

# Building Collaborative Labour Relations in Government Workplaces

BY GRAHAM S. LOWE

**T**he 1990s put an end to the popular myth that governments are bureaucratic monoliths resistant to change. Deficit reduction and downsizing reshaped the role, size, and structure of public administration. Even more sweeping change is on the horizon this decade, as governments embrace new information technology, strive to become knowledge-based learning organizations, and embark on massive workforce renewal as baby-boomers retire.

But senior managers can't meet these challenges alone. The sheer scale and complexity of change demands a collaborative approach that taps into all available knowledge and experience. Employees need a more active role in designing and implementing change strategies – especially at the workplace level.

With three-quarters of public service employees being unionized, unions also must be key players in this process. Yet involving unions will not be easy.

Here is the crux of the problem: During the restructuring of the 1990's, unions were sidelined, and employees were rarely consulted. On top of this, traditional labour relations have been centralized and cumbersome, revolving around collective bargaining cycles rather than ongoing consultations.

Government managers are at a critical juncture in labour relations. New mechanisms are urgently needed for ongoing employee input at the workplace level, where change actually gets put into practice. For this to happen, government employers and unions must forge collaborative relationships that enable them to work together.

## Insights from the Human Resources in Government Project

In building such relationships, employers and unions can draw on insights from the *Human Resources in Government* (HRG) project – conducted by the Canadian Policy Research Networks (CPRN). This project examined the impact of extensive downsizing and restructuring in the public service during the 1990s in the federal government and the provinces of Alberta, Manitoba, Ontario, and Nova Scotia. It combined surveys of work unit managers and front-line union representatives with an analysis of workforce demographics, compensation, and labour relations.

Four key insights emerged from the HRG project:

- Given the bitter legacy of labour relations of the 1990s, government managers have a long way to go if they want unions as change partners.
- Compensation pressures loom large, but renewal also requires innovative ways of organizing, managing, supporting, and rewarding people.

- There are clear benefits to involving employees and unions in the process of workplace change.
- Common ground exists for union-management collaboration to become more widespread at the workplace level.

## A Legacy of Turbulent Labour Relations

The disregard for collective bargaining rights in the 1990s has created a bitter legacy for public service unions.

As pressures to cut deficits mounted during the 1990s, most governments across Canada departed from earlier patterns of labour relations by using legislation instead of collective bargaining.

Looking at all federal and provincial governments elected or already in power during the 1990s, 11 out of 15 cut their operating costs by imposing legislated changes on wages and other working conditions of government employment. In short, they acted unilaterally.

While the key argument for legislated change in the employment conditions of core government employees was deficit reduction, the savings in fact were not large enough to make a significant difference in fiscal outcomes. In retrospect, the few governments that did retain collective bargaining turned out to be just as effective in balancing their books.

Gene Swimmer, of Carleton University, assembled a team of academic experts to examine this transformation in union-management relations for the HRG Project. Based on this assessment, Swimmer calls for a new mindset: "Now that deficits have been tamed, government leaders

must think of their employees as a source of value to be increased, rather than as a cost to be reduced, if they are truly committed to improving the public service.”

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In retrospect, we can question the justifications given for suspending collective bargaining rights. More important for the future, governments now face the task of rebuilding labour relations.

### **Compensation Pressures**

Compensation, long a flash point between employers and unions, is a natural starting point for discussing how to build a more collaborative style of government labour relations. The challenge is clear: recruitment and retention concerns have created new pressures for the traditional compensation model to become more flexible.

Complex political, social, and market forces determine government pay levels. The result is a smaller wage gap, compared to the private sector, between the highest and lowest paid employees. This has benefited the lower paid workers, especially those in clerical and service occupations. But senior managers and some professionals are paid below comparable private sector positions – a growing impediment to attracting talent.

Rigid job classification and pay systems add to recruitment and retention problems. Work unit managers have little or no say on compensation. Promotion opportunities have been reduced and more workers have hit their pay ceiling. Bonuses and performance incentives, common in the private sector, are new to government and are vig-

orously opposed by unions. Knowledge and skill-based pay is rare, despite claims by governments that they are knowledge-based organizations. Rising workloads have not been adequately compensated.

Finding the right balance for overall compensation is crucial. Uncompetitive pay can lead to problems with recruitment, retention and morale, thereby jeopardizing the delivery of high quality government services. Current job classification and compensation systems are unlikely to provide the flexibility or the rewards needed for governments to compete head on with private firms for knowledge workers.

But wages are only part of what employees look for in a job. Other factors are also important: being treated with respect; challenging and interesting work that gives a sense of accomplishment; opportunities to develop one's skills and abilities; friendly and helpful co-workers; and good communications. While hardly a substitute for good pay or benefits, these intrinsic job rewards fall outside the bounds of traditional public sector collective bargaining.

Will compensation overshadow other changes facing unions and management? The answer lies in crafting joint solutions for improving the full spectrum of work rewards, which opens up discussion of how to engage employees and their unions in creating innovative ways of organizing and managing work.

### **Limited Consultation In Workplace Change**

Government restructuring of workplaces in the 1990s rarely involved active input from unions or their members.

Even now, it is only in exceptional cases that unions are involved in strategic planning, budgeting, organizational or technological change, staffing level decisions, training decisions, or scheduling time off. While 78% of employees in the work units included in the HRG Project's survey of managers belonged to a union, managers reported meeting with union representatives only when there was a problem.

One positive finding of this survey is the extent of information sharing – much desired by employ-

ees – about workplace change. Direct information sharing was widespread, with over 80% of managers reporting this. In 75% of these cases, more than half of the unit's employees participated. Issues on which information was shared included work organization, technological change, quality issues, changes in organizational structure, and strategic planning. But this communication was typically top-down and one-way, giving workers no voice.

In short, while employees and unions may have been informed about impending changes, they have had little opportunity for a meaningful say in the decisions that often profoundly affected their work life.

### **Union Responses to Restructuring**

The HRG Project documented that union responses to workplace restructuring influenced the quality of work life and labour relations in the workplace. In fact, the role played by unions can make a positive difference.

Managers can learn useful lessons from how public employee unions responded to the strain of restructuring. For unions, cuts and restructuring resulted in declining membership, increased grievances, and management decisions to bypass unions on workplace issues and go directly to the members. Union responses to these strains varied along two dimensions: cooperation vs. resistance; and proactive vs. reactive.

On the first dimension, 43% of front-line union representatives surveyed in the HRG Project thought that their union local had responded cooperatively to management initiatives to change the workplace, while 30% stated that the union had reacted by resisting.

On the second dimension, 49% described their local's strategy for dealing with restructuring as proactive, while 30% characterized the response as reactive.

A more cooperative and proactive union approach to restructuring was linked to modest improvements in both the quality of work life and the quality of union-management relations. There is no doubt that the actions of management can encourage this cooperative stance.

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Union participation in planning decisions about job design and work systems also was associated with improved labour relations and positive results for union members. Union involvement was linked to greater worker autonomy to decide how work gets done, along with greater employee input into decision-making. Stability or improvement in the quality of labour-management relations was also related to union involvement.

Above all, these findings underscore the importance of directly involving unions in developing and implementing human resource and work organization plans.

### Collaborative Labour Relations

The ingredients exist for a more collaborative approach to labour relations. Moving in this direction is crucial, given that workplace change affects both the quality of working life and productivity. Indeed, the two *Human Resources in Government* surveys identified areas of common ground, documenting that mutual benefits are possible through a more collaborative approach.

Union representatives want more decentralized labour relations.

Those surveyed strongly supported greater latitude for decision making among front-line supervisors and unit managers – a precondition for more widespread consultation with work unit employees. Furthermore, unit managers reported cooperative relations at a personal level with the local union representative, which bodes well for more joint initiatives at the front line.

Union representatives also are open to more consultation, with the vast majority supporting more joint labour-management training on workplace change issues, along with labour-management discussions on issues of mutual concern during the term of a collective agreement.

Unions also must adapt to the new environment. Their centralized structures contribute to the limited involvement of union representatives at the workplace level, where unions can be most relevant for members. Union decisions about workplace change typically are made at the level of the branch, or at headquarters, not by workplace representatives. Unions must provide more resources and responsibility to the officials who are closest to their members.

Union representatives can offer a complementary and constructive

perspective on workplace change, and an efficient way of engaging union members – and when they disagree with unit managers, it is important to understand why. This would help to rebuild healthy labour-management relations. For example, while most managers surveyed reported improvements in the quality of the services provided by their unit, union representatives were more likely to report a decrease in service quality – clearly a discrepancy worth investigating.

### Finding Common Ground

CPRN's *Human Resources in Government* Project highlights the major challenges facing unions and management in trying to rebuild labour relations in public administration. As the Fryer Committee on Federal Government Labour-Management Relations suggests, a unilateral approach to labour relations has resulted in a lack of trust between unions and management. This makes it difficult for the two parties to work together to create bold new solutions for pressing human resource management issues.

The lack of collaboration in the current labour-management relationship is a losing scenario for management, unions and their members, and the public. Management decisions lack the constructive input of front-line staff, unions risk becoming less relevant to their members, and workers are denied opportunities to actively participate in reshaping their workplaces and improving public services.

The managers and union representatives we surveyed identified a common set of issues needing immediate attention: low morale; stress; burnout; and heavy workloads. Addressing these quality of work-life issues would be a first step toward rebuilding trust between unions and management, creating a foundation for future collaboration. ✪

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