledge will not be able to become more active, and business enterprises won't develop in leaps and bounds from now on. Furthermore, fairness is necessary in order to ensure that researchers are more active.

I think, from the viewpoint of the vitalization of researchers, an adjustment to the negotiation system between an enterprise and researchers is needed to realize substantial changes both inside and outside an enterprise.

Namely, the negotiation system in Japan should be changed to take into account the shift from an industrialized society to an information society.

**Key Words:** negotiating agent, individual approach, agreement, minimum standard