

Research Report

A Case Study on the Introduction of Australian Workplace Agreements: Pharmacia and Upjohn

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by

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Executive Summary

This case study looks at the Western Australian site of a multinational organisation which adopted workplace agreements in 1994 under state legislation (WA-WPAs) and then moved to Australian Workplace Agreements (AWAs) in mid 1998. This adoption of workplace agreements facilitated the organisations' transformation from innovative local producer to award winning global manufacturer. The case study organisation (Pharmacia and Upjohn) has around 300 employees, half under AWAs and half under a Federal Consent agreement ratified in 1996.

Pharmacia and Upjohn operates in an industry characterised by global competition and has made significant investments in its technologically sophisticated manufacturing facility. Existing rosters meant this capital was underutilised. Pharmacia and Upjohn had to move its operations from an eight-hour day/five day week to a twenty four hour /six and a half day week in to remain viable. Workplace agreements with employees provided the flexibility to achieve this goal. Pharmacia and Upjohn is committed to providing over award working conditions with innovative health insurance and income protection insurance provisions. Other HR improvements in training, occupational health and safety and quality were introduced by Pharmacia and Upjohn during the same period. The detailed provisions of the AWAs are analysed and summarised in the report in terms of those that promote flexibility or provide over-award conditions.

This study uses a qualitative design to understand how the various Pharmacia and Upjohn participants perceive the AWAs. Data were collected using qualitative interviews with the Employee Relations(ER) Manager, focus groups using Curtin University's electronic Stratcom facility with senior staff and employees and a review of company documentation and performance data. Data analysis was undertaken using the qualitative software NU*DIST. The report uses the participants' own words to convey the meanings of categories which emerged during analysis.

Participants reflected on their experience with both WA-WPAs and AWAs. Two strong but contrasting themes emerged: a preference for the perceived superior benefits of AWAs resulting from the no disadvantage test; and a view that there was little or no perceivable difference.

Most participants identified that the reasons for Pharmacia and Upjohn's intention in adopting AWAs could be grouped under the constructs of 'company needs', 'employee needs' and 'shared needs'. This supports the open communication reported by the ER Manager about the introduction of agreements. Employee perceptions about the outcome of agreements were generally positive with responses once again being grouped under the headings of 'company needs', 'employee needs' and 'shared needs'. Employees supported the perceived openness and fairness of the common conditions of the AWAs. Employees said this had potential to build commitment and trust and at the same time benefit the company by decreased administrative costs. The AWAs also enabled the company to address its needs for a more flexible workforce, better capital utilisation and less union involvement. However there was also a view expressed by employees that there had been some unintended disadvantages to employees resulting from the agreements.

The review of company documentation and performance data enabled further consideration of outcomes. Pharmacia and Upjohn performance in output/sales, LTI's, employee absenteeism and satisfaction over the period of the agreements is provided and supports the view of management that the organisation has made dramatic improvements in the last few years. The relationship between these improvements and the AWAs is probably correlational rather than causal.

Participants' views on the role of third parties and the unions in this relatively non-unionised workforce proved interesting. There were strongly divergent participant views. Some participants said unions were "not needed here" whilst others said unions could play a useful role providing independent advice. The change in dispute resolution procedures in the AWAs was another area of divergent participant views. There seemed to be a concern that individual employees may not have the knowledge or bargaining power required to get the best deal.

The processes for introducing AWAs are summarised in process map form in the report. Unplanned changes were required to accommodate some employees' concern about the dispute resolution procedure and this caused confusion for some employees.

Focus group participants were able to use the Group Support System (GSS) electronic Meetingware™ to rate their preferences for alternate processes for introducing AWAs. The results show a clear preference for greater employee involvement in the next Pharmacia and Upjohn agreement. Employees and senior staff then went on to develop improvement suggestions for future processes of group briefings, company handouts, individual interviews/negotiating opportunities, handling employees suggestions and benchmarking. Finally, participants identified what they would want in their 'perfect agreement'. The results of this section provide a clear agenda for Pharmacia and Upjohn in the future. Already the organisation is preparing to introduce AWAs for its employees Australia wide based on its experience to date and the results of this research project.

Background

The Case Study Organisation

Workplace and Industry Characteristics

The case study organisation (Pharmacia and Upjohn) for this research is a medium sized organisation involved in the research, development, manufacture and distribution of a range of technologically advanced products. It is a division of a large, integrated multinational organisation and operates within an industry that is dominated by other multinational organisations of a similar structure.

The organisation has achieved rapid and sustained growth from its inception thirty years ago when it had a total workforce of three people. During this time it has been subject to significant organisational change. There has been a process of product development and diversification and in the mid-80s Pharmacia and Upjohn was listed on the Australian stock exchange. This generated sufficient capital to establish a new, technologically advanced manufacturing facility. During the 1990s the company has been the subject of both acquisition and a merger involving multinational companies.

Pharmacia and Upjohn is the only large organisation operating within its industry in Western Australia and its geographic position gives it some competitive advantages in both the local and Asian markets. Its sole local supplier status means that there are few similar organisations competing for its skilled labour. However, the market in which Pharmacia and Upjohn operates can be characterised as highly competitive on a global scale. Currently approximately 70 - 80 percent of sales from the Perth Pharmacia and Upjohn are from exports, a dramatic increase from less than 30 percent in 1993. Pharmacia and Upjohn currently exports to 80 countries worldwide which requires Pharmacia and Upjohn to comply with a number of overseas regulatory agencies. Pharmacia and Upjohn has been ISO 9001 certified since 1995. Product quality and customer service are significant bases for competition.

The workforce

Pharmacia and Upjohn has a workforce of approximately 290 employees at its Perth site. Almost half of these employees, all in the production areas, are employed under the provisions of a federal consent award. A further 156 employees are covered by the provisions of Australian Workplace Agreements. Seven employees are on Western Australian workplace agreements.

The employees working under the provisions of an Australian Workplace Agreement (AWA) are primarily involved in the following activities: research and development; technical support to the manufacturing division of Pharmacia and Upjohn; quality and regulatory matters, and administrative support (such as Human Resources and Finance). They may be characterised as a well-educated, professional group of employees with highly developed literacy and numeracy skills. Pharmacia and Upjohn estimates that approximately 70 percent of these employees have post-secondary qualifications. The majority work on a full-time basis, although two people job share and 6 people are employed on a casual basis. Women are well represented in

the workforce including management roles and membership of the site management committee.

Pharmacia and Upjohn management report that few employees in Pharmacia and Upjohn's Perth workforce are members of a union or professional association. While such membership is not necessarily reported to the organisation's management, this assertion is supported by the absence of a history of union or professional organisation involvement in the establishment of the terms and conditions of employment for employees outside of the production area.

The Research Methodology

Study Design

The introduction of AWAs into individual Australian workplaces is a very recent phenomenon. Each workplace provides a unique setting in terms of culture, business drivers, employee relations and employee needs which makes the case study approach particularly appropriate¹. This study sought to understand how managers and employees within the case study organisation perceive their experience with this new phenomenon. Therefore a qualitative study design involving semi-structured interviews with the Employee Relations manager, focus groups of senior staff and employees, and a review of organisational documents and performance data was developed. The use of these multiple sources for gathering information about the same phenomenon is termed 'triangulation'² and is the primary way in which the research results can be assured as trustworthy. The opportunity to work with the Office of the Employment Advocate (OEA) and researchers involved in other case studies enhanced the study design.

Data Collection

In collecting information from these multiple sources the research team was always careful to inform participants in advance of the nature of the research project and to provide questions and document requests in advance. This process not only facilitated a quick collection process but also increased participant comfort with the research process.

An initial interview with the Employee Relations Manager was held to determine the size and nature of Pharmacia and Upjohn workforce. A range of organisational and industry characteristics, previous awards and the performance appraisal system were also discussed. This interview was taped with the permission of the participant and one researcher also took field notes. The research team was provided with a full set of organisation charts, a Pharmacia and Upjohn company-brief and marketing material. It was agreed that the researchers would use the organisation charts to select a purposeful stratified random sample of employees to participate in the focus group

¹ Eisenhardt, K.M. (1988) "Building theory from case study research" *Academy of Management Review*, 14(4):532-50.

² Denzin, N.K. and Y.S. Lincoln (1994) *Handbook of Qualitative Research*, Thousand Oaks, Sage Publications; Jick, T.D. (1979) "Mixing qualitative and quantitative methods: triangulation in action" *Administrative Science Quarterly* 24(December):602-11.

interviews. The company agreed to make all selected employees available during work hours.

Focus groups were then held to obtain qualitative data about the intent, procedure, implementation and success of the workplace agreements. This methodology is increasingly employed in business research to explore people's perceptions, attitudes and behaviours. The use of structured, but open-ended questions enables the discussion to remain flexible and facilitates the in-depth investigation of important issues. In this way, focus groups reveal rich and insightful findings giving an in depth appreciation of the experience of participants in Pharmacia and Upjohn's introduction of workplace agreements.

Given the size of the workforce operating under the provisions of Australian Workplace Agreements, it was decided to hold four focus groups with 10 participants in each focus group. This meant that one quarter of the relevant workforce would participate in the focus group process. It should be noted that our selection of the number and size of focus groups was made to facilitate the gathering of the widest possible range of views from Pharmacia and Upjohn employees. Random selection across departments and strata also provides confidence in the data collection process. The sample was not chosen for reasons of statistical validity as the methodology employed was chosen to obtain qualitative, rather than quantitative, data. The qualitative methodology employed by the researchers emphasises "processes and meanings that are not....measured (if measured at all), in terms of quantity, amount, intensity, or frequency."³ Instead, the methodology is built upon the recognition that people's responses are constructed and value-laden, and that "social experience is created and given meaning"⁴. It is the participant's *perceptions* of their experience in agreement making and their *perceptions* of the degree of success of implementation which form the clear focus of the research.

To obtain lists of focus group participants, an organisation chart was divided into forty groups of four employees. The fourth employee in each group was placed on one of four lists of potential focus group participants. The third employee in each group was placed on one of four corresponding lists of "reserves" to be called upon if a nominated focus group participant was unavailable.

One list of focus group participants (and the corresponding reserve list) was drawn from the top three stratum of the organisation chart. This group was, therefore, comprised of more senior staff from Pharmacia and Upjohn. This was done in order to ascertain whether the aims and outcomes of introducing workplace agreements varied between senior staff and other employees. While initial indications were that there would be little discrepancy in perceptions across the organisation, it was thought prudent to accommodate this possibility.

The remaining three focus groups were drawn from the third and remaining strata of the organisation charts and each group represented a random selection of people by the researchers from different levels and divisions of the organisation. There was some overlap in the composition of the first group and the other three groups as all

³ Denzin and Lincoln, (1994) op.cit.

⁴ Glaser, B.G. (1992) *Basics of Grounded Theory*, Mill Valley, CA, Sociology Press.

groups contained one or more employees from the third stratum of the organisation chart.

The four focus groups were held using the Stratcom facility at Curtin University's Graduate Business School. This necessitated each participant's attendance at the Graduate Business School and each of the four groups was transported by company hired bus from the workplace to the Stratcom. Participants were given copies of the focus group questions and some information about the study when they boarded the bus by one of the researchers. For most people this occurred within their normal working hours. Some unavoidable cancellations at short notice resulted in three of the focus groups having less than the planned number of ten participants. One group comprised seven employees and two other groups had nine participants. In total, 35 employees participated in the focus groups held at Stratcom.

Instead of the traditional taped focus group where an individual facilitator introduces topics or semi-structured questions to a group of participants, this study used sophisticated technology to gather information. The Stratcom facility at Curtin's Graduate School of Business uses an electronic meeting support called "group support systems (GSS) which closely resembles the focus group meeting in terms of structure, process and to some extent, group dynamics"⁵. There is a conference room, a local area network, a network server station, around a dozen portable PC's, and a projector, screen and laser printer connected to the server.

GSS works in the same way as in other focus group settings in the sense that people meet to exchange, discuss and evaluate ideas and issues. In other ways GSS is defined by the technological environment. The computers in the Stratcom GSS facility are placed as unobtrusively as possible, one for each participant. There is a large projector screen on which inputs from the group members are displayed. Installed on the computers is a set of process tools which allow brainstorming, discussion and organising of material, commenting and voting (or other evaluation). The software used in this research was MeetingWorks™.⁶ Two researchers were required to run the GSS meeting. One was an experienced GSS facilitator and the other an experienced Chauffeur who manages the process tools, prints group inputs and types in additional participant comment during any group discussion. For brainstorming processes the participants keyed in their own contributions assured that their contributions were anonymous. During discussion processes the chauffeur types in comments with participants checking for accuracy as their comments are projected on the screen. For a fuller description of the GSS facility at Curtin see Whiteley and Whitely (1998).

A second interview with the Employee Relations Manager was held and several questions were asked which mirrored those used at the focus group sessions. Again the interview was taped with participant permission and field notes were taken by one of the researchers. Some follow up questions were also e-mailed to the Employee Relations Manager on some minor matters requiring clarification during the report writing process. Prompt e-mail responses followed.

⁵ Whiteley, A.M. and Whiteley, W.J. (1996) "Information for decision making in marketing the use of Group Support Systems (GSS)" *Journal of Market Focused Management* 1:321-34.

⁶ Lewis, F.L. (1993) *Decision-aiding software and decision analysis: theory and applications*, Westport, Quorum Books.

Data Analysis

The Stratcom transcripts were content analysed using a computer software program known as NUD*IST (Non-numerical Unstructured Data* Indexing Searching and Theorising) as an analytical tool. NUD*IST⁷ has been specifically designed for qualitative data analysis. When analysing the data using NUD*IST, the researchers used qualitative content analysis to look for categories of meanings within the various subjects discussed by the participants. These categories are coded and examined to ensure they are clearly specified. From these categories several larger constructs emerged under which the categories were grouped. For example, the construct of 'outcomes of workplace agreements' includes three other constructs: 'benefits to employees' 'benefits to the company' or shared benefits. The construct 'benefit for company' in turn contains several categories of meaning which, whilst distinct, can be usefully related to each other and the broader construct. This process was carried out for all elements of the Stratcom transcript.

The analysis thus gives a comprehensive list of the categories of meaning discussed by group participants and the linkages between different categories. The relevant statements made by participants are stored by the NU*DIST program in each of these categories. In our report we have included sample responses from participants to ensure clarity of the category for readers. In all cases the original text and syntax have been retained. The only alterations made by researchers have been to correct obvious spelling errors and to put the statements into a uniform format (for example, some participants used all capital letters, while others used none). Any punctuation marks, for example "!" were made by the participants themselves, not added by the researchers.

Some themes were discussed by members of all groups and are 'spread' across the groups of the participants. Likewise, some issues generated considerable comment and there appears to be some 'strength' of feeling when the number of comments is considered. In some cases the 'spread' and 'strength' of perceptions has warranted some comment by the researchers. However, no attempt has been made to quantify this aspect of the discussions, as the methodology is one of categorising and linking perceptions into constructs.

Starting Point

The business environment - factors driving change in the industry/region

Pharmacia and Upjohn commenced operations in 1969 as a small, privately owned company. As discussed in our introductory section, Pharmacia and Upjohn grew quickly, was publicly listed and the subject of acquisition by and merger with multinational corporations. This sequence of events culminated in the need for a major change of culture within the organisation. Pharmacia and Upjohn saw that the challenge was to make the transition from a large 'family style' organisation with

⁷ Richards, T. (1996) *User manual for NUDIST: A text analysis for social science*. Melbourne, QSR; Qualitative Solutions and Research Pty Ltd, NUD*IST4, 1997.

independent company values to become an innovative, internationally entrepreneurial company focused on collaborative teamwork with its counterparts overseas.

In 1992 the role of the Perth based division of Pharmacia and Upjohn was being assessed by the parent company, a multinational with a number of international operations. Perth based executives developed five broad strategies to develop as a "centre of excellence" within the corporation:

- The development of systems within the company to facilitate international market expansion for defined products;
- The development of systems of compliance that would satisfy overseas regulatory agencies and meet Corporate requirements;
- The development of business strategies that would provide a framework which ensured the continual supply of products into identified markets;
- Introduction of a culture within the company that addressed the need to recognise quality of process and the importance of the customer;
- The development of systems of training to ensure all levels of staff had the necessary skill base to perform the tasks required by their position.

Pharmacia and Upjohn management adopted a quality program with the slogan '*Quality, Continuously, Consistently*', and worked with a great sense of urgency to implement these strategies to ensure the viability of the Perth division. The Employee Relations Manager noted that there were times when the parent company could have closed the Perth operations. Within this environment the management goal in the '*people*' area of greater flexibility of working hours and increased utilisation of equipment achieved a high priority. The focus on continuous improvement and consistency is reflected in Pharmacia and Upjohn quality program for which it has gained national recognition.

A second period of change occurred in 1996 when the parent company merged with another multinational company in the same industry. Transnational matrix management was introduced. Again, worldwide operations were reviewed and a program of reducing the number of global manufacturing plants by 40% by the year 2000 was implemented. The Perth site retained its strategic position in relation to the manufacture of a range of technically advanced products, however management changes were introduced and the challenge to 'still do better' remained.

Previous coverage

In 1993, Pharmacia and Upjohn employed approximately 150 people. The terms and conditions for employees were determined by reference to five state awards covering clerks, professional scientists, manufacturing operating staff, cleaners and metal trades. Until this stage in the organisation's history, the terms and conditions of employment were implemented by operational supervisors and a payroll and personnel officer.

In November 1993 a newly appointed Employee Relations Manager initiated several changes. These changes were necessary in order to implement the organisation's strategic goals, outlined above, and to address some inconsistencies in the conditions of employment applied to various staff.

Other changes in the structure and operation of the Human Resources department followed. A staff member was appointed to co-ordinate occupational health and safety administration and training. A safety committee was established and first aid training programs implemented. Members of Pharmacia and Upjohn's newly formed consultative committee also participated in training programs.

As part of the organisation's increased focus upon quality control, position descriptions were developed for each person and a skills acquisition program was introduced. Training modules were developed and systematic records kept in order to ensure that employees received sufficient training to carry out their job proficiently. Up until this point in the organisation's history, training and development had been a relatively 'ad hoc' process.

In addition, action was taken in order to address the constraints on equipment utilisation that stemmed from award provisions relating to working hours. It was also felt that the implementation of a single agreement on site would enhance the consistency across the site of conditions of employment. A consultative committee was formed to develop a agreement which, in February 1994, became a State Workplace Agreement (WA-WPA) under the provisions of the Workplace Agreements Act 1993 (WA).

Following registration of the workplace agreement under the State legislative provisions, the National Union of Workers claimed that the terms and conditions for operators in the manufacturing division were inadequate. The case was brought before the Australian Industrial Relations Commission and in 1996 it was determined that a Federal consent award for those employees should be made. This award became effective from 19 March 1996. From this time the terms and conditions of operating employees in the manufacturing division of Pharmacia and Upjohn have been determined by different processes to those applying in the remainder of the organisation. However the content of the three processes remain similar.

Following the making of the Federal consent award for the manufacturing division, the Employee Relations Manager initiated steps to have the remainder of the workforce employed under the provisions of Australian Workplace Agreements (AWAs) under Federal Legislation, rather than a WA-WPA. Most of the provisions in the AWA mirrored those contained within the WA-WPA. As there was expected to be little change to the content of the agreement, the consultative committee was not involved in the making of the AWA. This was a process largely administered by the Employee Relations manager. Approval of the provisions of the first AWAs under the no disadvantage test was received from the Office of the Employment Advocate in August 1998.

Significantly therefore, the process of change was not simply one of going from an award system to AWAs. By the time AWAs were introduced, staff at the organisation had already been involved in negotiating WA-WPAs and an enterprise level consent award. This has meant that many of the provisions contained in AWAs were previously negotiated as part of the State Workplace Agreement and the consent award.

At this stage, the process of change has resulted in three different, although similar, groups of employment conditions applying at the site. Most employees in the manufacturing division are employed under the conditions of an enterprise level Federal consent award. Shift supervisors in the manufacturing division and most employees in the remaining divisions are employed under the terms of an Australian Workplace Agreement. Seven employees remain under the terms of a State Workplace Agreement. Six of these employees are senior staff and were not offered the option of an AWA. One employee preferred not to sign an AWA and remains employed under the terms and conditions of the WA-WPA.

Previous informal arrangements

In terms of meeting required production levels and effective utilisation of equipment, the most significant informal arrangement in operation prior to 1994 related to the organisation of overtime. Overtime was arranged by placing a notice on a notice board requesting that employees make themselves available for overtime at a specified time. Frequently insufficient numbers of employees made themselves available to enable production targets to be met.

A second category of issues related to the informal, ad-hoc and poorly monitored training system. This was addressed through the introduction of a formalised system of in-house training modules. While this process was largely independent of the agreement making process, there were some areas of overlap, particularly in the formation of position descriptions.

Experiences with agreement making

This case study provides a unique insight into the view of employees and managers about both WA Workplace Agreements (WA-WPAs) and Australian workplace agreements (AWAs). Pharmacia and Upjohn was one of the first organisations in WA to enter into workplace agreements in early 1994. Managers and employees were therefore already familiar with such non-industrial agreements when they entered into AWAs in mid 1998.

The Manager of Employee Relations had come from the mining industry where he had been involved with individual contracts of employment. He identified this experience as particularly helpful when developing the first workplace agreements under State legislation.

“We were one of the first to go for workplace agreements, it was all pretty new, but it was good timing for us.....we had to change and we could get the changes that way”

The earlier WA-WPA process had involved quite complex negotiations and use of an outside consultant/facilitator to move the site from an eight-hour day/five day week to a twenty-four hour-day/six and a half day week manufacturing facility. The experience with this successful process gave the Employee Relations Manager confidence four years later to lead the introduction of AWAs. This experience also led to the Manager conducting all the staff briefings without outside assistance. These AWAs were very similar to the existing state agreements except for changes made in the dispute resolution procedure and the inclusion of the required anti-discrimination

clause. The Employee Relations Manager said that except for some minor differences in the registration process he felt that the no disadvantage test was an added advantage of AWAs.

“the AWA were better because they have to pass the no disadvantage clause, and I told employees that too”

Employees and more senior staff in the focus groups were asked whether they perceived any differences between Western Australian and Australian Workplace Agreements. Many were not able to identify differences, replying that they perceived there to be no differences.

A few employees said that they had never worked under state agreements.

*“have not experienced any practical differences”
this is my first job here at (Pharmacia and Upjohn), therefore I don’t know what the difference is”*

The majority of participants did identify differences and these related to perceived greater benefits, jurisdictional issues, dispute resolution procedures and specific AWA inclusions such as the anti-discrimination clause.

Employee Perceptions of Differences between AWAs and WA-WPAs.

1. AWA have more benefits than WA-WPAs
“in my experience the difference is minimal. The AWA has to pass the no disadvantage test against the state and federal minimum conditions of employment requirement. Therefore I perceive it to be superior.”
“There were some differences which were explained to us but I can’t remember what they were, something to do with us being able to have more benefits I think.”
2. AWAs for Australia, WA-WPAs for a State
“state workplace agreements cover employees under this state only, i.e. does not apply to other state. AWA agreements are Aust wide and have priority over state agreements. Can be applied state to state”
“we no longer conform to the state and that we are all under the same agreements across Australia”
3. WA-WPAs can be overridden
“state agreements are not effective when there is a federal award”
“takes us out of the award systems”
4. Differences in dispute resolution procedures
“The AWA has a different resolution process than the state agreements we were previously using”

Overall Pharmacia and Upjohn participants thought that AWAs were superior to WA-WPAs except for those employees concerned about the change in dispute resolution procedures. The two perceptions of jurisdictional differences (2 and 3 above) came from different groups. Employees saw AWAs as appropriate for them because they

worked for an Australian company whereas the senior staff focus group identified the capacity of WA-WPAs to be overridden by federal awards as a problem. This accords closely with the experience of the organisation and the view expressed by the Employee Relations Manager.

Expectations of AWAs

Australia has a history of centralised wage fixation using third party arbitration. The change to employer/employee negotiated workplace agreements was a significant one. In this case study we were interested in the expectations of agreements that employees and senior staff had before they entered into their first agreement. Participant responses were analysed and useful categories emerged. These categories were specified and relationships between categories identified to enable them to be grouped. Employees and senior staff responses in the focus groups can be grouped into those who expected the process to be an improvement, those who were uncertain or expected to be worse off and those who expected no real change. Participants in all groups expected improvements.

Positive expectations of agreements

1. More flexible, greater benefits
“I expected the agreement to be more flexible in terms of working hours and a number of items to be traded off for other benefits”
“I expected to have good conditions”
2. Thought I’d be more involved
“I expected there to be a more open agreement, i.e. involve some negotiations, have some choices”
3. A fairer, more defined process
“I did not know what to expect as I haven’t entered into any employer/employee agreement before. maybe I felt more secure and protected by the agreement as I knew what my rights and benefits were”
“expect to have protection of rights of employee, conditions of employment made clear, benefits made clear, responsibilities highlighted”
4. AWA was explained better than award
“The award system was not properly explained, but the agreement was, and therefore what was explained is what I expected”
5. In the company’s interest
“No immediate difference to before however there would be longer term benefit to the company and myself in conditions of employment. The assumption here is that the company has my interest in mind as well as (their) own”

Negative expectations of agreements

1. There was a risk, felt uncertain
“initially apprehensive about the company having more power”

“The main concern was being exploited by the company. Along with freedom in working conditions the risk was to lose in other areas. The uncertainty associated with change”

2. Thought I'd be worse off

“I thought it would be extremely difficult to receive any benefits, as the agreement meant you had to bargain with your employer”

Few expectations

There were employees in all groups who expected little change.

“I did not expect any real difference”

“I did not envisage any radical changes at all”

Intent

What were the business objectives in making AWAs?

The Employee Relations Manager cited three main reasons for management's decision to form and implement workplace agreements.

First, it was felt that the existing working conditions were inflexible, particularly with respect to organising overtime. This was of particular importance as increasing capital investments by Pharmacia and Upjohn in new machinery increased the imperative for operating personnel to be available. Management felt that significantly more flexibility could be achieved within the context of a competitive cost structure.

“We had a real problem with underutilisation of capital it just wasn't world class”

Secondly, there was some concern about moves by the state branches of an industrial association to 'rope in' Pharmacia and Upjohn. It was felt that this would lessen flexibility, particularly as there was little history of organised labour being involved in the negotiation of employment conditions on the site. Further, proceedings initiated by the National Union of Workers before the Australian Industrial Relations Commission had proved expensive in the past to Pharmacia and Upjohn:

“The main reason was that we had already introduced state workplace agreements and because we had a threat from the Professional Scientists Association that they wanted to rope us into a Federal Award. This had happened to us earlier with the operators and it was an expensive process with few benefits for the operators. Nothing happened it was a bit of a non-event. We didn't want to go down that track. It cost this organisation about \$80,000. We would rather spend the money on conditions.”

Thirdly, moving to AWAs meant that staff in other states could be employed on the same basis as staff in Western Australia.

“Yes, there are some differences, we wanted a more generic document which would be applicable to other States.”

Why were AWAs chosen?

As outlined above, from the Employee Relations Manager's viewpoint, they were the best option for achieving the business objectives outlined above. Specifically, the potential for achieving local flexibility and Australia wide application for most provisions, was enhanced through adopting AWAs rather than pursuing the options of State-based awards or agreements or Federal awards. Further, the wish to avoid being subject to 'roping in' was avoided by being party to an AWA.

What intentions did employees perceive?

Employees and senior staff participating in the focus groups were asked to reflect on Pharmacia and Upjohn's intent when introducing AWAs. Their responses to the question "why did (Pharmacia and Upjohn) introduce workplace agreements?" were extensive. Each group was then asked to consider the full range of their group members' responses and to organise them under headings of their choice. There was considerable discussion as each group agreed to the headings and then directed the GSS chauffeur to place each response under the headings of their choice. Later, the groupings and the responses of all groups were then considered by the researchers and three constructs emerged.

Employees perceived the reasons for Pharmacia and Upjohn introducing AWAs as 1) the 'needs of the company', 2) the 'needs of employees' and 3) 'shared needs'. The spread and strength of responses was greatest for company needs and least for the employee needs. It is interesting to observe that the 'shared needs' category was developed when employees consistently identified many reasons as belonging to both employee needs and company needs simultaneously. Within each of these three constructs there were several categories representing the range of employee's views.

Needs of company

1. Something in it for the company

"Regardless of the benefits to the employee, the Workplace Agreement system must benefit the company foremost, before the company to have considered the change"
"one of the first to have workplace agreements in WA (forward thinking company)"

2. More control

"It creates a more controllable workplace by shifting the fulcrum of bargaining power away from employees"

3. Minimise union involvement and action

"I think the ability to keep unions out of the process would have been attractive"
"to ensure that the unions were kept out of the picture"

4. To increase productivity, flexibility, or reduce costs

"Company could not rely on people being there when they needed them so they needed a net. If a site was running they had staff to meet requirements. Mainly applied to pub.hols, weekends, nights"

“achieve greater flexibility in line with company requirements to maintain competitive edge”

Shared needs

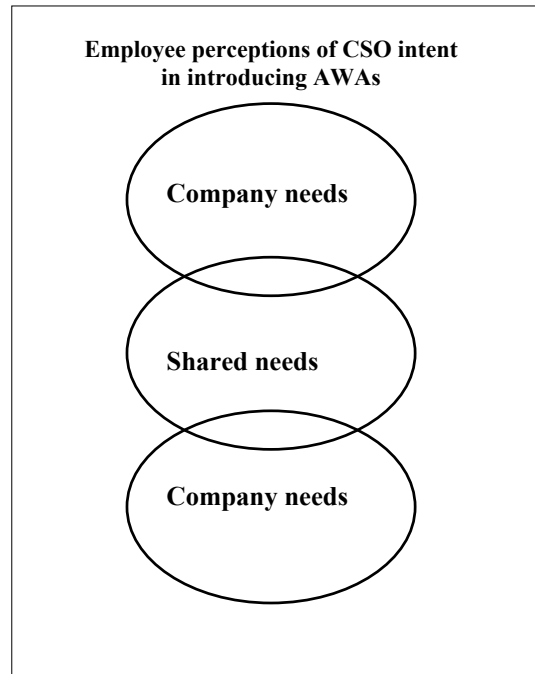
1. Same agreement for everyone
“To standardise the conditions of employment for all staff. This system is more fair and much easier to manage”
“uniformity, to have everyone under the same working conditions, easier to administer”
2. Both benefit together
“Probably because it was beneficial both to the company and the employees”
“In my opinion (Pharmacia and Upjohn) introduced the agreements to raise the conditions of work which benefited both parties concerned (i.e. company and employee)”
3. Better employee relations
“To provide a base for closer relations with all employees”

Needs of employees

1. More choice and negotiation
“actually have a say, whereas last time it was just “you got this”. More widely publicised and had a choice of signing or not signing”
2. More information, knowledge
“wanted everyone to take responsibility and be involved in their work”
3. Better benefits
“because it would provide better working conditions for all employees”

These constructs are shown in figure 1 below.

Figure 1: Employee perceptions of intent



Process

This section provides a description of the process used by Pharmacia and Upjohn when introducing the AWA. From this description the researchers developed a process map (figure 2 below) which identifies which elements of the process were planned and which were ad hoc. The majority of the current workforce were introduced to AWAs at the same time, through the same process and signed the agreement over the following month. For new employees the process is slightly different and this alternate process is also described and mapped (figure 3 below). Whilst the majority of the participants in the focus groups had been at the company during the introduction period a few indicated that they were new employees and as such would have experienced the alternate process.

How were the AWAs developed?

The organisation had used a fairly extensive consultation process in 1994 when it introduced State workplace agreements. In 1998 when it moved to AWAs the process was much simpler. Employees were familiar with enterprise-based agreement-making and the improved flexibility and conditions contained in the WA-WPAs was simply carried over to the new AWAs. The only significant change was the use of an internal dispute resolution procedure and the inclusion of an anti-discrimination clause. In this context a simpler process was seen by Pharmacia and Upjohn as adequate. In the words of the Employee Relations Manager:

“I was up-front. I said there is a possibility we might be roped into a federal award and....there was no advantage for anyone in this. It might be more productive to form

an agreement (AWA). Pharmacia and Upjohn is a good organisation that looks after them and there was nothing to be gained. Nothing was hidden, it was all up-front”

Pharmacia and Upjohn and staff communication

Process Used for Existing WA-WPA employees moving to AWAs

The process planned by the Manager Employee Relations involved four steps:

1. Employees receive handouts including own agreement
2. Group briefing on clauses in agreement for all employees addressed by the ER Manager concluding with a question and answer session.
3. Individual employee interviews with ER Manager regarding individual schedule and conditions(optional)
4. Employees sign agreement

However this straightforward process was changed to incorporate the concerns and information needs of employees regarding the changed dispute resolution procedure (see figure 2 below).

Employees were given copies of their individual AWA together with the OEA booklet *Australian Workplace Agreements: Information Statement for Employees* and a covering letter from the company. Many employees, it appears, simply glanced at the agreements and seeing the similarity with their existing agreement were happy to sign it without further discussion. Despite information about the cooling off period contained within the covering letter, some employees stated that they were not aware of the cooling off period for agreements. Employees attending the group session were addressed by the Employee Relations Manager.

“I gave a stand up presentation in the workshop. We went through the major parts of the document. Everyone was given the document to examine and ask questions about. There was a bit of a question and answer session at the end of the presentation”

Some employees voiced their concerns about changing from the WA-WPA mediator, the Industrial Relations Commission, to an entirely internal process. They asked whether the old process could be used in AWA. In the focus groups some employees felt a little uneasy at this point saying that although they agreed with these concerns they had already signed their agreement. There was confusion over whether the AWA could be changed at this point. The ER Manager agreed to contact the OEA and clarify the matter. Following correspondence with the OEA the position was still not clear. A follow-up group session was convened by the Employee Relations Manager for the concerned group and the dispute procedure was again discussed. Since many people seemed content with the document and had already signed their agreements the company decided to go ahead with the new internal procedure. In the focus groups some employees who signed early spoke of having second thoughts when family members questioned them about interpretations of particular clauses. But again it seemed too late to change anything in the standard agreement.

“I read it and thought it was alright but when I went home, my husband said ‘what does this mean?’, and ‘what does that mean?’ and I wasn’t sure but it was too late to do anything about it by then.”

One thing that was subject to individual discussion was the agreement schedule which specified salary and any individual conditions or benefits. Several employees did take the opportunity offered to discuss this with the ER Manager. All employees offered agreements, except one, signed the agreements within the first month. This person remained with the WA-WPA that retained the employee’s preferred third party disputes resolution procedure.

“did not actually have individual interviews and there were some disagreements in the group discussion. We asked for changes, but this did not happen. Some signed, some did not. Got something back in writing and it depended on how you interpreted it”

Pharmacia and Upjohn then handled the lodgement process in accordance with the guidelines of the OEA and the agreements were subject to the no disadvantage test (NDT). There were two administrative areas that caused some confusion. First the cooling off period had to be clarified and the company then ensured that this was the appropriate number of days. Secondly, the basis on which the NDT considered employees’ classification under the award was queried. Fortunately the clear detailed job descriptions which the company had for its employees helped to resolve the matter quickly. It appears that the company had a very methodical administrative process that helped the agreement registration process considerably.

Figure 2: Process Map for Introducing AWAs to Existing Employees

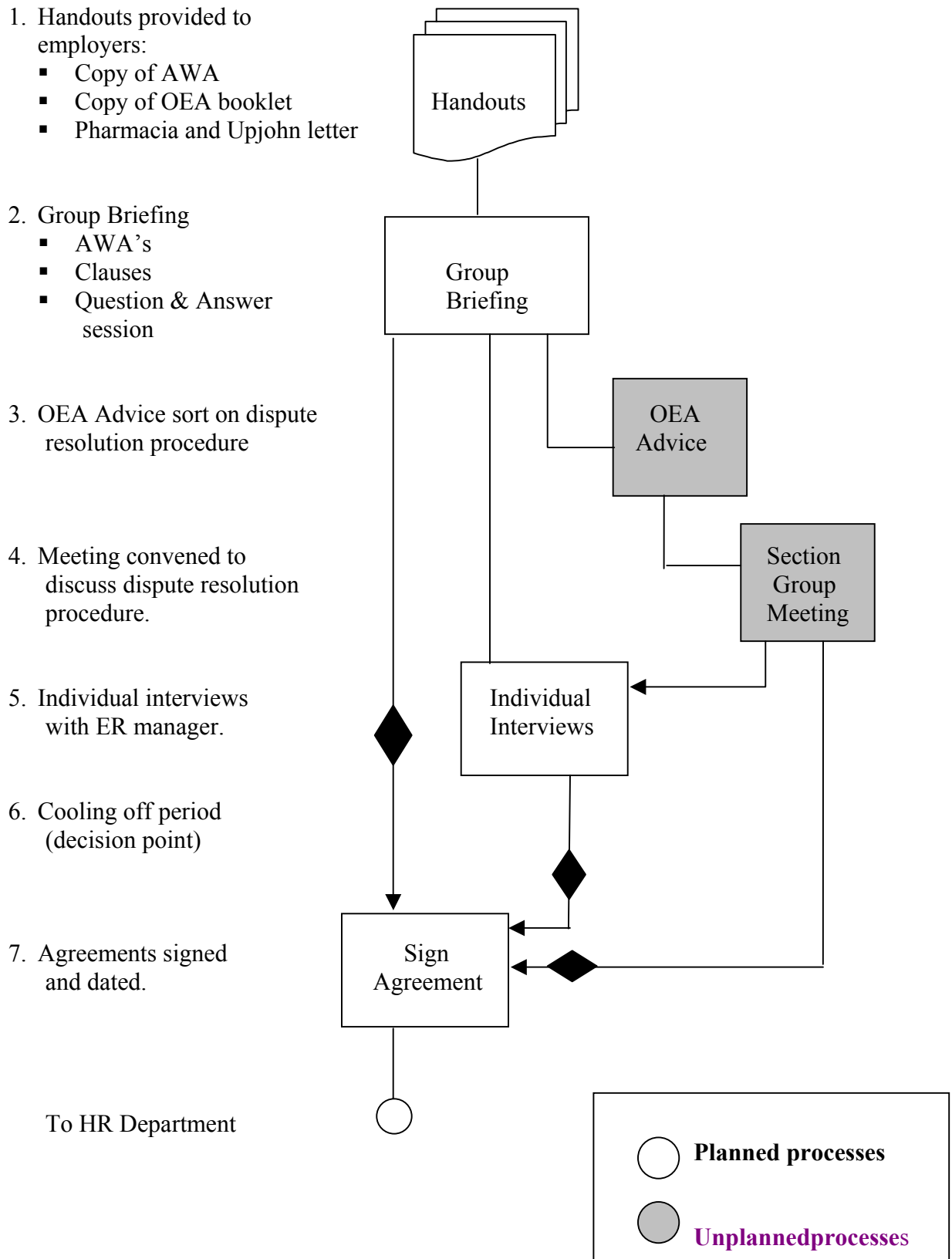
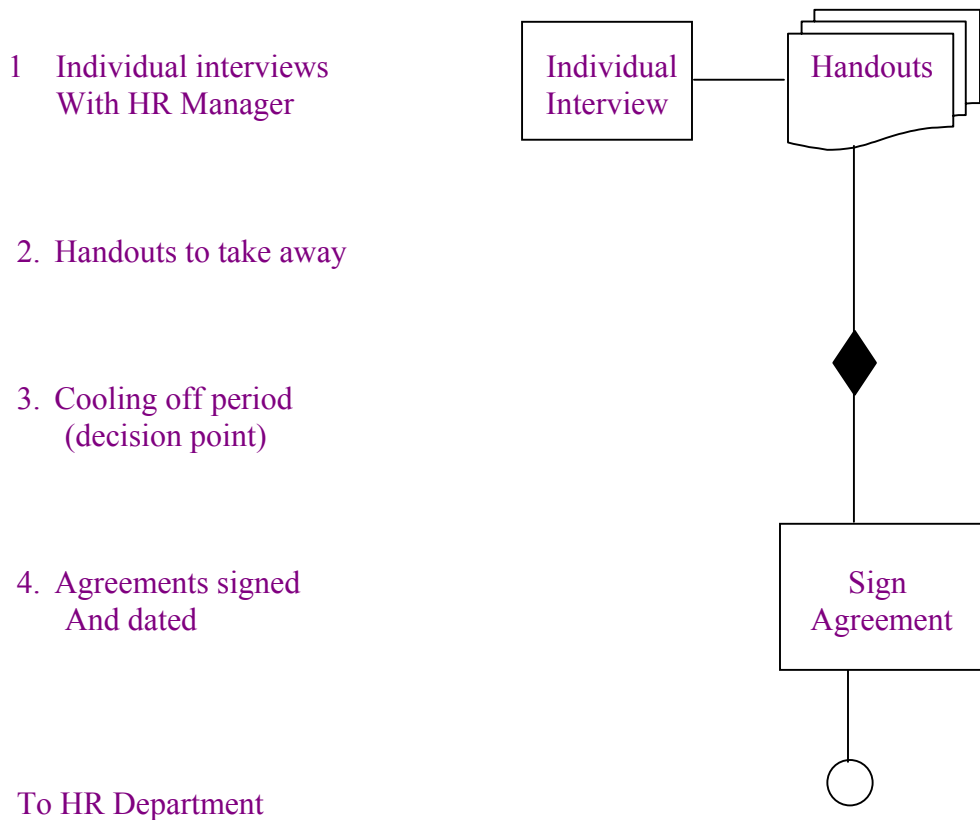


Figure 3: Process Map for Introducing AWAs for New Employees



Process Used for new Pharmacia and Upjohn employees entering into AWAs

Pharmacia and Upjohn has employed a number of new employees since the offering the AWAs in mid-1998. There were a couple of these new employees participating in the focus groups. The two step process for new employees (see figure 3 above) involves:

1. Individual meetings with the E R Manager to ensure that the employee understands the conditions of employment offered by the company. Employee provided with handouts
2. Employee then has the required cooling off period before being asked to sign the agreement.

Employee and Senior Staff Preferred Processes

Employees had differing perceptions about the actual process used to introduce AWAs. What became clear in the focus groups was that their individual recollections of events and event sequences surrounding the introduction of AWAs barely twelve months earlier were diverse. These recollections may have been influenced by factors such as their satisfaction with the salary component or dispute procedure, their experience or inexperience with agreement making, and the importance (salience) of the agreements in their working lives. It was much more useful in this situation to

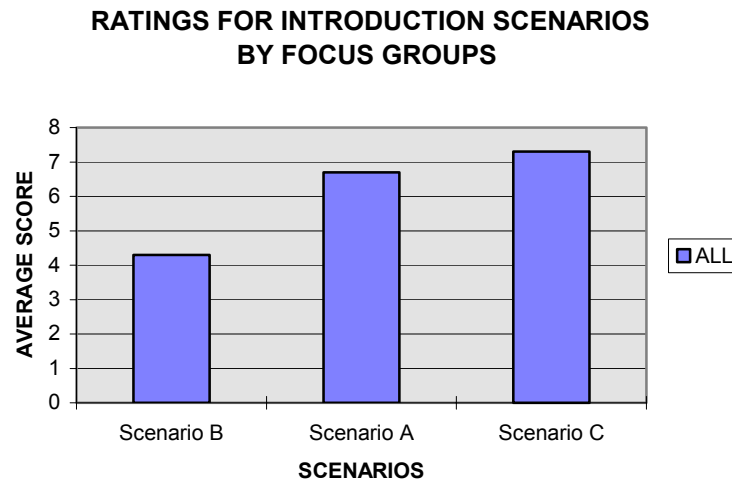
focus employees on possible scenarios for the introduction of agreements and ask for their views about these scenarios.

- Scenario A:
Group briefing with information handouts and question and answer session, followed by individual interviews for confidential discussion, followed by cooling off period before signing decision.
- Scenario B
Individual interviews for confidential discussion with information handouts, followed by cooling off period before signing decision.
- Scenario C:
Employees asked to identify suggestions for agreement content, followed by group briefing with information handouts and question and answer session, followed by individual interviews for confidential discussion, followed by cooling off period before signing decision.

Focus group participants were provided with the above three scenarios and asked to comment on them. Once their first round of comments were completed and displayed on the Stratcom screen, each group was asked to clarify some of these responses by adding additional information. There was considerable discussion in most groups at this stage. This clarification step ensured that the entire group had an understanding of the comments for each scenario. Finally the participants were asked to rate the three scenarios in terms of their individual preference using a scale of 1 to 10, with 10 being the most preferred and one the least preferred. The results of the rating by each group were displayed immediately for the group in four graphs, one showing the average rating and variability scores, and the other three the distribution of the scores for each scenario.

The results of the four focus group scores were later analysed by the researchers and the four group average score is provided in Figure 4 below.

Figure 4: Preferred processes: all focus group participants



Whilst there were differing opinions the views expressed about the preferred scenario (C) are interesting.

“The third scenario seems the best as it allows individuals to have input without the pressure of a group situation or a 1 on 1 interview with a superior”

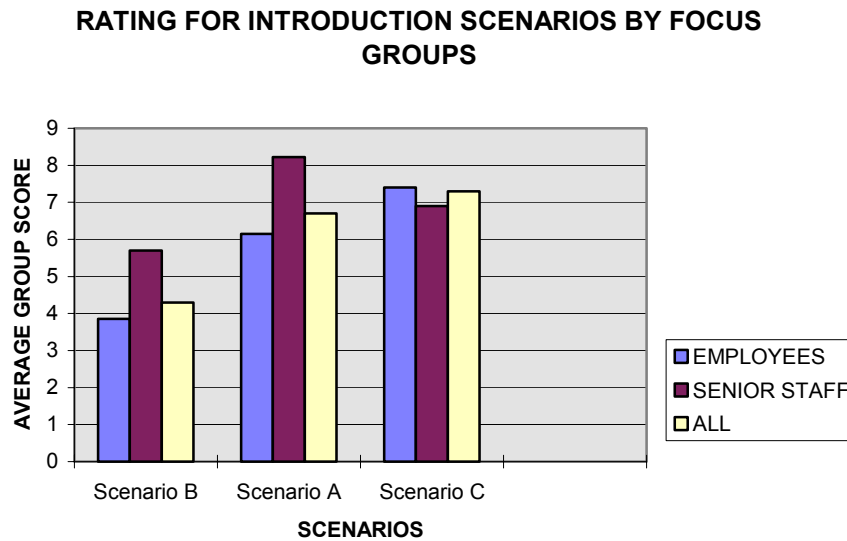
“all the processes are adequate but the processes that involve the employee receiving more information on the subject and then being able to comment and make suggestions for changes (is) the better”

“The best possible scenario involves C as it involves the employees, however I don’t think that in our situation that we would have that much of a say in what goes into the agreement. My understanding is that they want the agreement to be the same across the board”

“This is the most employee friendly, it gives everyone a chance to have their say and listen to others ideas.”

When analysing the responses of each group it became clear that the senior staff group had different preferences to those of the other three employee groups (see figure 5 below). Whilst employees scored the minimalist scenario B very lowly at 3.86, the more senior staff scored it at 5.7. Senior staff preferred the scenario closest to that used by Pharmacia and Upjohn, namely A, at 8.22 whereas employees scored this at 6.15. Employees scored their preferred scenario with employee input at 7.4 only a little above the score for this scenario by senior staff at 6.9.

Figure 5: Preferred process: employees and senior staff



The researchers have analysed the detailed comments and suggestions made in the focus groups about each process step in these possible scenarios. Because the nature of these comments was future oriented they are addressed in the final section of this report dealing with future directions.

Whilst there was a wide range of employee and senior staff views on Scenario A and B with several strongly supportive responses, the overall rating by employees is reflected in the following statements.

“this (Scenario B) seems to lack the input of other employees, relying too much on the single employee’s experience of the workplace”

“this (Scenario A) scenario gives the employee the ability to have any questions answered and by having it in a group situation others may address issues which have been overlooked by the individual”

“I think individual interviews with no preparatory discussion/understanding could cause concern for employee if employee not familiar with Workplace Agreements

“Although this process is alright, you have no involvement in the process and come out feeling that you have no control over the system. Also I came out not understanding the agreement full”

The role of employees in the development of the AWA?

In the development of WA-WPAs and the change to 12-hour shifts in the production area there had been consultation with an employee nominated consultative committee.

“(in 1994) we gave the operators the choice of developing their own rosters. We gave them some to look at. They chose to have 12-hour shifts worked from 7 to 7 on day

and night shift. They do permanent days and permanent nights. It's not what I would have chosen, but that's what they wanted."

In the conversion from WA-WPAs to AWAs there was a limited role provided for employees as shown in figures 2 and 3 above. The company took the view that the major role of employees was to consider the agreement and know their responsibilities. This is reflected in the covering letter which was given to all employees with their agreements:

"It is(Pharmacia and Upjohn's) desire that you have a thorough understanding of your rights and obligations under an Australian Workplace Agreement. If, after attendance at the AWA Information Session conducted by the National Employee Relations Executive and your reading of AWA Information Statement for Employees, you are happy with your AWA, please sign, have it witnessed and dated.(remembering you must consider this document over a minimum of 14 days; therefore your signature date should be t least 14 days after the date of this letter) and return it to the Human Resources Department who will have the document registered"

Senior staff in the focus groups agreed that the conversion to AWAs needed little input

"A and B are used effectively by the company. C-state workplace agreements existed, no need for employee input"

"(Scenario A) for existing employees was the best way to handle the introduction of AWAs"

However most employees in the focus groups identified a much broader role for themselves in future agreements. This is discussed in a later section.

The key sources of information and advice

During the negotiation and introduction of the WA-WPA in 1994, Pharmacia and Upjohn used the services of a consultant to help draft the agreement. The State agreement formed the basis of the AWA and for this second agreement, no outside consultants were used by Pharmacia and Upjohn. However information and advice to both Pharmacia and Upjohn and employees was obtained from the OEA. During focus group discussions, the potential role of third parties, particularly unions, was discussed, as outlined below.

The role of OEA

All employees received a booklet from the Office of the Employment Advocate titled *Australian Workplace Agreements: Information Statement for Employees*. This publication outlined a number of important issues, including:

- A definition of the term 'Australian Workplace Agreement';
- The voluntary nature of AWAs;
- The right to appoint bargaining agents, with sample letters of appointment;
- The types of provisions which may be contained within AWAs and the types of provisions which may not be included;

- Outlines of procedural matters such as the ‘cooling off’ period required to consider the agreement before signing;
- A brief description of the no disadvantage test;
- The potential involvement of the Australian Industrial Relations Commission if there were unresolved concerns about the agreement between Pharmacia and Upjohn and the OEA, was also mentioned, although not prominently;
- Model anti-discrimination provisions and dispute resolution provisions were also outlined;
- The context of AWAs in relation to other State and Federal legislation and regulations;
- Contact details for further advice.

A similar, but more comprehensive document was provided by the OEA to Pharmacia and Upjohn. This provided greater detail on the both the process of filing an AWA for assessment under the no disadvantage test and the no disadvantage test itself. In particular, it included a table clearly outlining the individual provisions considered under the no disadvantage test.

Further input from the OEA was received in relation to employee concerns about the new dispute resolution procedure. The concerns were addressed by the inclusion of the model dispute resolution procedure, drafted by the OEA, into the AWA.

Finally, an important role was played by the OEA following the conclusion of the no disadvantage test by OEA officers. Pharmacia and Upjohn was required to make two undertakings which clarified provisions contained within the AWA:

1. Pharmacia and Upjohn was required to undertake not to reduce employee entitlements through the annual salary review and staff appraisal process;
2. Pharmacia and Upjohn was required to undertake not to reduce employee entitlements through changes in the company policy manual (which had been referred to in the AWA).

While these undertakings reflected the intent of the AWA, they provided assurance to employees and the OEA that this intent was in fact explicitly written into the AWA, thereby clarifying the position for all parties involved.

Bargaining agents, industrial associations and unions

As outlined earlier Pharmacia and Upjohn had low rates of union membership or involvement in the departments covered by the provisions of AWAs. All employees had been under state agreements since 1994 and there was no involvement of unions or any third parties as bargaining agents for the AWAs. The Employee Relations Manager identified the loss of autonomy organisations can experience when there is union involvement

“It depends on the unions you are dealing with.....I do think there is a place for unions, particularly to police crook organisations. But they don’t have a place here, they won’t add any value”

In this context it was interesting to learn how these employees view unions and their role in the focus groups. Whilst many employees responded in general terms about the

role of unions in Australia today, many others responded in terms of specific roles which could or should not be played within their workplace. There was a widespread view that unions were not needed in Pharmacia and Upjohn or had no role once agreements were in place. This view was strongly contested by employee responses in all groups that identified useful union roles. In focus group discussions a role for a third party was identified although not necessarily the unions.

“if employees want to be represented or discuss this issue with a third party this should be available for them to arrange”

“I think it’s important to have a representative, not necessarily a union rep, to ensure those that have problems with english are catered for”

Some employees responded that they did not know much about unions.

“Personally I wouldn’t have any idea about what unions offer, and that should not be the case”

“Sorry, I don’t know much about unions

Employee Perceptions of Union Roles in General.

1. Yes to Unions

“the existence of unions can safeguard the benefits of employee”

“good for employees as they allow representation”

“unions still have a role to play and can be involved if required but most companies do not require them”

2. No to Unions

“not a great fan of unions”

“the unions role appears to be decreasing as the union still has a 60-70’s approach and have not adapted as quickly as companies to the new environment”

Employee Perceptions of Union Roles in AWA workplace.

3. No role, not needed here

“should not have a role until they represent the view of the employees, and as our site has very low union membership, they should not be involved”

“unions are valuable only where the potential employees bargaining power is limited and are of little value at all if the WPA exceeds the award”

4. Giving advice

“I believe that regardless of a WPA that everyone should be entitled to union advice, and that this should not be frowned upon in any way. they play a major role on advice from an outside source that you shouldn’t be penalised for”

“It’s good to know that they don’t have much involvement but it would be good to know that they could help if necessary”

5 Being an advocate

“The unions should have a greater role. A union representative of all employees should be involved at all stages....the union is the only body which has the power to bargain with the company”

“unions could provide advice to employees so that all the benefits are outlined and nothing is overlooked. How could this be done without paying subs? Union can ensure that the agreement is fair from the view of the employee”

6 Unions are detrimental here

“unions should not have a role in the process as they are not benefited by the agreement and therefore would be destructive to the process”

Agreement Content

Each employee's workplace agreement consists of two parts. The first part is the Australian Workplace Agreement document which is common to all employees at the site working under the provisions of AWAs. Attached to the agreement is a schedule outlining terms and conditions of employment particular to each individual. The schedules vary according to the position, qualifications, experience and performance of each employee. The AWA does not contain a salary schedule. This is itemised individually for each employee as part of the attached schedule.

Many of the AWA clauses are standard provisions, comparable or identical to provisions contained within federal awards governing the same, or similar, occupations. This group of provisions may be considered to be meeting the currently accepted standards operating within the labour market.⁸ However there is a significant number of provisions which are not "standard". These may be divided into two groups. First, there are a number of provisions, which address the issue of flexibility of working hours and equipment utilisation. Under the no disadvantage test undertaken by the Office of the Employment Advocate, it was considered that, when considered as a package, these provisions do not disadvantage employees.

A second group of provisions are clearly above the standard provisions generally found within the award system. They do not directly affect flexibility of working hours or equipment utilisation. Their benefit to Pharmacia and Upjohn is presumably one of attracting and retaining staff. The benefit to employees can be quantified by the financial value of these conditions.

This part of our case study focuses upon the 'flexibility' and 'above award' provisions of the AWAs. These have been identified as the key provisions because they illustrate the mechanisms through which the original objectives were implemented.

⁸ A list of provisions which may be considered "standard" are those covering:

APPOINTMENT: Effective date and duration of employment; Probationary period of three months for new employees; Medical examination required at the employer's expense; Method of terminating employment; and Protection of employers intellectual property.

THE EMPLOYMENT PACKAGE: Manner of payment; Superannuation; Safety footwear and clothing; Fringe benefits tax.

ATTENDANCE AND LEAVE: Long service leave; Parental leave; Public Holidays; Make-up salary for jury service; Defence forces leave.

EMPLOYEE PERFORMANCE: Lawful directions; Company policy manual; Anti-discrimination; Unsatisfactory performance.

MISCELLANEOUS: Interpretation; Notices; Changes with significant effect; and Terms of agreement.

Key provisions - Flexibility

The key provisions providing flexibility in the AWA may be subdivided into four groups. Each group is considered in turn.

Hours of Work and Overtime

The AWA specifies that ordinary working hours are 40 hours per week, compared with the relevant award provision of 38 hours. Specific times within which the spread of hours must be worked are not contained within the AWA, other than to say they will be within the ordinary business hours of the employer. The AWA also contains a statement that "the Employee acknowledges that there may be times when he will be required to work all such hours necessary to ensure that the full requirements of the Employee's position are met".

With respect to overtime, the AWA provision is that Pharmacia and Upjohn will compensate the employee for time worked in excess of normal hours. Provisions relating to compensation for overtime hours are more flexible than the comparable award provisions. At Pharmacia and Upjohn's discretion, all overtime is paid for at the rate of time and one half for the first two hours and double time thereafter, regardless of whether it is undertaken at the end of normal shift or on a Saturday, Sunday or Public Holiday. However other options for compensation for overtime may also be used at Pharmacia and Upjohn's discretion, these include time off in lieu of extra hours worked or simply taking extra hours into account when annual salary reviews are undertaken.

In contrast with many awards, there is no provision for the payment of a meal allowance when overtime is worked.

Leave provisions

Annual leave

The AWA provides for 168 hours annual leave. No annual leave loading is payable. In addition, there is a provision for an employee and Pharmacia and Upjohn to mutually agree to the "cashing out" of up to 80 hours annual leave each year. While the annual leave provision refers to leave being taken at a mutually convenient time, Pharmacia and Upjohn may require an employee to take leave during planned plant maintenance shutdowns. In such circumstances, Pharmacia and Upjohn is required to give the employee one weeks notice of the planned shutdown.

Sick leave

During the first three months of employment, an employee is entitled to sick leave in accordance with the Minimum Conditions of Employment Act 1993 (WA). After this period, an employee is entitled to unlimited sick leave when she/he is prevented by illness, injury or accident from carrying out her/his duties. For the first thirty days of any incapacity, the employee is entitled to full pay, payable by Pharmacia and Upjohn. For any period greater than 30 days, the employee is entitled to receive the benefits derived from a Group Disability Insurance scheme, discussed below. There is no accumulative sick leave entitlement and the employee can be required to produce a medical certificate during the first thirty days of incapacity.

Bereavement Leave

During the first three months of employment an employee is entitled to bereavement leave in accordance with the Minimum Conditions of Employment Act 1993 (WA). Following this period, an employee is entitled to three days paid bereavement leave in the event of the death of an employees: husband, wife, father, mother, brother, sister, child, stepchild or parents in law. These terms are interpreted broadly to include defacto spouses, and foster parents or step parents. Bereavement leave is also given in cases where a special relationship is applicable, for example in the case of grandparents or guardians.

It should be noted that the AWAs also contain an anti-discrimination clause, which, when read in conjunction with the bereavement leave clause, should ensure that the provision is applied in a non-discriminatory manner. However, it is possible that more judicious wording of this clause in future agreements would make this intention more explicit. For example, replacing words such as spouse, husband and wife with the word “partner”, would ensure that the provision is applied in a non-discriminatory way. It may also be worth considering other alterations to ensure that the provisions are sensitive to cultural issues that may arise in relation to entitlement to bereavement leave.

Special Leave

The AWA has a provision stating that Pharmacia and Upjohn recognises that there may be occasions on which an Employee's absence from work is necessary due to unforeseen circumstances such as family matters which would not be covered by other types of paid leave. In these circumstances Pharmacia and Upjohn may, at its discretion, grant special leave on either a paid or unpaid basis.

Salary component

The flexibility with respect to AWA overtime payments and the absence of annual leave loadings have been compensated for in the payment of substantially increased salaries. Upon reviewing the AWA, the Office of the Employment Advocate determined that the advantage to one employee at the site was an additional \$5,652.50 per annum. This represented the smallest difference for any employee working in a clerical position and represents a twenty six per cent increase on the wage payable under the relevant award. Calculations used in the no disadvantage test included allowances for leave loading, overtime and meal allowances. On this basis it was determined that the no disadvantage test was met.

A similar test was applied to the provisions relating to an employee working in a professional scientist position. It was found that this employee received an additional \$3449.46 per annum.

Salary reviews

Salary reviews are conducted annually and take account of external economic factors, Pharmacia and Upjohn's own financial performance and the Employee's performance as assessed by Pharmacia and Upjohn. While the AWA has only been in operation since August 1998, salary reviews have been conducted since 1994 when State Workplace Agreements were implemented. Reviews are conducted from May each year and become effective from July 1. So far all reviews have resulted in salary increases above CPI increases.

The Office of the Employment Advocate required an undertaking that salary reviews would not result in a decreased salary level.

Performance Appraisal

Under the terms of the AWA the employee is required to participate in performance appraisals as required by Pharmacia and Upjohn. Participation in the scheme may be as an appraiser, an appraisee or both.

Underpinning the appraisal system is the existence of position descriptions for each employee. These provide a clear outline of each employee's primary objectives and general accountabilities. Performance is appraised by reference to the employees fulfilment of his/her position's requirements and with individual goals determined during previous appraisals as part of the development and performance plan, outlined below.

Pharmacia and Upjohn has a standard format for performance appraisal which is used for all employees working under AWAs. The appraisal process comprises two main parts: a performance and development plan and a performance and development review. The plan is developed jointly by the supervisor and employee and involves the development of specific objectives relating to training and performance of tasks. The review involves the employee and the supervisor each assessing the success with which the specified goals have been met. The employee and manager then meet and arrive at a consensus for determining the employee's overall rating.

The review process is undertaken on a regular and ongoing informal basis each quarter. However once each year the formal rating process is completed and reviewed by a senior manager.

Workplace Relations

The workplace relations provision of the AWA replicates the model provision contained within the OEAs publication *Australian Workplace Agreements: How-to Guide*. This new dispute resolution procedure has some elements which are dealt with "in house" with the option for either party to appoint a third party to act on their behalf and/or refer the matter to mediation. The body with the authority to mediate is unspecified. In this respect it represents a change from the previous Pharmacia and Upjohn's WA-WPA in which the parties chose to retain the State Industrial Commission as mediator. In this role the Commission exercised the limited powers of mediation rather than the full power of the Commission. However, employees' comments illustrate some lack of understanding of both the previous and current dispute resolution procedures, particularly the role of the Commission. This became apparent during discussions on the dispute resolution procedure which are reported in the section "Employees Perceptions of the AWA Dispute Resolution Procedure", particularly part 4 on page 31.

Key provisions - over award provisions

Hospital and Medical Cover

Additional provisions included in the AWA are the subsidisation of and employees' private hospital/medical insurance by Pharmacia and Upjohn. This is paid at the rate of \$35 per month per single employee or \$70 per month for an employee with a partner. For a single employee, this is a total benefit of \$420 per year, in addition to the increased salary levels outlined above.

Salary Continuance

Pharmacia and Upjohn also provides salary continuance cover for the employee under a Group Disability Insurance policy with a recognised insurer. Because of the number of employees insured by Pharmacia and Upjohn, a reduced rate of approximately 0.7 per cent of salary is charged by the insurer. The private cost of this insurance to an individual would be approximately equivalent to 2 percent of salary. For an employee receiving \$36,000 per year, it would cost approximately \$800. This benefit is additional to the benefit calculated in the no disadvantage test discussed above.

Additional Benefits

In the schedule attached to each employee's workplace agreement, there is a section in which any additional benefits may be listed. For example, some employees are required to have a phone connection so that they can be contacted outside of working hours. In such cases they may be eligible to be reimbursed for the connection and rental costs of a telephone service and some limited subsidisation of other calls.

In cases where such additional benefits are payable, it is the employee's responsibility to maintain all relevant records associated with claiming the benefits (for example, receipts, papers, log books) and to provide these records to Pharmacia and Upjohn on request.

How do the provisions reflect broader business objectives?

The provisions relating to working hours reflect the stated management objective of increasing the flexibility of ordinary working hours and the organisation of overtime. Pharmacia and Upjohn has the discretion to determine how overtime is compensated and to require the employee to work all hours necessary to ensure that the requirements of the employee's position are met. This represents a significant extension of management discretion in the determination of working hours. This has been supported by the payment of higher salaries paid under the AWAs compared to the relevant award.

Other management objectives are met by the broader institutional arrangements offered by AWAs, rather than the content of this particular agreement. For example, the aim of having a similar agreement operating throughout Australia is offered by the Federal nature of the legislation. Similarly, the aim of negotiating the content of the agreement at an 'in house' level is achieved by the procedural arrangements for developing an agreement.

How do they vary from previous arrangements?

The most significant differences relate to the organisation of working hours, particularly overtime. Previously, requests for overtime were arranged by placing notices on a notice board calling for employees to work additional hours. In some cases the response was inadequate to allow production requirements to be met. As discussed above, the AWA provisions address this issue through increased management discretion over working hours.

Compare with industry and regional norms

As outlined earlier, Pharmacia and Upjohn is the only organisation operating within its industry in Western Australia. Therefore, regional norms are difficult to determine. However it has been stated that the provisions of the AWA has enabled Pharmacia and Upjohn to retain a relatively competitive cost structure. This has been achieved through additional flexibility of working hours and the development of cost effective "over award" benefits to employees.

Implementation

Experience of the business management and employees working with the AWA

Pharmacia and Upjohn experience with workplace agreements has been a positive one. The increases in productivity and the reductions in lost time over the period when agreements have been in place are detailed in the outcomes sections below. Employees were generally positive about agreements also and their comments about the implementation process are contained elsewhere in this report.

Has the dispute resolution procedure been used - how did it work in practice?

While the dispute resolution procedure caused some concern during the development of the AWA, the Employee Relations Manager's response to its use in practice was succinct and unequivocal:

"We've never used it."

Employees were asked about their perceptions of the AWA dispute resolution procedure and their responses showed a significant divergence of viewpoints. It was clear from responses to earlier questions that the internal procedure used in the AWA had been the focus of employee concern over signing the agreement in at least one section of the organisation. Although groups expressed concerns about the change in procedure from the WA-WPA to the AWA there was considerable uncertainty about the details of the actual procedures in their agreements. This lack of clarity was often associated with a generalised expression of loss associated with moving from having a known (industrial) mediator to an internal process.

Some responses provided general support for the existence of dispute resolution procedures whilst others indicated that they were not effective in the workplace. Two other categories of responses proved interesting. Senior staff indicated that there was not a need for a procedure or that they had not been used whereas several employees

confidently stated that it was working well in Pharmacia and Upjohn. The view of senior staff more closely mirror those of the Manager Employee Relations

Employee's Perceptions of the AWA Dispute Resolution Procedure.

1. It's important to have one
"dispute resolution is perhaps the most important part of the process as it allows people a way of resolving problems"
"consideration of dispute resolution when signing is akin to considering a prenuptial agreement prior to marriage. A procedure for such situation is important though"
2. The employer will win!
"dispute resolution is always geared to the Employer"
3. Not clear how it works
"Is there one?"
"Don't know anything about dispute resolution procedure"
"No procedure at moment. Publicise it"
"procedures should be widely publicised and the parties that are involved in such processes should be introduced to all employees"
4. Lost our external mediator
"This is one general letdown of AWAs. There is no independent employee/employer mediator on site. The employee cannot clearly see a path for conflict resolution"
"It is my understanding that we are no longer able to have the commissioner of workplace agreements to arbitrate as we did under the workplace agreement"
5. Works well here
"I think the dispute procedure is a good system. Problems are sorted out quickly when they arise"
"very effective. Most disputes are settled between employer and employee as designed"
6. Not used here
"we have never had to use the dispute resolution procedure, but it should be available to anyone who requires it"

Outcomes

What has been achieved?

The introduction of WA-WPAs came at a time when Pharmacia and Upjohn was required to significantly improve productivity to meet international benchmarks established by the parent multinational organisation.

"It was a critical time.....if we hadn't gone this way I doubt we'd still be here today"

Significant improvements in productivity were achieved and this trend has been continued through the period of the AWAs. Pharmacia and Upjohn has survived to become a strategic world production centre for its organisation.

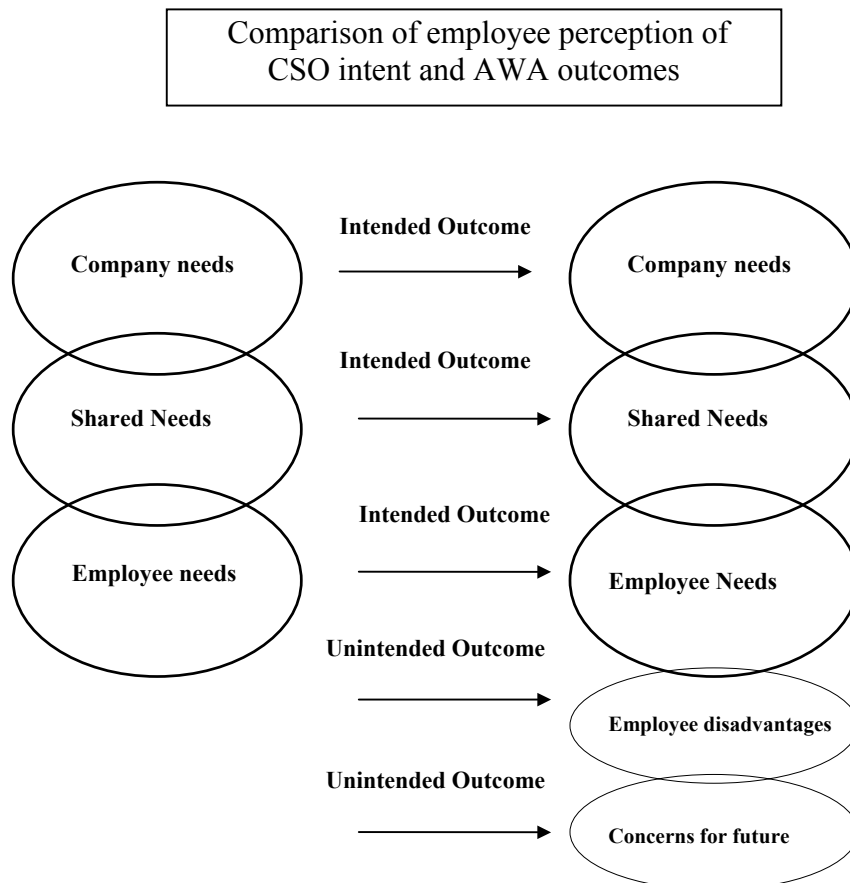
“...productivity improved. You can’t just look at the Australian Workplace Agreements, the process started with the State Workplace Agreements. Productivity improved dramatically. For example in the XXXXX area we doubled our yield in the last twelve months. That was through good management and better utilisation of labour”

These improvements were clearly seen in the growth of export markets and the company has received considerable recognition for its export performance. When asked whether the agreements had helped this export drive the Employee Relations Manager replied

“Yes, and they help us deliver on time, that increased our credibility as a supplier”

Employees were asked for their perceptions of the achievements and outcomes of AWAs in Pharmacia and Upjohn. Again there was a wide range of viewpoints expressed and the opportunity was taken with some groups to discuss them further and to group the outcomes under headings. Two groups then had the opportunity to rate these headings by scoring them from one to ten using the GSS *rate* script.

Figure 6: Employee perceptions of AWA outcomes compared with Pharmacia and Upjohn intent



The views of all groups were then analysed by the researchers and several qualitative categories emerged. These categories had been partially grouped by participants and what became clear to the researchers was the striking similarity in categories and constructs in this *Outcomes* question and the *Intent* question asked much earlier (see figure 6 above). Categories of responses were therefore grouped into the same three constructs of “needs of the company”, “needs of employees” and “shared needs”. There were also a number of positive employee outcomes not previously been identified in the Intent responses and these make up the new category “*other AWA positives*”.

One change within the categories for “shared needs” is important to report. The benefits of having the “*same agreement for everyone*” had earlier been identified as a reason for introducing AWAs. When discussing outcomes some employees extended these “*same agreement*” benefits to include the words “trust” and “confidence” - clearly showing a significant progression of the benefit category of meaning. Contributions of only the senior staff group referred directly to improved term “employee relations” but this may now be more a matter of language than perception.

In addition there were also a number of negative outcomes that compose the construct “disadvantages for employee”. The relationship between some of these categories was further explored and a new construct called “concerns for the future” was developed where respondents identified a positive outcome/achievement but attached it to a disadvantage either in the present or the future. The categories and indicative employee responses reflecting their perceptions of outcomes/achievements, grouped under these five constructs in figure 6, are provided above.

Needs of company

1. Something in it for the company
“more options available and agreements set in place to individually suit the companies needs”
2. More control
“The employer get control over the employee”
3. Minimise union involvement and action
“Less influence of unions”
“decisions can be made internally ruling out unions”
4. To increase productivity, flexibility, or reduce costs
“more productive facility, with flexible workforce”
“I think the key result for employers has been improved productivity, more flexibility, and improved bargaining power”

Shared needs

1. Same agreement for everyone
“Confidence in the process has increased. There is no longer a concern for exploitation as every detail about the agreement is available and is open for discussion”
“conditions of employment are clear. A safety net in place increases confidence”
“a common ground for everyone to work under”
“Greater ease in administering the system”
2. Both benefit together
“I think the Workplace agreements will be a good benefit for the employee and employer”
3. Better employee relations
“enhanced relationship between employee and employer”
“Good relationship with company, feeling that company is concerned that employees have good conditions to work under”

Needs of employees

1. More choice and negotiation
“individuals have more say in the agreement”
“Increased awareness of the negotiating system and what constraints the other party has imposed on them”
2. More information, knowledge
“Greater responsibility to be aware of information regarding your own situation within the organisation”
“Employees are forced to become more familiar with their own work conditions, so to gain from this they need to be more aware of things”
3. Better benefits
“production staff are happier with their employment conditions”
“everyone knows the company is providing more than the minimum conditions of employment, so they are happier with the employment conditions”
“better working conditions that we all want”
4. Other AWA positives
“clarified dispute resolution procedures”
“There is an expiry date on the agreement rather than the award which was subject to union input etc”

Disadvantages to Employees

1. Loss of bargaining power
“Negotiation or bargaining is eliminated despite a claim of an agreement through open and frank discussion”

2. Company can exercise hiring/firing power more easily
“Employers on a whole have the upper hand in selection process. Can discriminate on selection on the basis that if individual does not meet company needs, (they) can find someone who does”
3. We can be manipulated
“ability of Pharmacia and Upjohn to manipulate the employees to their requirement. i.e. you must take your leave at Christmas time. ”
4. No flexibility for individuals in agreements
“The HR process has been simplified for the company. You used to be able to bargain for your own entitlements now it is sign this or find employment elsewhere”

Concerns for the Future

1. its OK now but what about the future
“no difference now but there could be different outcomes in case of dispute or change of economical circumstance”
“More freedom in the workplace for both employer and employee that has the potential, if not regulated, to be abused”

How does this compare with business objectives?

It is clear from the outcomes identified by both the Employee Relations Manager and employees that the first two business objectives: flexibility and avoiding union action to ‘rope in’ Pharmacia and Upjohn to a federal award, have been successful. The third objective of having the AWAs used across Australia is planned but has not yet been implemented. However some employees in the focus groups thought that this had already occurred. The strategy of redirecting company funds from dealing with third party industrial relations into employee benefits has also been clearly achieved.

What has been the effect on employer/employee relationships?

Both the Employee Relations Manager and the senior staff focus group expressed the view that employee relations had improved over the period of workplace agreements. There are two aspects of employee responses that confirm their perception. First, employee groups were insistent that in discussing and grouping their Intent and Outcome responses that many needs were shared. Secondly, when asked to consider what had been achieved by AWAs and what had been the outcomes, employee responses noted the development of *“trust”* and *“confidence”* through the AWA process. The perception of employees that they had received a broad range of benefits from the WA-WAPs and AWAs also augurs well for present and future employer/employee relationships. However, there were also voices of dissent and some warning signs for Pharmacia and Upjohn regarding the need for more employee input or flexibility in future agreements and the need to develop an implementation process which more nearly reflects the views expressed in the focus group research.

The impact of AWAs on productivity, efficiency and workplace culture?

In recent years Pharmacia and Upjohn has been through a period of considerable change. Innovations have not been restricted to the introduction of AWAs but have included comprehensive strategies covering marketing and distribution, product development, production methods and management structure. This makes it difficult to determine the direct effect of AWAs upon workplace productivity, efficiency and workplace culture. It is likely that in most, if not all cases, a combination of factors would have resulted in any identifiable changes in productivity, efficiency and workplace culture. The correlation of such changes over time does not indicate the causative relationship of one change in the organisation upon another change. However, it is apparent that over the period in which WA-WPAs and later, AWAs were introduced, there have been continuing, positive trends in relation to lost time injuries, and satisfactory trends in the level of absenteeism and voluntary labour turnover. In addition, two employee satisfaction surveys have been undertaken by Pharmacia and Upjohn which indicate an increase in satisfaction in relation to a number of issues.

Productivity and Efficiency

Sales figures from 1992/93 illustrate Pharmacia and Upjohn's successful market expansions both within Australia and as an exporter. While domestic sales have grown annually, export sales have increased at a much faster rate, and now exceed the value of domestic sales by a ratio greater than 5:3. This reflects the business strategies and organisational changes of Pharmacia and Upjohn throughout the period discussed in this report. While such figures cannot be directly attributed to the introduction of AWAs, it is apparent that changes in the agreement making process have occurred alongside sustained production and sales growth. Pharmacia and Upjohn believes that its sales and productivity successes have been instrumental in its continued survival within the organisation and particularly through the period in 1996 when forty per cent of the organisation's global manufacturing sites were closed. Since that time it has also been designated by the parent company to be the sole site to manufacture specific products for export worldwide.

Table 1: Sales growth from 1991 to 1998

Period (to June 30)	Value of domestic sales (\$A'000)	Value of export sales revenue (\$A'000)	Total value of sales revenue (\$A'000)	Sales growth (%)
1992/93	16,641	6,427	23,069	19.1
1993/94	17,115	11,296	28,411	23.2
1994/95	17,345	12,365	29,800	4.9
1995/96	18,406	21,400	39,806	33.6
1996/97	20,571	28,940	49,512	24.4
1997/98	23,470	41,713	65,183	24.0

Source: Figures supplied by Pharmacia and Upjohn

Lost time injuries

From January 1995 until June 1997, Pharmacia and Upjohn reported that there was a 32 per cent reduction in the number of lost time injuries (LTIs) and an 87 per cent reduction in days lost due to LTIs. Improvements in worker's compensation

administration, combined with a reduced incidence of LTIs in 1995/96 resulted in a \$25,000 reduction in Pharmacia and Upjohn's 1996/97 worker's compensation insurance premium.

Later figures on lost time injuries are listed below. They show a decline in the number of LTIs and a relatively constant number of days lost due to LTIs for the 1996/97-1997/98 period. Figures available for 1998/99 up until May 1999 show a significant decline in both the number of days lost and the number of LTIs.

Table 2: Pharmacia and Upjohn Lost time injury statistics, 1996/97-1998/99

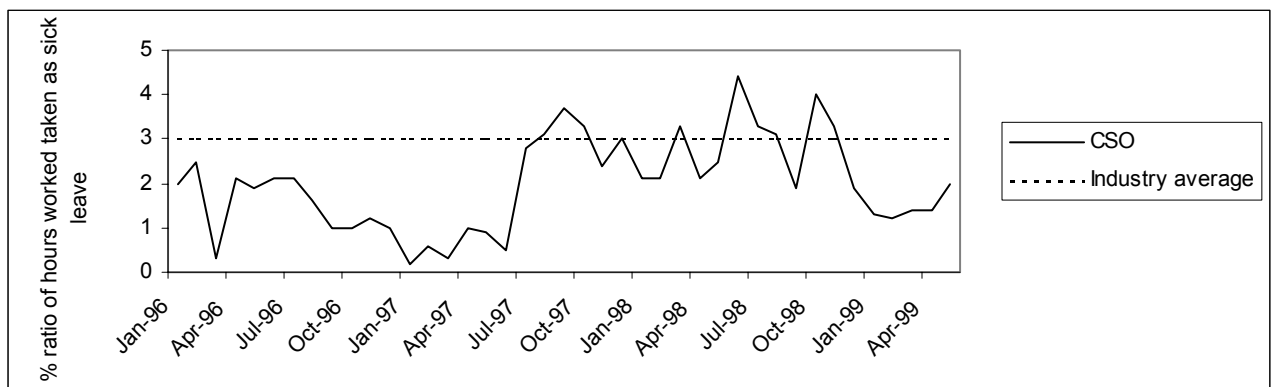
Year	Days Lost due to LTIs
1996/97	281.5 (resulting from 14 LTIs)
1997/98	286.0 (resulting from 7 LTIs)
1998/99 (at 31 May 1999)	15.0 (resulting from 1 LTI)

Source: Figures supplied by Pharmacia and Upjohn

Absenteeism

Absenteeism throughout this period has varied, with low rates experienced from January 1997 until July 1997 and relatively higher rates from September 1997 until November 1998. The period from December 1998 may indicate a more recent trend towards lower absenteeism. However, Pharmacia and Upjohn's average rate has remained at or below the stated all industry average of 3 percent which was quoted to the researchers by Pharmacia and Upjohn. It is not possible to comment upon the causes for the increased levels absenteeism experienced from September 1997 until November 1998 as this was not a question examined in the research project. However, there were no changes to the sick leave provisions for employees during this period as the provisions were the same in both the WA-WPAs and the AWAs.

Figure 7: Pharmacia and Upjohn Monthly absenteeism rates

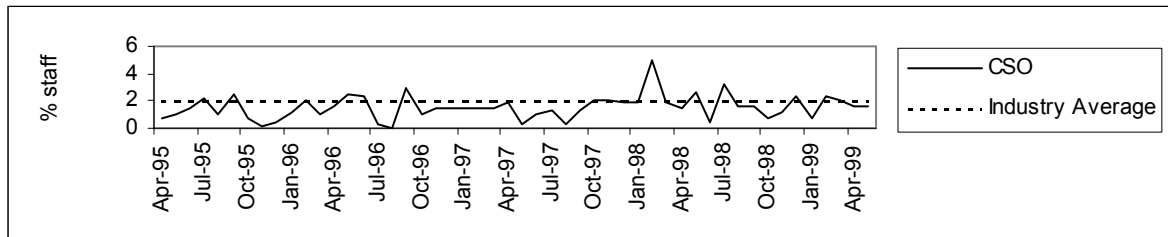


Source: Figures for Pharmacia and Upjohn and All Industry Average provided by Pharmacia and Upjohn

Voluntary labour turnover

With the exception of some one extraordinary peak in voluntary turnover, it has remained relatively low, just below the industry average of 2 per cent per year. Again, this figure for the industry average was provided by management at Pharmacia and Upjohn. There is a notable peak in staff turnover rates in March 1998, perhaps relating to a particular event in Pharmacia and Upjohn's history.

Figure 8: Pharmacia and Upjohn Voluntary labour turnover



Source: Figures for Pharmacia and Upjohn and Specific Industry Average provided by Pharmacia and Upjohn

Employee satisfaction

In 1996 and 1997 Pharmacia and Upjohn conducted employee satisfaction surveys covering a number of areas. Figures were made available by Pharmacia and Upjohn which showed aggregate results from the survey. Table 3 below gives the aggregated results (on a 1 to 10 scale) from the two surveys, as the well as the percentage change in score. The surveys carried out by Pharmacia and Upjohn contained questions in a range of areas and these were classified under the six headings: Staff development; People; Communication and Information; Leadership (relating to the strategic goals of the organisation); Supervision and Management (relating to operational aspects of the organisation); and the general climate of the organisation. Results for all areas improved for the second survey. Pharmacia and Upjohn management believes that these results provide evidence of the increased satisfaction of employees in the organisation.

Table 3: Pharmacia and Upjohn Employee Survey Results

Class	Survey 1 (Sep 96)*	Survey 2 (Mar 97)*	% Change
Development	5.91	6.51	10.22
People	5.66	6.64	17.26
Comm/Info	5.73	7.01	22.22
Leadership	5.86	7.05	20.34
Sup/Manage	6.15	7.31	18.87
Climate	7.5	7.93	5.58

* Scores are on a scale of 0-10.
Source: Figures provided by Pharmacia and Upjohn

What has been the impact of the AWAs on workers in a disadvantaged bargaining position?

During focus group discussions there was little comment by participants about any of the potentially disadvantaged groups identified in the project brief, specifically women, people from non-english speaking backgrounds, young people, apprentices and trainees. With respect to people from non-english speaking backgrounds, there was a suggestion that unions could play a role with helping to ensure that an employee's interests were protected. This was raised earlier in the section discussing the potential role of unions, as perceived by employees. The relevant comment was:

"I think it's important to have a representative, not necessarily a union rep, to ensure those that have problems with english are catered for"

However, there was some suggestion that particular groups were disadvantaged by the introduction of AWAs, particularly casuals and new employees. Casual employees were perceived as having less job security:

"Some clause about giving casual people notice of termination (made much smaller, 1 hr). Geared towards manufacturing and saving of cost."

While casuals employed under award provisions are generally subject to the provision of one hours' notice, this was perceived as being related to the introduction of AWAs. In this case, the disadvantage may be one resulting from the particular employee's perceptions or from Pharmacia and Upjohn's implementation of a pre-existing provision.

A second, perhaps more substantial area of concern, related to the position of new employees. As outlined earlier, new employees do not experience the same process of group discussion with question and answer session in which existing employees had the opportunity to participate. Instead, a two step process involving individual interview and a cooling off period is used to introduce new employees to the provisions of the AWA (see page 18). The perceived disadvantages of a process which relies solely upon individual interviews were discussed in some detail in the section titled "The role of employees in the development of the AWA" (see page 21).

The identification of the possibly disadvantaged position of new employees within the AWA process does not make it an easy issue to address. However, the fact that new employees have missed the group discussions involved in the formation of an AWA may be addressed to some extent by the production of a handout outlining commonly asked questions and answers. This is discussed below as a possible initiative in the future IR direction of Pharmacia and Upjohn. It is an initiative that may also be of some value to new employees.

A further initiative, which may enhance communication with new employees, would the inclusion of a reference to Pharmacia and Upjohn's AWA during the advertising stage of their recruitment process.

Next Time

What is the future IR direction?

When asked whether Pharmacia and Upjohn will continue to work with AWAs the Employee Relations Manager replied:

“Yes, they suit us. They give some flexibility. If any changes are needed we’ll consult with the employees. That’s where this (research) project will be useful”

For Pharmacia and Upjohn, there is little doubt that the future IR direction lies in the extension of AWAs throughout their Australian operations. This was a stated objective of the Employee Relations Manager and it seems likely that this will proceed in the near future. Already some options for greater employee customisation of conditions are being considered for future agreements. There is also considerable interest in the findings of this research study.

“From what I’ve seen already there’s some pretty interesting stuff and I think I will be able to take it and build on what we have done here in West. I think all this sort of thing (the research project) helps you improve, you can always do it better”

Employees participating in the focus groups were asked “what would be in their perfect agreement?” Once again there was a broad range of responses. Most participants did take the opportunity to suggest improvements in the areas of process or content. Process suggestions received the widest coverage including initiating employee input and more individual negotiation of the next agreement. There was also a strong suggestion that the agreement should be subject to continuous improvement principles and be more regularly reviewed than the three-year term suggests. Content suggestions included improved conditions, a clearer dispute procedure and salary increases. These suggested improvements built on the existing agreement which was generally well regarded.

Employee Improvement Suggestions for a Perfect Agreement.

1. A new employee role: contributing to content
“More input from me! More money! A company car! Truly, just more input from the employees”
“a perfect agreement would contain at least minimum conditions with added benefits decided upon by you and your employer”
2. A new employee role: truly negotiating:
“a negotiation/ bargaining step”
“something that you could truly negotiate on a 1:1 basis with the company, in a non-pressured environment, that could be different to everyone else”
3. Keep agreement up to date
“Pretty happy...so long as there is a process which ensures that we are kept in line with the best industry practice”

“The perfect agreement would be one that will always consider continuous suggestions from the employee and try to improve according to the research and experience outcomes

4. Better conditions

“To be entitled to better than minimum conditions”

“allowances for flexibility in areas such as time in lieu instead of overtime”

5. More money

“salary negotiation based on responsibility, performance, National averages”

“MORE MONEY”

6. Easy to read and understand

“It would be clear and precise so that a quick read will mean full understanding”

7. Fair, mutual benefits

“mutual benefits for employee and company so that both can achieve objectives”

8. Clear dispute procedures

“clear dispute resolution process outlined and a choice of representative open to you”

Participants in the senior staff group were the only respondents to promote the status quo with responses that the current agreement was their ‘perfect agreement’.

“no different, feel that it is already perfect”

“the one we just voted in!”

There was also a view expressed by employees that agreements were perhaps inherently problematical.

“There is no such thing as a perfect agreement if it has to be decided between the employee, employer and the employment advocate”

Employee Suggestions for Designing a New Process for the Next AWA

There was a considerable range of employee views about the ideal AWA introduction process, but as reported above, their preference was for scenario C. The facilitator encouraged employees to improve upon these scenarios and several suggested a version of scenario C placing a briefing before inviting employee input. There was also the suggestion that there needed to be guidance or parameters placed on the nature of employee suggestions and a feedback loop instituted for management responses to these suggestions. There were many employees who identified current processes as suitable but the focus in this report is on those responses where improvements for the future were identified.

1. Improvements to Scenario C

“Group briefing is a good base for introducing ideas but this should be used as an introduction platform to generate employee input, not necessary immediately but after a brief period of time, to allow employees to think about input ideas”

One group preferred scenario C to have a *“system for employees to provide suggestions”*

“prefer to get information, study and understand it and then go back and make suggestions for any changes”

“be given a guideline as to what specific things can be put into agreement so people don’t go wild and put things in which will not be accepted”

2. Improvements to the group briefing process

“group briefings should be held in small groups comprising those colleagues which work closely.”

“the group should only include employees at the same level of the organisation”

“system where you can write down your question rather than calling it out”

“depends on the group - if working with people everyday you may feel more comfortable. If you don’t know the group it is more uncomfortable. When designing groups it would be useful to take people who know each other”

3. Improvements to the handout process

“information handouts should be given before the group meeting”

One group spent time developing a list of the handouts that they felt would be useful to employees when considering AWAs and this is provided below.

“plain english’

“copy of agreement itself,

examples of different agreements in similar industries,”

Although the group noted that *“examples coming from company will not give you a copy of agreement which is better than what they are offering award for comparison,*

summary of the changes between the old and the new agreements,

telephone number of someone you can talk to outside the company (third party) (to explain legal bit of it for example,

commonly asked questions and answers. explains the policies.”

Another group identified the following inclusions for their proposed common questions and answers handout:

reference to source of what is being addresses (ie Minimum Conditions Act etc),

clarify things which are not clear (eg dispute resolution -what would happen if you don’t agree with it...),in cooling off period what happens if you change your mind.

4. Improvements to the individual interview process

“interviews should be better described as Employer-Employee review of agreement, so the employee feels they have some right to question what is in the agreement”

“the Confidential discussion needs an agenda. There is no process which enables actioning of the outcome of a discussion i.e. if you want to make a change, what is the procedure”

“need time to digest it (one week”

5. Improvements to the cooling off process
“cooling off period should not commence until all questions/disputes rectified”

6. Creation of a feedback loop
“employee input should be a major part of the development of the workplace agreement. This should involve the generation of ideas from all employees and general discussion. If any ideas are rejected an explanation should be given as to why”
“what happens to the suggestions? Unless there is a clear mechanism for discussing these with everyone concerned, and some things are actually changed, people will just see this as a sham and a waste of time”
The group discussed this further and identified the following:
“feedback was needed before group thing, person leading the transition in company will do this.”
“suggestions need to be sent for review 6 months before the contract is to be renewed. It could then be discussed between parties. Needs interaction-process of discussing and clarifying and coming to agreement in base document”
“could be untried ideas which seem good at the time but could prove unworkable. careful consideration of new ideas is needed including reference to an outside person”

7. Establishing a third party
“some kind of expert could be the third party - someone who knows the outside environment as well as the company (similar to financial adviser who can advise on whether it is in your benefit or not)”

Conclusion

Pharmacia and Upjohn has transformed its manufacturing facility from an innovative local producer to a competitive global producer during the nineties. The introduction of workplace agreements, initially WA-WPAs and later AWAs, provided Pharmacia and Upjohn with the labour flexibility to fully utilise its sophisticated and capital intensive facility.

Employees, senior staff and the ER manager identified many common perceptions about their WA-WPA and AWA experience. The strong expression of “Shared Needs” in two of the focus group questions reinforces the strong organisational culture which inextricably links company and employee needs. However some concerns were also identified by participants particularly regarding the employees’ role in future agreements.

Pharmacia and Upjohn took advantage of this study commissioned by the OEA to reflect on its AWA achievements. It actively facilitated the data collection for this study and has given feedback to the researchers on an earlier draft of this report. This willingness to reflect and to identify opportunities for improvement by all participants was refreshing. The later sections of the report dealing with preferred introduction processes provide insights into employee thinking about future agreement making.