NEW WORLDS AND FRESH CHOICES?

CONTINUITIES AND DISCONTINUITIES IN INDUSTRIAL RELATIONS PRACTICES IN NEW ZEALAND’S RETAIL GROCERY SUPERMARKETS.

A thesis submitted in partial fulfilment of the requirements for the Degree of Doctor of Philosophy in Political Science at the University of Canterbury

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1996
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<td>ILO</td>
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ABSTRACT.

A recurrent theme in recent industrial relations literature is that analysis should go beyond the study of institutions and systems. The analysis of industrial relations should also incorporate changes to political, ideological and economic environments, as well as the impact of new technologies and changing product markets.

With the advent of the Employment Contracts Act in May 1991 this theme has gained greater currency within New Zealand. The de-centralisation of bargaining, and the emergence of employer-driven ways of organising the employment relationship, have given rise to a growing body of research into contemporary workplace "reform". This research has documented a widening diversity in industrial relations practices.

This study seeks to extend this research by documenting this diversity, between different employers in the same industry. The focus of the study is the retail grocery industry. Utilising a longitudinal approach it examines significant infrastructural and environmental constituents of change and evaluates the different ways
in which these have been used by employers in reworking the employment relationship in different enterprises and workplaces.

The study is based on an extensive series of interviews conducted between 1990 and 1995, complemented by documentary material from industry, media and academic sources. Those interviewed included a cross-section of employers, managers and workers, as well as union officials involved with the industry.

The findings disclose that the Employment Contracts Act was not the primary cause of innovation and change in this industry. Emerging patterns of workplace industrial relations display elements of continuity as well as change. Employer pursuit of greater workforce flexibility, impelled by competition and changing product markets, was formerly constrained by the operation of an overarching industrial relations framework. The removal of this framework, coupled with a low level of worker organisation and resistance, has legitimised former de-facto practices and set a new agenda for union survival.
It has been said that the origins of social science research projects frequently lie in accidents of biography and personal history (Lofland and Lofland, 1984). Such is the case with this study, which had its origins in the personal experience of some seventeen years active involvement in the trade union movement in New Zealand, eleven years of which were spent working as a full-time union official.

This was a period in which union officials found themselves having to come to terms with three changes of substantive legislation (from the Industrial Conciliation and Arbitration Act (ICA Act) to the Industrial Relations Act (1973) and then to the Labour Relations Act of 1987), as well as three consecutive sets of provisions regarding union membership (the "unqualified preference" arrangements of the ICA Act, "membership ballots" from 1976 to 1983, a brief period of voluntary unionism from 1983 to 1985 and then a return to an amended form of "unqualified preference"\(^1\).

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\(^1\) A form of "post-entry union hop", applied to a nation-wide agreement.
Working under such conditions it was impossible not to become aware that the field of employment relations in New Zealand was highly state-regulated. Government legislation provided the machinery for the formation of registered unions, it created obligations for members of those unions, it provided for industry-wide awards and for disputes and grievance procedures. As a full-time union official I was conscious that the award was a legal document and that it was my job to police it. I was also aware that the law restricted the objects of unions and set out very specific requirements for the management of their internal affairs.

The effect of such a weight of protective regulation was that unionism in New Zealand tended to be legalistic, reactive and pragmatic. Change, by and large, came from without, not from within; instituted by the state through legislative action rather than by unions through industrial action. But while each of the changes described above brought with it changes to procedures and emphasis, unions, by and large, continued to do what they had always done and my own job was not substantially altered.

Essentially, this was because in each case the law refined, rather than changed, the existing legislative
arrangements. Thus, while the pattern of activity might change - under voluntary unionism recruitment assumed a high priority - for most unions their function remained very much what it had always been, to negotiate and subsequently to enforce the provisions of their national award or awards. Most union officials, particularly among the white-collar and service unions, tended to see themselves as industrial relations "practitioners", as did their counterparts on the employers' side.

Despite the presence of these overarching and restraining structures that imposed an appearance of uniformity of activity and community of interest at the institutional level, it was also impossible not to be aware that the degree of "solidarity" between individual unions as well as between different sections of the trade union movement was variable. To speak of the "trade union movement", as a single, unified body may well have been part of the rhetoric of the trade union official. In practice the then central union organisation, the New Zealand Federation of Labour (FOL) was only a coalition of interests and ideologies, brought together by a narrow range of common concerns. These narrow concerns often led to acrimonious debates
between different unions on industrial and political issues of the day.

At the level of the workplace, the experiences, problems and cultural background of union members often differed considerably. A small number of unions, such as those covering insurance workers and bank officers, were industry-specific. For the most part however, unions were organised along occupational lines, for example, drivers, clerical workers, storepersons, carpenters, plumbers. This meant that more than one union was represented on the majority of work sites round the country.

With the introduction of the Employment Contracts Act (ECA) this tightly regulated world - and the job of the union official - was overturned, almost overnight. Unionism in New Zealand has declined rapidly and, rather belatedly, under the ECA the pattern of employment relations in New Zealand has in many ways come to resemble that of the "new convergence" paradigm of employment relations, predicted nearly a decade ago by Lash and Urry (1987). The most conspicuous features have been a substantial increase in service sector

2. As a perusal of the proceedings of any of the annual conferences of the New Zealand Federation of Labour during the period will show.
employment, a decline in the scope of collective bargaining and greater flexibility in work organisation. However, as is often the case with predictive models, other features of Lash and Urry's paradigms, for example the emergence of core and peripheral workforces, more challenging work roles for core employees and direct forms of workplace participation, have been rather more problematic.

What is also problematic is the extent to which the advent of the "participatory workplace" has wrought a transformational change in employment relations at the level of the workplace and the nature of the changes that have taken place. What this intra-industry study of the retail grocery industry suggests is that, regardless of the legislative framework, the reality of the employment relationship is that it is one of constant tension between conflicting interests. The process in which these interests are established and maintained - the practice of industrial relations - may therefore be subject to constantly changing shifts in the relative balance of power between those interests.

The reasons for choosing an intra-industry study and for the selection of the retail grocery industry as the source of data sites are set out in a methodological
appendix (Appendix 1). A few, brief introductory
additional comments are also necessary. The first
concerns the chronological parameters of the study. By
definition, longitudinal research is concerned with
events over a period of time. That period, however, is
not normally open-ended and while the decision as to the
duration of the period will usually be an arbitrary one,
it is determined by the aims of the study. In this case,
with the focus on continuity and discontinuity, the
period selected (1980-1995) is closely identified with
the deregulatory process that has been taking place in
New Zealand and coincides with the appearance of such
critical elements of discontinuity as the liberalisation
of trading hours (Templeton, 1980); financial
deregulation and the advent of overseas capital; and the
"freeing-up" of the labour market through the
introduction of the ECA.

A further point that requires comment concerns
"concealment". It is a common practice in the use of
comparative case-studies to "conceal" the identity of
the firms studied by the simple device of referring to
them as "Company X" or "Company Y". The adoption of this
usage was initially considered and attempted in this
study. It quickly became apparent however that the
concentration of ownership and the distinctive
characteristics of individual firms were such that it would be virtually impossible to undertake a successful comparative analysis while also concealing the identity of the firms studied. The decision was therefore made to discuss them "in clear", as it were. The decision was reinforced by the discovery that much of the information obtained in interviews could, with careful investigation, be cross-checked against material that was a matter of public record, in the media, trade publications or other sources.

As regards the structure of the study: by accommodating the main theoretical discussion within the first chapter, subsequent chapters are left free to focus on empirical events within the industry. Chapter Two traces the development of the industry in New Zealand, noting similarities and differences in relation to international trends. Chapter Three profiles the current state of the industry. It describes the infrastructures and consequences of ownership and control; considers recent and current trends in the industry and traces the connection between concentration, deregulation and increased competition.

The consequences of increased competition on the structure of work and its influence as an imperative for
greater flexibility in the disposition and remuneration of the workforce are taken up in Chapter Four. Chapter Five scrutinises the "work of management in the management of work" and examines the new strategies of control evident in current contractual arrangements and alternative forms of worker organisation. In contrast, Chapter Six focuses on the union response and the problems of developing effective, collective resistance within the current legislative framework. Chapter Seven, the concluding chapter, summarises and brings together the disparate threads of the discussion.
1.1. Introduction: The study of industrial relations in New Zealand: past and present.

It is a truism that the employment relationship is generally shaped more by employers than by unions (Brosnan, Smith and Walsh 1990:56). The aim of this study is to document how the Employment Contracts Act (ECA) has actually been used by different employers in the retail grocery industry in New Zealand to re-shape industrial relations practices in their various establishments. In the process it will compare stated industrial relations policies with the actual industrial relations practices and methods of control observed in the various enterprises and establishments that comprise that industry. It will also review union reaction and the way that employees organise - or fail to organise - unions. It starts with an account of the formal resources that assisted unions to organise prior to the introduction of the ECA.
From 1894, when the first Industrial Conciliation and Arbitration Act (ICA Act) was introduced, until the advent of the ECA in 1991, the state has played a conspicuous and pivotal role in shaping the structures, practices and general conduct of the employment relationship in New Zealand (Wilson 1984). During this period the substantive ICA Act was repealed and replaced by a new ICA Act on five occasions\(^3\) and some forty-five ICA Amendment Acts were passed. The final ICA Act was repealed in 1973 and replaced by the Industrial Relations Act (1973); which, in its turn, was superseded by the Labour Relations Act of 1987. In addition an extensive network of labour laws governed such matters as the regulation of hours of work and health and safety issues (The Factories and Commercial Premises Act), entitlement to paid holidays (The Annual Holidays Act), "anti-truck" measures (The Wages Protection Act) and pay equity measures (The Equal Pay Act).

For unions, particularly for those operating in industries such as retailing, state recognition was a prerequisite for access to the "institutional security" (Brosnan et al. 1990:77) of the arbitration model of representation and mediation. To avail themselves of this security, they were required to become "registered

\(^3\) In 1900, 1905, 1908, 1925 and 1954.
unions" and to have their registration and rules approved by a state agent, the Registrar of Industrial Unions. Frequently threatened but rarely used, the ultimate sanction, the power to deregister a union, to place it outside the protective framework, remained with the government at all times. Deregistered, a union would find itself outside the fence of the arbitration system. Its exclusive right to cover workers in its particular industry or occupation would be lost, there would be no obligation on an employer to recognise it and another union could be formed to take its place.

The role of the state was pervasive; to the extent that the locus of wage bargaining and, at times, of conflict resolution frequently tended to remove itself from the industrial to the political arena; from the shop floor to the floor of the Parliament. It became as necessary - and as normal - for trade unions and employer organisations to develop a political agenda as it did for them to develop an industrial one (Wilson 1984:172).

Given this legislative emphasis, it is not entirely surprising that the academic study of industrial relations in New Zealand has, as Walsh (1994:162) notes, assumed a practical rather than a theoretical character, being heavily oriented towards "analysis of and comment
upon current industrial relations policy and practice" (:162). Its main focus has been on current wage fixing policies and practices and it has shown a pragmatic preoccupation with the consequences of legislative change, as well as with its judicial interpretation and the interaction of trade unions, employer organisations and the state in the formal structures of centralised bargaining (for example; Roth, 1973; Hellaby, 1977; Wilson, 1984 & 1986; Boston, 1984, 1987 & 1988); Hince, 1986; Haworth, 1990a).

It can now be seen that the rationale for this approach was tied to the broad thrust of pre-ECA legislation, which had as its aim the promotion and preservation of corporatist principles of industrial order. However, with the introduction of the ECA this corporatist approach has been rejected by the state in favour of a radical form of pluralism. In abandoning notions of state involvement and independent arbitration the ECA has effectively de-registered unions and introduced the concept of "laissez-faire" (Geare 1995:443) into the formerly tightly regulated and formalised world of employment relations in New Zealand.

The general result of this change in employment law has been an overwhelming trend towards enterprise bargaining
and dramatic reductions in membership of trade unions. Not surprisingly, this development has had an equally transforming effect on contemporary research into employment relations in New Zealand. Much of this is now directed toward the examination of the nature, forms and consequences of so-called "workplace reform" at all levels; with a new interest being shown in the legislative, social and economic context of employment relations, employer and union strategies and individual case studies of workplace change⁴. Yet it has to be said that despite this prolif-eration of enquiry, significant gaps still exist in our knowledge and understanding of much of the actual process of workplace reform; particularly as it concerns the ways in which employer/employee relations are currently being reworked at the level of the individual enterprise or establishment⁵.

Three explanations can be advanced for this state of affairs. First, as Walsh (1994:164) observes, there is still a tendency to assume that theories developed

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⁴ Evidence of the widening scope of current research projects can be found in recent issues of the Labour Research Bulletin. A further indication of the growth of this field can (at the time of writing) be seen in the conference topics for the 3rd Annual International Employment Relations Association Conference held at the University of Waikato, 12-14 July 1995.

⁵ Throughout this study the terms "establishment" or "workplace", where used, will be defined as a site or industrial entity where a number of workers are employed; while the term "enterprise" is used to denote a number of "establishments" or "workplaces" having a common employer.
elsewhere will apply equally to New Zealand conditions. Second, with some exceptions (see for example Hector, Henning and Hubble 1993; Oxenbridge 1994; Hunt 1995), much of the contemporary research and data (Labour Research Bulletin 1994; Department of Labour 1992 to 1995), while plainly identifying an increasing diversity in the once ubiquitous matrix of New Zealand's labour relations system, has tended to concentrate on inter-industry comparison rather than intra-industry analysis.

Third and most critically, while comparative trends in bargaining outcomes, wage movements and employment conditions have been documented in some detail (for example, Harbridge 1993a and 1993b) - the determinants of these different outcomes remain largely unexplored. Some valuable work has been done in identifying the potential influences of establishment-specific factors such as size and competitive pressures (McAndrew and Hursthouse, 1991; Ryan 1992). So far, however, as Walsh points out, there has been a failure to address the question of the "paradigm shift" that has taken place in the regulation of the employment relationship. The two crucial issues in this debate are those of management strategy - "what are managers doing and why are they doing it?" - and, if collective bargaining is being
replaced, what is replacing it as a source of worker representation? (Walsh 1994:168-171).

These latter areas constitute the chief interest of this study and have been instrumental in formulating its underlying thesis, namely: that it is not the ECA itself that is significant, but the way it is used; and this may well manifest itself quite differently in different situations.

This raises a number of pertinent questions. What are these situations? What determines managerial strategies? How strongly have these strategies been resisted and how has management overcome that resistance? In seeking answers to such questions we really need, as Walsh (1994:164) suggests, to set the study of current policy and practices in a "wider historical, comparative and theoretical context". Writing in a different context, Pettigrew (1985:1) urges that we beware of "singular theories of organisational change". For Pettigrew, reorganisation and change is actually rooted in contexts, structures and processes. Marchington, who has written about the grocery retailing industry, endorses Pettigrew's observations. For Marchington, we need a form of analysis that seeks to open out particular settings. For Marchington it is important:
to tease out the intricacies and sensitivities of workplace industrial (sic) relations... (and)...to explore the way in which detailed practices are worked out within individual establishments (92:171).

In other words, while the introduction of the ECA may have been crucial to the removal of various "legislative roadblocks" that were inhibiting major change to previous patterns of employer/employee relations, its effects can only be properly understood when seen as part of an ongoing process of continuity and change. As Brosnan et al. (1990:74) remind us, employers have traditionally responded to award constraints by attempting to sidestep them. How they have responded to the ECA and the removal of most of those constraints will only become clear through analysis of particular cases of employment relations. The purpose of this chapter is to bring together Pettigrew's and Marchington's concern for detail within particular establishments with Walsh's concern for an historical and comparative approach.

The discussion will fall into three main sections. The first will briefly summarise the development and practices of wage-bargaining, pre-ECA. The next discusses some of the problems encountered in determining how the analysis should be approached. The
final section will consider the main theoretical and conceptual considerations that a study of managerial strategies in a particular industry involves.

1.2. Wage bargaining in New Zealand: a brief, historical overview.

The ICA Act of 1894 has been described both as the "most remarkable statute" of its period and the "most far-reaching in its effects on New Zealand labour relations" (Roth, 1973:20). It established a legal and institutional framework for the setting of wages and conditions of employment in the private sector in New Zealand that, in its essentials, would remain unchanged for almost one hundred years. The stated aim of the Liberal promoters of the Act was twofold. First to balance the conflicting interest of employers, unions and the state and, second, to contain industrial strife by encouraging the growth of trade unions through the provision of an institutionalised framework for collective bargaining. The principal arbiter in this system was to be a legal body, the Arbitration Court, having jurisdiction over most matters concerning the employment relationship, particularly over wages and working conditions.
At the heart of the legislation lay the twin principles of the "fair-wage" and "historic relativity". The aim of the former, when combined with the egalitarian notion of the "living-wage", was to protect workers in the less productive industries against the erosion of their living standards. That of the latter was the stabilisation of wage increases and the compression of inter-industry differentials through the delivery of broadly comparable increases across industries, irrespective of differences in the bargaining strength of the various groups.

The priority of this model of industrial relations legislation was, as Anderson (1991:131) has noted, to ensure the collective settlement of terms and conditions of employment. Within its complex framework - governed by a mix of formal rules or industrial laws and a set of informal but widely accepted "wage relativities" - wage fixing became a largely prescriptive exercise in which the characteristics of individual enterprises or establishments became subsumed in the complexities of multi-employer bargaining and state intervention. Typically, in what came to be known as the annual "wage round", the settlement figure reached in one of the major awards - the Drivers, Electrical Workers or Metal Trades, for example - would establish a "going-rate" for
the particular round. This became the benchmark figure around which other awards, including those of the retail sector, would settle.

Occasionally contested and frequently amended, the arbitration system nevertheless provided a relatively stable and predictable set of rules for setting wages. These rules governing wage bargaining were to survive a world-wide recession, a world war and a post-war economic boom. From the early 1980s however, increasingly vocal calls for the adoption of (so-called) "New Right" economic theory and practices, emanating from organisations such as the New Zealand Business Round Table (NZBRT) and the New Zealand Employers Federation (NZEF), were to challenge the institutional arrangements that these rules represented.

The general decline in New Zealand's economic growth, both organisations argued, was clear evidence of the failure of the existing system of labour relations to deal adequately with the complex needs of a modern labour market. Centralised bargaining, it was argued, was a prime example of the sort of "inappropriate labour

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6. In 1990 Max Bradford, former director of advocacy for the New Zealand Employers Federation and later a National M.P. and chairman of the Select Committee that considered the ECA, claims that up to 90% of all settlements were for a wage increase plus or minus one percent of the trend-setting Metal Trades Award. However, this statistic is challenged by Harbridge, who claims that in reality only 69% of awards fell in the range quoted by Bradford (Harbridge, 1990:241-244).
market regulation" (Myers 1986:6) that, in seriously inhibiting the "effective deployment of resources" (Trotter 1986:7) was largely responsible for the weak competitive position of the New Zealand economy (Brook 1989:206). The particular target of such critics was the national award system which, in their view, should be abolished and replaced with new legislation that would provide for greater labour market flexibility.

To the extent that it facilitated enterprise bargaining and union amalgamation, the Labour Relations Act (LRA) - introduced in 1987 by a Labour government that despite its commitment to de-regulation was still unwilling to alienate its trade union support - offered a theoretical degree of flexibility far exceeding that previously provided by the ICA Act, or the 1973 Industrial Relations Act. In practice though this was a flexibility "much tempered by caution" (Haworth 1990a:181). This perception was shared by other commentators (for example: Grills 1988; Harbridge 1988 and Boxall and Deeks 1989), all of whom concluded that, despite some rationalisation in the numbers of awards, the transformative effect of the Act on existing patterns of private sector bargaining had been negligible.
Grills' (1988) conclusion that "the short term prospects of a more highly flexible wage system are not encouraging" (:166) could be said to represent the view of most academic and industrial relations specialists. It was certainly one shared by the Business Round Table, whose submissions to the Select Committee considering the Bill expressed concern at the perpetuation of what it termed as "existing rigidities" in the labour relations system (New Zealand Business Round Table 1990).

Indeed, in its intent on the retention of collective bargaining\(^7\) - provisions providing for compulsory union membership and monopoly bargaining rights were effectively retained - the LRA Act did little to remove the inherent tension between the pluralist premises (Anderson 1991:127) and egalitarian philosophy inherent in the previous legislation. Not surprisingly, the desire of the Employers Federation and Business Round Table for a total reshaping of what they roundly criticised as a "complex and unwieldy system of contract (sic) negotiation" (Brook 1989:200) was not satisfied. They were to have to wait for another four years before their goal was realised in the form of the ECA.

\(^7\) In the long title to the Act, the formation of "effective" unions took precedence over the provision of "procedures for the orderly conduct of relations between workers and employers" (The Labour Relations Act 1987).
As Walsh and Ryan (1993:14) point out, however, the ECA did not totally deregulate the labour market. The new Act left in place such important aspects of state regulation as specialist labour law jurisdiction and a legislated minimum wage. Nevertheless, its introduction can be seen to have given legislative expression to the most radical shift in labour relations practices in New Zealand since the introduction of the first ICA Act in 1894. The key philosophical distinction in this shift, as Geare (1993:16) has observed, is that while the emphasis of previous legislation was "to promote unionism, the settlement of disputes or good industrial relations", the primary purpose of the ECA is to promote an efficient labour market.

Predicated on the unitarist notion that workplace conflict is an avoidable aberration, the ECA facilitates individual bargaining and makes trade union organisation extremely difficult. As Geare points out, not only are unions not mentioned in the Act's title, they are basically ignored throughout (1995:16). The thrust of the legislation is from the collective to the individual, its "central theme" (Anderson, 1991:127) being nothing more nor less than an attempt to:

locate the centre of labour law and the employment relationship at the level of the individual worker in the enterprise in which
the worker is employed and to move collective organisations to a peripheral role.

The advent of this legislation spelt the end of centralised, occupational bargaining. According to Harbridge (1993b:85), by late 1992 union fears that multi-employer bargaining would all but disappear had been realised. An early comparison of collective bargaining coverage between 1989 and mid-1992 also suggested that collective bargaining was itself under threat, with overall coverage falling from 721,000 employees to approximately 370,000 during the period, a decline of some 48% (Harbridge 1992:2).

Although subsequent research has linked this rapid decline to the collapse of multi-employer bargaining and the fall-off has now stabilised to some degree (Hince and Harbridge 1994:237), it is clear that the impact was uneven. In some industries collective bargaining has remained strong, in others it has virtually collapsed or retains a tenuous foothold (Harbridge 1992:2). Attempts to discover exactly how the collapse of collective bargaining has affected different industries is made difficult by a shortage of data (Harbridge 1993a:114). The official Labour Department database of collective bargaining comprises around 3% of the contracts in the Department's database.
employment contracts includes only the 23% of the employed workforce covered by contracts governing twenty or more workers (Department of Labour, November 1995). Contracts covering less than twenty workers are not required to be registered. Currently however, Labour Department sources estimate that the overall proportion of the employed workforce covered by collective contracts now stands as low as 25% to 30%.

Whichever way it is looked at, this has been a dramatic collapse. Nevertheless it has to be seen in the context in which it has taken place. Union penetration in New Zealand has never been as extensive as might have been expected, given the existence of compulsory membership provisions. Many groups of workers traditionally lay outside the scope of union penetration; the self-employed, workers employed on commission, administrative and managerial employees, youth workers, apprentices, and workers lying above the salary bars stipulated in some awards. Over a period of years, annual reports of the Registrar of Industrial Unions show that unionised workers rarely comprised more than 59% and 65% of the total New Zealand workforce (Department of Labour 1973-1983).
Thus, for many employers, particularly those engaged in smaller businesses, the determination of wages and conditions was not so much a collective bargaining process as one of ascertaining and applying the externally determined statutory minimums for each worker, as set out in the award or the General Wage Order system. Paradoxically, for such employers and their workers, the effect of the removal of national awards was to put the issue of bargaining on the agenda for the first time.

Thus, it would seem that one of the less discussed but more profound effects of the introduction of the ECA has been that of changing the locus of wage determination. Enterprise bargaining has now become the norm and single-employer contracts predominate. The consequence has been the creation a new set of tensions between the wishes of workers to retain at least some elements of collective representation and management's new freedom to develop business strategies aimed at personalising the relationship.

Surveys carried out by the Department of Labour show that where collective contracts exist, unions continue to be the workers’ preferred bargaining agents; with some 84% of employees in 66% of contracts surveyed
having a union as their bargaining agent (Department of Labour, November 1995). At the same time, the emergence of a variety of employer behaviours and practices in the area of staff management and contract negotiation also suggests a shift in the focus of employer concern, from the management of employer/union relations to the management of employees, within the enterprise or establishment (Boxall & Haynes 1992; Enderwick 1992; Armitage and Dunbar 1993; McAndrew 1993).

1.3. The place of in-depth analysis.

It has been strenuously argued that the appearance of diversity in industrial relations practices and bargaining outcomes is proof that the ECA is meeting the needs of New Zealand industry. It was a regular theme of the former Minister of Labour (Rt.Hon. W.F. Birch) that, in its non-prescriptive framework the ECA recognised - in a way no previous legislation had done - the "diversity of New Zealand enterprises" (Birch, 1991a and 1991b). In "empowering employers and employees to make choices" (Department of Labour, November 1992) the ECA, it was claimed, has ensured that the needs and circumstances of individual enterprises and
establishments, rather than those of external actors, have become the determinants of wages and conditions.

It is at this point, of course, that questions begin to arise about how those "choices" were made. What, for example, influenced the decision to select the individual or the collective contract option? How was the decision arrived at? Did the outcomes reflect the choice of one party, or were there elements of compromise? If so, why was there compromise and how was it achieved? Why did unions represent workers in some areas but not in others? To put it more succinctly; what were the relationships between the "conditions, particular kinds of strategy and action" (Batstone 1988:238) surrounding the negotiation of employment contracts and the eventual outcomes; as represented by the practices and policies used to "...recruit, employ, remunerate and secure the involvement and participation of employees" (Marginson & Sisson 1988:80).

Here the potential for divergence between the claims of interested politicians and empirical data begins to assert itself. Birch's speeches, for example, adopt an uncritically voluntaristic approach to labour relations. The examples he uses tend to be selective and the overall comment couched in the characteristic vagueness
of political speeches. In addition, the official data, as Harbridge (1993a:114) has noted, tends to be contradictory and is not, in any case, required to do more than report on outcomes and trends (Department of Labour, November 1994).

For more detailed analysis then, it is necessary to turn to independent research. But here too, with some exceptions, the focus has largely been on outcomes rather than on in-depth case analysis. There is some evidence (for example; Department of Labour October 1992; Enderwick 1992:185; Harbridge 1992) that, in the first round of negotiations under the ECA, the thrust of employer action in all industries was towards cost containment: primarily through greater flexibility in the areas of penalty rates and hours of work. Yet, when the outcomes are compared across different industry sectors, they display considerable diversity. From this it could be deduced that while employers generally may be subjected to similar economic pressures and have broadly similar goals for the containment of labour costs, they either have different ideas about how to achieve them or they have had varying degrees of success in overcoming any resistance to their proposals. No matter what area is considered, whether for example it is that of contract distribution (Appendix 2), of weekly
wage rates (Appendix 3), youth rates (Appendix 4), or of wage movements (Appendix 5), distinct sector based differences become apparent.

Some possible reasons for these variations can be found in two representative surveys of New Zealand employers, carried out respectively by McAndrew and Hursthouse (1991) and Ryan (1992). The responses from the cross-section of employers surveyed - in the South Island by McAndrew and Hursthouse and the North Island by Ryan - suggested that industry-specific environmental and organisational factors, such as industry and size, were a major influence in the setting of individual goals and priorities for work requirements and contractual arrangements.\(^9\)

These themes are echoed and extended in Marchington’s (1992) summary of the debate on the contemporary state of industrial relations in the United Kingdom. He notes a body of opinion (for example, Batstone 1988; Millward and Stevens 1986) that argues not only that changes to patterns of workplace industrial relations may be far more diverse than was at first thought, but also that it is rarely possible to adjudicate between possible

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\(^9\) See also McAndrew and Ballard (1995) for an updated review of the earlier research.
explanations (Millward and Stevens 1986:316). Above all it is very difficult to find any direct causal link between changes in legislation and any specific change in industrial relations behaviour and practices (Millward and Stevens 1986:10).

As already noted, in Marchington's view patterns of industrial relations are specific to particular industries. Similarly, Batstone (1988:238) notes that such patterns "develop over time"; reflecting "not only the strategies of the parties, the balance of power and existing organisational arrangements" but also "external" shocks such as economic conditions or government action. Marchington (1992) has also pursued these arguments, suggesting that any attempt to provide a universal description of any system of industrial relations may well be "misguided" (:162).

Understood in this way, changes in industrial relations practices are historically contingent and therefore always contain elements of continuity and discontinuity. This requires that research into the growing diversity of these practices takes into account the way in which:

interests and their pursuits are shaped by organisation, the specific nature of the 'labour process' and broader social forces (Batstone 1988:238).
Batstone's reference to the labour process in the above quotation raises one version of the debate over what Marchington and Pettigrew refer to as the specific details of work organisation. Is there then, anything useful in this debate for a new agenda of research of the study of employment relations after the ECA?

1.4. Reworking the Labour Process debate.

It clearly lies beyond the scope of this study to undertake a detailed review of the whole body of labour-process literature. This section will therefore attempt only to outline the basic themes of a complex and contentious debate. Essentially, labour process theory starts with the assumption that "the ultimate function of management" (Littler 1990:58) is the conversion of labour power (the potential for work) into labour (actual work effort) under conditions which permit capital accumulation (Braverman 1974). This function, it is claimed,

exists in all organisations that employ labour and, to the extent that individual or collective worker resistance interferes with it, management will be concerned to control labour (Littler 1990:48).
The core of Braverman's thesis was that under what he termed the "current phase of monopoly capitalism" - a stage of capitalist development arising from the centralisation of capital (1974:257) - managerial control of workers' behaviour would be by methods of direct control. For Braverman, this was achieved through the exclusive use of Taylorist methods of job control. These methods emphasised the deskilling of work and the securing of control through explicit rules, administered by complex hierarchies of management.

Later writers, Friedman (1977:7) for example, took the view that direct control through rules was only one of a range of strategies available to employers. Braverman, they felt, had underestimated the influence of worker resistance. Such resistance, it was argued, had to be accommodated, forcing employers to adopt more consensual and integrative strategies (Thompson 1990:97). Variations on this theme included Edwards' idea of the use of bureaucratic control involving the construction of internal labour markets through the use of "company rules" or "company policy" (1979:131). By contrast, Burawoy (1979) emphasised the pre-eminence of informal rules, securing hegemonic control through a process which he termed the "manufacture of consent".
Implicit in the work of all these writers, is the assumption that the labour process is constituted through a fundamentally antagonistic relationship between labour and capital. Conflict in this tradition of writing is both inevitable and legitimate\(^{10}\). However, critics of Braverman claim, as Brosnan et al. (1990:73) remind us, that no two employers are quite alike and the approaches to employment relations strategies taken by individual employers will be affected by their need to "respond to and cope with" changes in their own business environments, in a way that meets their own business objectives.

This study will incorporate these broader dimensions of the control debate. It will, in Thompson's words, seek to take into account such matters as:

the crucial mediating role played by markets, whether for products or labour; ...the effects and significance of various forms of worker resistance; the need to take economic and historical contexts more seriously and more specifically than the rather broad sweep of 'monopoly capitalism' (1990:5).

It will also recognise that making changes to work practices and labour relations is a complex process, in which causal relationships are rarely tidy and, as Littler (1983:193) points out, have largely been

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\(^{10}\) Here the pluralists and the Marxists agree. However while the former argue that such conflicts are inherent in any employment relationship, the latter link conflict directly to the issue of the ownership of the means of production.
mediated by the respective power wielded by different groups such as managers and trade unions.

1.5. Politics and power in the employment relationship.

That the questions raised by the labour process approach are questions of power is obvious and writers in the labour process tradition have recently extended the "tradition" by exploring the way Foucault uses the concept of power (Jermier et al. 1994). However, the more general connection between the labour process approach to management strategy and a political science approach to the question of power has not been made and it is to this that I now turn.

The contribution made by political science writers to the study of industrial relations in New Zealand has mainly been at the macro level, where they have concerned themselves with such issues as wage and incomes policy (Boston 1984), labour market reform (Boston 1987) and institutional change (Boston 1988). This follows a political science tradition that concerns itself with the large scale view of society - with the "search for models of society and politics" (Deutsch, 1963:xii); with the role of government in community
change (Lasswell, 1958:183): and with the activities of managing the state, the allocation of values and the distribution of resources. Analysis of the activity of organised labour at the level depicted by Thompson (1990:119), Pettigrew (1979 and 1989) and Marchington (1992), or of the theory and practice of collective action (Olson 1971), form no part of this approach. Consequently, the study of employment relations in New Zealand has largely been left in the hands of other disciplines, predominately law, history and economics.

This parcelling out of subject matter may, however, be seen only as a matter of the "turf" that these different disciplines happen to occupy. For example, if what Miller (1962:15-16) describes as "the clash of policies and representation of interests" are the essentials of politics, then by extension, the working out of these interests in the workplace constitutes political behaviour. The way in which the rules that regulate conflicting interests in the workplace are made and established (Bain and Clegg, 1974:95); as well as the way the differing interests of workers and management are "concretely coordinated on the shop floor (Knights and Willmott 1990:17), involves conflict and reconciliation of interests between owner or management on the one hand and the "countervailing power"
(Galbraith 1956) of organised labour on the other. The issue of power and who holds it, the leitmotif of politics (Dahl 1957; Lasswell 1958; Allison 1974, Lukes 1977) is, as the labour process approach makes clear, equally crucial to the nature of the employment relationship.

However, though power may be crucial, as a concept it does not, as both labour process theorists and political scientists have discovered, easily lend itself to neat abstraction. Attempts to say what power "is" have inevitably led to disputes. The one-dimensional view of power (Dahl 1957), for example, conceives of power only in terms of actual, observable conflict. In this view, questions of non-participation and non-activity are simply ignored: removed by definition from the study of power. Barach and Baratz (1962 & 1963) later adopted what Lukes has termed a "two-dimensional" approach to power. In their conception, power is seen as having a "second face", manifested in the exclusion of participants or issues from the decision-making process itself, with some issues "being organised into politics and others organised out" (1962:948).

I would argue that Barach and Baratz's concept of power is particularly relevant for the study of employment
relations, where agenda control can be a key factor in any negotiating process. However this two-dimensional approach still leaves unexplained the existence of "quiescence" or "non-rebellion" (Gaventa 1980); the acceptance of a situation or the non-articulation of grievances, an all too apparent phenomenon of contemporary employment relations under the ECA and a condition frequently noted in the labour process writings. This question of the non-formulation of grievances has led to claims of the existence of a third dimension of power, usually dubbed "unobtrusive" power (Lukes 1977). This third dimension of power represents the idea that power relationships can secure acceptance and quiescence. Power, in this view, can be used not just to suppress conflict, but to prevent it arising at all. Burawoy's idea of the manufacture of consent would seem to be a good example of this form of power.

These three versions of power may be seen as power constructed from above. Power, in these views, is exercised to achieve goals or outcomes, or to establish legitimacy or consent. A fourth way of opening out the question of power would be to view it as always contested. This more relational view of power brings in those over whom power is supposed to be exercised, who thus feature as knowledgeable actors. Power may thus be
seen to devolve, not from the known and fixed intentions of the powerful but from the very resistance of those subject to power. Within the labour process debate this view of power has been utilised by writers who draw on Foucault (Jermier et al. 1994), but earlier writers on industrial relations drew upon a similar idea of power or control as having shifting boundaries. Hyman (1975) adapts Goodrich's phrase "frontiers of control" to explain this more fluid idea of power.

Power, then, can assist in the achievement of specific goals. It can also be used to defeat conflict when it arises; or it can be used to prevent conflict arising in the first place. Further, the exercise of power can be carried out either overtly or unobtrusively. Overt power can be used to obtain favourable decisions or to exclude certain issues from the decision making process altogether. Power can also be utilised, as Burawoy seems to suggest, to prevent conflict from arising by justifying and legitimising managerial arrangements, actions and outcomes so that they are not questioned (Hardy 1985:17; Gaventa 1980). Power can also be used to produce what Gaventa (1980:16) describes as "the adaptive response of the powerless", the acceptance of managerial decisions in the face of circumstances and structures that appear unchangeable and unchallengeable.
Finally, power may be seen as always contested from below.

1.6. Conclusion.

It has been the business of this chapter to provide a framework for the study; to describe the institutional and procedural frameworks under which industrial relations practices have been and are worked out; to explain the approach that will be followed; and to summarise the significant concepts and theories involved in the discussion. The adoption of a labour process approach that is also sensitive to institutional diversity stemmed from the desire to combine comparative and in-depth study, in preference to the more circumscribed individual case study or broadbased overview.

The problematising of power was to question what the labour process approach has tended, with few exceptions, to ignore. That is, how workers organise under conditions which do not favour collective organisation. I have suggested that writers in industrial relations work with conceptions of power that may be mapped onto Luke’s grid of three dimensions and added to his grid to
produce a fourth version of power, which sees it as contested and focuses upon the frontiers of control. This fourth version is a useful starting point for the study of industrial relations after the introduction of the ECA. It is this version of power that I draw on when including a discussion on the issue of union responses to attempted extensions of managerial control.
CHAPTER TWO.

THE SAME BUT DIFFERENT?: FEATURES AND OUTCOMES IN THE DEVELOPMENT OF THE RETAIL GROCERY INDUSTRY IN NEW ZEALAND.

2.1. Introduction.

If, as Hammond (1992:44) maintains, "employment in the [retail] industry is largely determined by the characteristics of the industry itself, rather than the form the industrial relations system takes", then a study of industrial relations in any part of that industry should start by determining what those characteristics might be.

Here, unfortunately, the contemporary literature on food retailing is of limited assistance for a study of food retailing in New Zealand. Most of this literature is based on research done in Europe, the United States (U.S.) or the United Kingdom (U.K.). Whether in the form of theoretical analysis of the role of retailing in the process of consumption (Ducatel and Blomley 1990; Fine and Leopold 1993;) or as an empirical study of the transformation of food retailing itself (Senker 1988; Knox and Thompson 1994; Walsh 1993), it is frequently
country-specific and presupposes the existence of a "universal" pattern to retail development, based on an assumed commonalty of experience in product markets, technological innovations, food developments and strategic options.

The notion that local conditions, such as distance and transport costs, may influence the development of specific institutional forms of retail restructuring is briefly acknowledged by Ducatel and Blomley (1990:225), but not actively pursued by them. It is largely left to other writers, such as Sayer and Walker (1992), to suggest that there is no such thing as "normal capitalism" (:222) and to caution against the danger of theorising all manifestations of industrial development on the assumption that they derive from a common dynamic.

Evidence that local conditions do have an effect on the rate and pace of development in any particular country is not hard to find. In much of Europe and in Japan, for example, a high reliance on public transport perpetuated traditional patterns of daily food shopping well after weekly "car-shopping" had become the norm in the United States. In Japan too, the small, often family-owned, neighbourhood store was protected against the
expansionary tendencies of supermarket chains by legislation restricting the opening hours of stores of over 500 square metres (Dodwell 1988:26)\(^{11}\).

In the larger population centres of Australia and North America, on the other hand, a greater reliance on private transport and a public willingness to travel considerable distances to a shopping centre of choice facilitated an earlier emergence of the "shopping centre format" (Rothblatt and Garr 1986:25) and the large, "all-up food shop" supermarket, with in-store bakery, butchery, delicatessen, frozen foods, fresh fruits and vegetables and domestic hardware lines.

However, these were periodic differences of time and scale, rather than the fundamentally different infrastructural characteristics found in the industry in New Zealand, where the early dominance of the industry by small scale owner-operators - that had its origins in the suburbanisation of New Zealand cities during the 1950s - was not eroded in the way it had been in most other developed countries. In New Zealand, in marked contrast to patterns of development in most other countries, a significant bloc of owner-operators has not

\(^{11}\) "The Law Concerning the Adjustment of Retail Business Operations in Large-Scale Retail Stores", introduced in 1973. This law and other restrictive local regulations have since been relaxed.
only consolidated a seemingly impregnable niche in the industry, but in the process has maintained a hold on a substantial share (Table 2.1) of New Zealand's NZ$4.6 billion annual supermarket trade (NBR, 28 May 1993).

The explanation for this can be found in New Zealand's historically specific social and commercial environment. In most industrialised countries, the U.K. for example, the notion of voluntary association gave rise to consumers' co-operative movements. Rooted, in the U.K. at least, in Fabian socialist ideals and principles (British Information Services, 1970:2) their aim was to provide retail goods to their members, at reasonable prices. In New Zealand, on the other hand, co-operative action had a more pragmatic purpose. Here co-operatives have been the traditional means whereby small-scale colonial businesses have sought to overcome the combined disadvantages of a small population and limited resources.\(^\text{12}\).

Similarly, in the case of the small, indigenous retail grocery industry the most effective "countervailing power" (Galbraith 1956) to the market domination of

\(^{12}\) "Producer Boards" such as the Meat and Dairy Boards, the Kiwi Fruit Authority and the Apple and Pear Marketing Board are classic examples of this collective approach by small-scale producers to overcome their otherwise unequal and unfavourable position as individuals in large-scale international markets.
national and international food manufacturers was to be found in co-operation rather than competition; in the collective purchasing power of co-operative buying organisations rather than in concentration.

Table 2.1. Retail supermarket trade in New Zealand. Approximate distribution between owner-operated and chain stores, as at December 1994.  

<table>
<thead>
<tr>
<th>Owner-Operated Stores (Symbol Groups)</th>
<th>Chains (Multiples)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foodstuffs</strong></td>
<td><strong>Progressive/FAL</strong></td>
</tr>
<tr>
<td>- 44%</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Supervalue</strong></td>
<td><strong>Woolworths</strong></td>
</tr>
<tr>
<td>- 4%</td>
<td>23%</td>
</tr>
</tbody>
</table>


This was to have significant consequences for the development of the industry in New Zealand. Whereas in other parts of the world "symbol groups" - groups of independent grocers combined under a "symbol" or "banner" in order to gain scale economies in purchasing

13 Given the difficulty of obtaining reliable data, it should be recognised that these figures are approximate and indicative, rather than exact. Information from the groups themselves tends to represent the most optimistic projection and whereas Consumer, for example, relies on retail sales, Foodstuffs estimates are based on wholesale sales, from its own warehouses.
and marketing\(^{14}\) - have been a relatively recent accretion, developed as a protective response to the growing power of the large retail grocery chains, the notion of cooperation in buying has featured strongly in the industry in New Zealand from its earliest days\(^{15}\).

Until corporate finance and overseas chains entered the market during the early 1980s, the distinctive characteristic of food retailing in New Zealand was the predominance of the owner/operated store, trading under one or other of the banners of such regional or national wholesale groups as Foodstuffs, Grocers United Stores (GUS) or the Independent Grocers Association (IGA).

The purpose of this chapter will be to trace the development of the industry within New Zealand, from its former regulated state in which store hours were restricted, the country's numerous labour regulations strictly enforced - albeit at times avoided - and advertising, particularly on radio and television was tightly regulated, to one of the least regulated

\(^{14}\) For example, Spar International, V.G., Rewe in the U.K. and the Selco Group and Co-operative Grocers Chain (C.G.C.) in Japan. Since the early 1980s, centralised buying groups have also been established among the large chains. These include the European Retail Association, involving Argyll of the U.K., Casino of France and Ahold of the Netherlands (Knox and Thompson 1994:163) and Japan's Allied Import Company, which also includes Safeway (USA) and Promodes (France) in addition to six major Japanese supermarket chains (Dodwell 1988:103).

\(^{15}\) The U.K. groups first appeared in the late 1950s (Senker 1988:23) with the Japanese following suit from the early 1960s, whereas Foodstuffs, for example, was founded in 1925.
environments in the developed world. It will identify the unique features of the industry and show where - and why - it is different and what this might mean for the future of employment relations in the industry.

2.2. From grocer store to supermarket: a brief comparative review.

It has been argued above that the process of retail restructuring is subject to local variations. This poses some problems for attempts at periodisation. If there is no universal pattern there can be no common model of periodisation. Thus attempts to identify phases and to link them to specific events and times must inevitably be an arbitrary process.

In her discussion of industry developments in the U.K., Senker (1988:21) separates the process of concentration into two distinct periods. The first period she identifies as covering the two decades 1950-1970 and its motivating forces as the emergence of the self-service supermarket and the removal of price control. In the second period, which she sets between 1970 and 1980, she identifies price competition and an acceleration of mergers as the crucial factors.
Given the different infrastructural characteristics of the industry in New Zealand the motive forces have been somewhat different from those in the U.K. In New Zealand, deregulation of trading hours, for example, appears to have been a far more significant factor in enhancing competition and concentration than price control. However, although the influences have not been the same, the time frame of change in New Zealand appears to correspond closely to that suggested by Senker in the U.K. situation. With the addition of a further period to cover significant developments since 1980, the same time frame will be followed in the following analysis.

The early dominance of the industry by small-scale owner-operators - a factor in the emergence of a culture of co-operation that has characterised the industry for some three decades - originated in the suburbanisation of New Zealand cities during the 1950s. In contrast to Europe, where suburban growth substantially occurred as a more or less random "in-filling" (Dawson 1974:157) among existing villages or small towns with a pre-existing framework of established shops, suburbanisation in New Zealand took a similar path to that in North America and Australia.
Here, suburbs tended to be developed in accordance with town planning schemes; initially as residential communities, separated from the core of the city and reliant on some form of transportation, either private or public, for access to existing central shopping areas. Within such suburbs, the demand for shopping facilities that would satisfy the day to day needs of the suburban household coincided with the conscious effort of land-use planners to regularise shop distribution. In the New Zealand of the early 1950s the establishment of neighbourhood shopping blocks, at conveniently accessible locations within each suburban sub-division, was a feature of town planning requirements.

The retail cross-section of such suburban shopping areas varied from one locality to another; some might include a hairdresser, others a hardware store or a doctor's rooms. Common to all however, was the ubiquitous food store, sometimes in the form of a five-day grocery shop, at others as a seven-day dairy or convenience store. The format of such shops was that of the traditional "family grocer", a labour-intensive system in which "goods were kept behind the counter, the customer asked for whatever he or she wanted and the assistant passed the goods over
and totalled up the cost"\textsuperscript{16}. In an era when home freezers and refrigerators were less common than today and the ability to shop locally for food was as much a necessity as a convenience, these stores filled an essential role in the suburban community\textsuperscript{17}.

By the 1960s, this pattern of food retailing, identified with a small population base and a less ruthlessly competitive business environment, acted to defer the introduction of the large, corporately-owned, self-service supermarket, that had become a feature of the industry in the United States and in Europe both before and during the post-war period. There, the transformation of the retail food industry had been the product of two distinct but mutually supportive motive forces. The first was the significant change in consumer behaviour patterns resulting from a widespread increase in car ownership; the second, the consequent need to compete for customers on the basis of price (Senker, 1988:23).

In the first instance, the new found ability to store food at home (the consequence of the now standard use of

\textsuperscript{16} Interview with former grocery store employee, currently manager of a major supermarket.

\textsuperscript{17} A similar pattern of retail spending in early suburban configurations in the United States has been noted by Dawson (1974:163-165).
home refrigeration) coupled with the role of the car as a "shopping basket on wheels", brought an end to the chore of daily shopping trips and produced a marked change to patterns of consumer behaviour. What car ownership meant, as Johnston and Rimmer (cited by Dawson 1974:159) have pointed out, was that the customer’s choice of shopping centre was now affected by factors other than mere distance. To attract and retain custom it was also necessary to ensure a congenial shopping environment and ease of parking.

This led to the emergence of the "standardized shopping centre format" (Rothblatt and Garr 1986:25). Aimed at a growing and affluent middle class, such centres offered the inducements of adequate parking facilities, one-stop shopping, a wide range of choice, centre promotions and entertainment (SCN March/April 1993), turning the daily shopping chore into a weekly family outing. Public attraction to such centres made them an ideal location for the newer, larger supermarket.

These trends went hand in hand with the second motive force, price competition, and with it the pressing need for greater economies of scale. In the case of retailing, as Ducatel and Blomley (1990:223) have noted, "size garners a number of efficiencies". Size, for
example, enables a retailer to address a larger geographic area; it increases store turnover and permits a reduction in the number of distribution centres. It also justifies investment in expensive labour saving technologies and provides greater opportunities for a store layout designed to shape the extent and intensity of the customer's shopping activity.

During the 1960s and into the late 1970s, the pattern of expansion that emerged in New Zealand during the same period was substantially similar to that occurring generally. By the beginning of the 1960s, the self-service format was well established. The result of the drive for increased customer flow and sales volume to compensate for the industry's notoriously low profit margins\(^{18}\) had been the trend to ever bigger premises\(^{19}\).

Competition for prime sites intensified, particularly in the new shopping centres in fast-growing outer suburban areas such as Riccarton and Merivale in Christchurch, New Zealand. Between 1964 and 1975, new Foodstuffs stores opened during 1964 included: the Porirua "Four Square" at 3000 square feet (Grocergram March/April 1964a); the Bel fast "New World" at 6000 square feet (Grocergram June/July 1964) and the Milford (Auckland) "New World" at 8,900 square feet (Grocergram March/April 1964b). Stores opening in 1965 included the Linwood "Four Square" at 12,000 square feet (Grocergram January/February 1965), to be replaced in 1975 by the Linwood "New World" at 21,711 square feet (Grocergram, May 1975).

\(^{18}\) Cash flow analysis of figures from the Foodstuffs (S.I.) cooperative in New Zealand (Supermarketing October 1992) and from Coles Supermarkets in Australia (Barner, 1992 :11-13) indicate margins ranging from 1.5% to 4% maximum. These figures were confirmed in a later interview with the owner of a local New World store (July 1994).

\(^{19}\) Beaumont's 1982 U.K. study of retail grocery outlets showed an average increase in store size from 11,000 square feet in 1974/75 to 22,000 square feet in 1977/78 (in Senker 1988 :25). Within New Zealand, new Foodstuffs stores opened during 1964 included: the Porirua "Four Square" at 3000 square feet, (Grocergram March/April 1964a); the Belfast "New World" at 6000 square feet (Grocergram June/July 1964) and the Milford (Auckland) "New World" at 8,900 square feet, (Grocergram March/April 1964b). Stores opening in 1965 included the Linwood "Four Square" at 12,000 square feet (Grocergram January/February 1965), to be replaced in 1975 by the Linwood "New World" at 21,711 square feet (Grocergram, May 1975).
Porirua in Wellington and Glen Innes and Howick in Auckland.

Inevitably, the consequence of such expansion was a rapid escalation in establishment costs. Ultimately, the cost of setting up and operating a fully equipped and technologically efficient supermarket in a prime location would rise to a point where it outstripped the financial resources of the individual grocer, requiring the backing of an organisation with a more substantial capital base.  

By the mid-1970s, in Europe, the U.K. and the U.S.A. the same processes of price competition and capital expansion had transformed the face of the industry. For the multiples, as Clarke (1985:15) puts it:

There was growth for all from the soft competition provided by the small grocery shops which closed by the thousand.

In New Zealand on the other hand, the absence of established multiples, coupled with the protective shield of the cooperative group, acted as a barrier to the potential intrusion of corporate capital, assuring the private owner-operator of a continuing extension of

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Barner (1992:12) notes that as much as 50% of the operator's asset base may be taken up in the creation of an efficient and attractive shopping environment, with a further 40% tied up in stock.
life. However this was to be at the cost of a significant change in the relationship between retailer and wholesaler; one that saw a separation of the function of ownership from that of control with the latter substantially passing from the hands of the retailer into those of the wholesaler.

2.3. Growth and concentration: national and international trends.

Worldwide, the retail grocery industry has traditionally been represented by two main types of outlet\textsuperscript{21}, namely: multiples - organisations with ten or more outlets - and independents - organisations having less than ten outlets, usually single, independently owned and operated shops.

Overseas experience has shown that, of the two types of outlet, the multiples have achieved the greatest growth in recent years. But with expenditure on food remaining largely static, this growth has clearly been at the expense of the smaller, independent retailers. According to Knox and Thompson (1994:165), between 1980 and 1988

\textsuperscript{21} In the interests of consistency, these definitions will have the same meaning whenever appearing in this text. Senker (1988) also shows the consumer-owned "co-operative" as a separate form of outlet. However these stores are largely confined to the U.K., where they are represented by the 500 or so retail co-operative societies currently linked through the Co-operative Union (known collectively as "The Co-op" or "the Co-op S"). As they have no direct equivalent in New Zealand they have been treated as "independents" for purposes of comparison.
the market share of the major U.K. multiples increased from just under 59% to near 70%, while the share held by the cooperatives and independents declined correspondingly. These figures are supported by Lewis and Thomas (1990:387) who allot 50% to the five largest multiples and 20% to smaller multiples with a 30% share going to the cooperatives and the independents. Other analysts, such as Senker (1988) and Leopold and Fine (1993), place the total collective share of multiples at even higher levels, quoting figures of 72%22 and 78% respectively.

The same trend is apparent in other national markets. In the U.S.A. the market share of the supermarket chains increased from around 35% in 1948 to close to 75% in 1987, again at the expense of the independents (Walsh 1993:57). In Australia too, despite some problems in obtaining reliable data for comparisons with earlier periods, the market share of discount and national chains combined currently stands at 77%, while that of the independents has remained comparatively static at around 23% (Strickland 1995)23.

22. Senker's percentage, however, refers to sales of packaged grocery items only; whereas Leopold and Fine draw on figures for total sales.

23. These figures are based on branded product deliveries to state accounts at the end of December in each year. They do not include generics/house brands, fresh meat, fruit and vegetables, deli, fast foods, salad bar sales or general merchandise. Recent changes in the
Entering the discussion from a theoretical and abstract perspective, Ducatel and Blomley (1990) identify some common patterns in this process of concentration. The historical first path, they argue, has been the insurgence of corporately-owned businesses into an area traditionally dominated by small-scale owner-operators. This "usurpation" takes place either by way of the emergence of wholly new firms or through what they describe as the "transmogrification of petit bourgeois firms into capitalist firms" (:219). Thereafter, they argue, the process proceeds through common and recognisable stages: first the assimilation of individual retailers into local chains of small stores; followed, through merger and acquisition, by the absorption of these independent multiples into regional or national retail capital groupings. A crucial element in this process is the ability of the bigger group to restructure this sphere of commercial activity through economies of scale:

"...driving out independent retailers through strategies such as direct price and quality competition, and through the ability to develop large stores in prime sites which operate at higher turnover and require a larger staff than small-scale, owner-operator retailers can support (:219; see also Cosyns Loveridge and Child 1983:83)."

\[\text{(continued)}\]

The complex pattern of industry ownership and the intra-company supply chain also make for difficulties of estimation. Hence the trade journal "Retail World", which provides the information on which these estimates are based cautions against using current figures to make comparisons with earlier years (1993, 13-17 December).
Examples of the workings of this process can be found in Senker's (1988) U.K. study. They include; the Argyll Group's purchases of Allied Suppliers (Liptons, Maypole Dairies, Presto) in 1982 and of the Safeway chain (formerly a subsidiary of the U.S. Safeway chain) in 1987; the acquisition by Dee Corporation (the Gateway chain) of the International Stores group (Pricerite, F.J. Wallis and Mac Markets) in 1984 and Fine Fare in 1986 (:22-23 and 83-96); and the 1987 takeover of the Yorkshire-based Hillards chain by superstore giant, Tesco.

Current trends in this process of merger and acquisition are towards the extension of cross-border activities, with indigenous firms facing new challenges from foreign competitors. Examples of such activity include, the acquisition of the Kwik-Save chain by the Hong Kong based Dairy Farm International24; the entry of the German-owned Aldi group (claimed to be Europe's largest discount grocer) and the French-based Carrefour group onto the British market (Knox and Thompson 1994:158); and the recent purchase of a 16% interest in Giant Food, the Washington D.C. food retailer, by the British giant Sainsburys (The Economist, April 15 1995).

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24. Details of other activities of this group can be found in the profile of Dairy Farm in Chapter 3.
The most distinctive feature of the industry in New Zealand is the extent to which it has defied this trend. Whereas the pattern of overseas grocery markets is towards domination by major retailers to the exclusion of small operators, whose participation has increasingly become residual and fragmented, a similar process of consolidation and concentration in New Zealand has produced a quite different outcome. Although similarly achieved by way of mergers and acquisitions, through their co-operative structure the local independents have not only maintained an equal footing with the internationally owned multiples but continue as aggressive and successful competitors in the same market. The following section examines why and how this particular phenomenon has taken place.

2.4. From co-operatives to quasi-corporates.

By the middle of the 1970s the direct involvement and support of a wholesale organisation had became crucial to the survival of the owner-operated supermarket. In addition to its original functions as centralised buyer, mass advertiser and provider of general support services, the wholesaler was increasingly required to act as a financial institution, to underwrite loans and
to act as a source of finance for its undercapitalized members. Such involvement led inevitably to an extension of the wholesaler's influence and the exercise of a greater control over the day to day operations of the individual operator. Although autonomy nominally remained with the individual store, in matters such as common pricing structures and price maintenance these groups increasingly assumed many of the characteristics of a corporate, commercial organisation.

Their subsequent involvement in property development and finance brought a new dimension to the role of the cooperative. It became common practice for the premises of "banner" stores to be owned by the cooperative, or for the cooperative to hold the head lease with the operator's financial interests confined directly to the business itself. Thus while the individual operators owned the fixtures, fittings, stock and goodwill of their respective stores and ran their businesses on a day to day basis, overall financial control and direction of the chain had effectively devolved into the hands of the wholesaler.

25 Property owned or partly owned by the former GUS group, for example, included the Barrington, Hornby and Linwood Malls and the Ilam Shopping Centre in Christchurch, as well as the Highfield Centre in Timaru and the Richmond Village in Nelson.
Over time, this symbiotic relationship between wholesaler and retailer has undergone further change. The increased costs associated with the intensification of competition, the development of the large supermarket and the growth of technology gradually increased the dependency of the small "satellite" grocery store on the wholesale group to which it belongs. This has worked inexorably to increase the power and influence of the latter. The effect of this transfer of power was a reversal of the original relationship and the establishment of the wholesale organisation as the central infrastructural component of the industry.

This in turn influenced the distinctive direction taken by the industry in New Zealand. Retailing and wholesaling are, of course, both part of the distribution process, retailing being concerned with sales to final consumers, wholesaling involving the functions of shipping, storage and distribution to the retailer. The crucial distinction between the two lies in the wholesaler's strategically vital function of mediating between retailer and producer.

The assumption of this strategic function by mass retailers has been identified by various commentators (for example: Senker 1988:28-32; Sayer and Walker
1992:77) as a significant feature in the rationalisation of what Ducatel and Blomley (1990:220) have called "the institutional organisation of the distributive process". Elsewhere than in New Zealand, the effect has been the encouragement of vertical integration. In the U.K. for example, the incorporation of food wholesalers as wholly owned subsidiaries of multiples such as Sainsburys and Tesco - which combined with the horizontal amalgamation of local retail chains into national retail groupings - has led to the emergence of monolithic companies "engaged in all areas of retail food, from processing and packaging to wholesaling and retailing" (Cosyns et al. 1983:29).

In New Zealand, on the other hand, the dominance of the wholesale organisation generated a form of consolidation that leans to the horizontal rather than the vertical. The acquisition or merger of one wholesale operation by or with another, a typical feature of early efforts at consolidation, at one and the same time strengthened the countervailing power of the wholesaler/retail group against that of the producer and increased their range of money-spinning retail outlets: a far more attractive and lucrative option for entrepreneurial capital than that of breaking into an already established market. The purchase of an established wholesale operation, with its
attendant and captive ring of privately-owned retail operations, from the start offered both an assured cash flow and a central position from which to tap into all segments of the market. Thus, when corporate capital entered the industry in the mid-1980s, this was the path it tended to follow.

Thus the trend in New Zealand was not towards the production of a corporatised industry, dominated as in most developed countries by intensively competitive multiples, but towards something more akin to a quasi-corporate business structure. Built on the existing wholesale cooperative structures, this new format was more in the nature of a hybrid, incorporating the characteristics of both independent and multiple.

2.5. Price cutting and trading hours: catalysts of change.

The mid-1970s proved, in fact, to be the high point for this form of ownership and control of retail food distribution within New Zealand. During this brief period the industry reached, as it were, an evolutionary plateau of development where public demand for grocery shopping facilities closely coincided with the number and range of available outlets; and where competition,
while it existed, had not yet reached the level of intensity that would be imposed by the later influx of overseas interests. There was, in effect, still "room for all". Socio-economic change had established a pattern of shopping in which the larger supermarket had become the preferred destination for the family's weekly grocery shopping, but still left room for the traditional neighbourhood grocer/dairy outlets, both as a supplement to the supermarkets and for those whose preference was for "convenience" over lower prices.

The effect of this combination of a guaranteed market and low-intensity competition was the emergence of something closely resembling an industry cartel. The major wholesale suppliers, the two cooperative groupings, Foodstuffs (Four Square and New World) and GUS (Supervalue, Dollarwise) monopolised the then larger supermarkets, while the neighbourhood store and convenience store market was divided between them and other independent wholesale companies, including the South Island firm J.B. Rattray Ltd (Keystores, Price Cutter); Christchurch-based Dingwall and Paulger Ltd (Foodland) and the North Island's Associated Wholesalers Ltd (Foodmaster, Family Fare). Amongst these groups, a tacit but strictly observed adherence to a mutually agreed form of retail price maintenance ensured that
profit levels were protected from unreasonable price cutting.

However this period of infrastructural stasis was brief and proved unable to withstand the challenges posed by the societal changes that were taking place around it. It needed only a single catalyst for the industry's inherent tendency to competition to reassert itself. In fact, two such catalysts were shortly to be forthcoming.

The first appeared in Auckland during the late 1970s with the opening of the independent 3Guys chain of discount stores. The aggressive price cutting tactics of this brash newcomer to the established retail grocery scene soon brought it into conflict with the more conservative pricing policies of the existing wholesale/retail establishment, which retaliated by refusing to supply 3Guys stores. The impasse was only resolved through court action, taken by the owners of 3Guys to ensure the continuance of their supplies. Although the 3Guys stores were later absorbed into the Progressive Enterprises group, their discounting methods made a strong impact on grocery retailing in the

26 Established by the three Guhay brothers, newly arrived from England where they had operated a similar chain of discount grocery stores. According to current industry sources, the 3Guys formula was old, but effective. It was based on a narrow range, cut price operation, that compensated for low profit margins by using bulk purchasing power to beat down suppliers' prices.
Auckland region and were a contributory factor in the subsequent emergence of a more competitive style of marketing.

The second was the deregulation of trading hours. Although a full history of the legislative changes affecting shop trading hours need not concern us here\(^27\), a brief background is necessary for a better understanding of the full significance of this aspect of the deregulatory process in shaping and encouraging the growth of competition in the industry.

Shop trading hours in New Zealand have been regulated in one way or another from the early part of the century. From 1904 to 1920, under the Shops and Offices Act, hours of work were directly controlled by legislation. Between 1920 and 1955, the power to fix trading hours was granted to the Arbitration Court and, from 1955 onwards, trading hours and hours of work were fixed by awards and agreements. The familiar pattern of shop trading hours that prevailed from 1955 until 1977 provided only one late night per week - usually Friday - and only the corner dairy operated during the weekend, selling a limited range of "exempt" goods.

\(^27\) A full account of this process is provided by Hince et al. (1990) in their detailed history of the Wellington Shop Employees Union.
In October 1977, swayed by a long and vociferous campaign by the Retailers Federation and subject to pressure from within its own party ranks, the then National government introduced new trading hours legislation into Parliament (Press 13 August 1979; Star 19 June 1980; Templeton 1980). On the surface, this new legislation (The Shop Trading Hours Act) appeared to reinforce the status quo by reaffirming hours of trading as 7:00 a.m. to 9:00 p.m. Monday to Friday. In practice, it effectively opened up the opportunity to trade legally on Saturdays by removing control over trading hours from industrial awards and agreements and permitting six day shopping at the discretion of a three person Shop Trading Hours Commission.

In the lead up to the legislation the retail food sector as a whole did not feature prominently in the campaign for extended trading hours. Nevertheless there was some evidence to suggest that the linkage between supermarket chains and shopping malls - those sites being the most likely to benefit from the more relaxed trading hours environment - ensured a degree of tacit support for the measure from a number of individual retailers (Trotter 1988). The Woolworths group for example, at that time engaged only in general retailing but later to enter the retail food sector in its own right, subsequently made
submissions to the Shop Trading Hours Commission for groceries, fruit and vegetables and meat to be added to the list of "exempt" goods, thus effectively opening the way for supermarkets to trade on Saturdays (Hince et al. 1990:51).

However, by November 1980, when full Saturday trading, on the same basis as other week days, was legalised, the industry had clearly swung in behind the legislation. In the renegotiation of the Grocery and Supermarket Employees Award, which took place during the same month, the union was eventually obliged to accept a settlement in which Saturday trading was accepted; subject only to what one union commentator was to describe as the "inadequate" safeguard of a clause exempting existing staff from Saturday work (Trotter 1988:6).

The inevitable effect of the freeing up of trading hours was an increase in the intensity of competition. Food retailers, it must be remembered, do not compete just against one another but against all other forms of consumer expenditure. For those stores situated in areas that became the focal point of the new pastime of Saturday shopping, and where sales volume could consequently compensate for the cost of overtime rates,
there was a clear inducement to remain open to garner a share of that expenditure. For other stores the benefits were less apparent. For them, the effect of a deregulated environment was not simply that they were now at a disadvantage compared with their more favoured competitors, but also that their former monopoly on grocery items was now being lost to alternative convenience outlets, such as the takeaway food bar and the petrol service station. These factors further exacerbated the growing tendency of the industry towards competition rather than cooperation, heralding a new wave of consolidation and concentration.

2.6. An industry transformed.

By the middle of the 1980s, the transformation of the main "unit" of food retailing from the small family-owned grocery store to a highly complex, computer aided operation had been completed. With its extensive property interests and potential for high turnover, the industry immediately became the target of aggressively entrepreneurial corporate investors, in pursuit of cash flow and disposable property assets. The result was

28 Unlike most other forms of retailing, food retailing is not subject to seasonal variations in demand. It thus generates a cash flow that is consistent as well as substantial.
the speedy absorption of two independent wholesale
groups, J.B. Rattray Ltd and Associated Wholesalers Ltd,
as subsidiaries of the Rothmans tobacco group and the
newly formed Lion Nathan retail and brewing empire
respectively.

This phase of diversification - which frequently left
the investing companies financially over-extended - was
followed by a further period of rationalisation and
consolidation in which corporate financial dealing took
an increasingly prominent role. With the formation of
new supermarket chains such as Countdown (Magnum
Enterprises) and Foodtown (Progressive Enterprises),
corporate investment began actively to challenge the
existing dominance of the cooperative groups.

The consequence of concentration, as Pfeffer (1982:199)
has observed, is the emergence of an oligopolistic
market structure in which firms increasingly impact on
each other. In this case, the impact produced a phase of
intense competition, fuelled by the general relaxation
of constraints on trading that stemmed from such
deregulatory moves as the conclusion of the Closer

28...continued
The Australian operations of the Coles supermarket chain, for example, are reported to
generate an average of A$19 million each trading day (Barner 1992:10). New Zealand's national
grocery bill is smaller, but at around $4 billion plus annually is still a lucrative source of
funds, particularly in a period of international recession and capital restructuring.
Economic Relations agreement with Australia (CER) in December 1982 and the phasing out of import licensing from 1984 onwards.

For a period in the late 1980s, niche marketing or "segmentation" - a marketing technique in which individual companies seek to capitalise on the tastes and preferences of particular population segments - was the driving strategy, with the market leaders taking up recognisably different images. However, this format, built around the identification and targeting of divergences along what Chapple (1988:27-29) described as the "psychographic fissures" between choice, quality and low price, could not overcome the combination of a relatively small and scattered market and the tendency for shoppers to drift to lower priced retailers in a period of recession. Hence this "single format" strategy soon gave way to a "two-format" one, with each major chain seeking to cover the field by offering the public a choice of a price-driven or a range driven outlet.

As a consequence, the late 1980s and the early 1990s saw an increase in mergers, takeovers and rationalisation as the major industry groups sought to establish national networks at both the top and bottom ends of the market. Subsequently, the complete deregulation of shop trading
hours that followed the Shop Trading Hours Act Repeal Act of 1990 and the introduction of the Employment Contracts Act in 1991, both of which made seven day opening a viable option, added a further dimension to this competition. Currently, the drawcards of service, quality and freshness have finally given way to two more fundamental inducements, low prices and convenient shopping hours.

2.7. Conclusion.

This chapter set out to examine the development of the retail grocery industry in New Zealand. In comparing the associated processes with patterns of change in other countries the study has identified a number of similarities as well as some significant differences. These, I would argue, are more than enough to confirm the original contention that, while the tendencies of development in this industry may be universal, local differences remain important.

With the entry first of indigenous and then of international investors and established supermarket chains, the grocery industry in New Zealand has been transformed into a large scale business, as it has
elsewhere\textsuperscript{29}. Local owner-operators, having maintained their dominance through various periodic changes - the emergence of buying and selling combinations and uniform prices during the 1930s, the development of self-service shops, shopping centres and supermarkets during the 1950s and 1960s - finally conceded a section of the market to a new breed of internationally-owned multiples in the 1980s. In this transition, the industry has shown the same general tendency towards integration and concentration as the industry in Australia, the United Kingdom and the USA (Lewis and Thomas 1990; Marchington and Harrison 1991; Hammond 1992; Walsh 1993). In other areas, however, it displays some quite distinctive characteristics.

The first of these is the scale of concentration - apart from a relatively small number of family-operated convenience stores and corner dairies that cling tenaciously to a corner of the market, the bulk of grocery sales\textsuperscript{30} lie substantially in the hands of three major groups. The second is the extent of overseas ownership. The reshaping of New Zealand’s retail grocery

\textsuperscript{29} According to Management Magazine (December 1994), a list of the top twenty companies in New Zealand (excluding financial institutions) includes Progressive Enterprises in sixth place, Foodstuffs (Auckland) in eleventh place and Foodstuffs (Wellington) Co-op in seventeenth place.

\textsuperscript{30} This term includes not only dry grocery goods, but those other items normally found in supermarkets, such as meats, fish, bread and fresh vegetables.
industry, which effectively began with Magnum Corporation's purchase of the Rattrays group in the mid-1980s has resulted in over half the market passing into the hands of two overseas-owned chains.

The third is the infrastructural durability of indigenous ownership. The view of a former managing director of Magnum Corporation that the limited financial resources of the co-operatively owned domestic businesses would ultimately be unable to match the combined strength of the wealthier, international corporate chains (NBR Weekly, May 10 1991) has so far been proved wrong. Private ownership has survived, albeit in a somewhat hybrid form, and continues to maintain a firm hold on a significant share of the market.

The fourth characteristic is the market itself. In New Zealand, as in the industry worldwide, operators find themselves under constant pressure to increase the volume of sales as they seek to squeeze more value out of their large and expensive stores. However, in a country with a very small population, like New Zealand, firms do not have the luxury of targeting specific markets. Instead, they find themselves competing in the
same market for the same customers and, in the process, adopting very similar strategies to each other.

To maximise opportunities for market share, each group has endeavoured to structure itself to cover the major segments of this market. Foodstuffs remains the dominant force among the convenience stores, through its established and widespread network of Four Square and Four Square Discount outlets plus its newer On the Spot stores. However, all groups are fully represented in the full-service, neighbourhood supermarket sector; Foodstuffs through New World, Progressive through Supervalu and the rather more up-market Foodtown stores and Woolworths N.Z. through their original "Woolworths" outlets.

Similarly, all groups are heavily involved in the most rapidly growing sector of the industry, that of the discount store or food barn. Here we find the "flagship" stores; Pak'N Save and White Price (Foodstuffs), Countdown (Progressive) and Big Fresh (Woolworths). Competition for key sites has become a feature of this intensely competitive area, with each group endeavouring to establish itself in opposition to its rivals31.

31. Although common overseas, hypermarkets or superstores (normally defined as stores with a minimum floor space of 27,000 feet and selling a wide variety of goods, clothes (continued...
The objective behind the competition is to maximise customer throughput, thereby increasing the volume of sales. However, no matter how many outlets a group has, or where they may be sited, customers still have to be attracted into the store. Over and above "brand loyalty", customer promotions, service and an image of "freshness", the most favoured strategies for this vital task are those of price competition and extended opening hours (Supermarketing December-January 1992-1993a)32. Herein lies the dilemma for management. Lower prices means lower profit margins, fuelling the constant pressure for cost containment, while at the same time the consequence of increasing customer flow and opening longer hours is the need for more staff and an expansion of the wage bill.

The dilemma is not insurmountable. Fixed charges are not increased by extended opening, while staff levels can be held by greater use of technology, by changes in the organisation of work and in the disposition and remuneration of the workforce.

31 (...continued)
and consumer durables as well as food) have not yet made an appearance in New Zealand. A Countdown superstore was scheduled to open in north-west Auckland early in 1994 (The Merchant 1993, November:19), but with a general downturn in retail sales the plan appears to have been put on hold for the moment.

32 Countdown's main stores now open from 8-30 a.m. to midnight on five days of the week, closing at 9 p.m. on Saturdays and 8 p.m. on Sundays. For other stores, closing times vary, but are commonly between 9 p.m. and 10 p.m.
However, attempts to create a more flexible work environment, either by extending the range of hours that could be worked or by increasing the number of part-time and casual staff, cut across existing practices. Extended opening also means that staff are required to work at times generally considered to be anti-social, and traditionally compensated for by a penalty rate premium. In short, the problem for the industry's owners and managers was that the new competitive environment required that they do contradictory things: expand services while also lowering prices; and casualise employment while also creating a loyal workforce committed to employer goals. In matters such as this lie the potential for conflict.

Some of these issues would be resolved, in part, through changes in the social climate; in the increasing need for women to work and hence a growing demand for part-time jobs from that particular section of the workforce. The new culture of the time has also brought with it a growing acceptance of late-night and week-end work as a normal part of the bundle of duties required of service workers. Nevertheless, the adaptation of worker goals to those of the employer have bred some major shifts in employment relations practices. How employers in the industry have, severally and collectively, perceived and
dealt with these issues and how workers, individually or collectively through their union, have responded, form the topics of discussion in later chapters.

In the meantime, as their various employment relations strategies have been shaped to a greater or lesser degree, by organisational dynamics and cultures, as well as by external environmental influences, that discussion can only be helped by considering the "life-history" and business profile of each of the major groups. This will be the task of the following chapter.
3.1. Introduction.

Just as the industry within New Zealand has developed in a quite specific form, so too have the individual firms within that industry followed discrete paths towards their present organisational structures and individual philosophies. Part of that philosophy has to do with the way in which they perceive the relationship between the needs of the business and the needs of staff. Contrary to what might have been expected, it is the indigenous organisation, the one that has grown up inside the institutional framework of employment relations, that has substantially rejected a centralised, collective approach in favour of individualised, site-based contracts. The overseas owned companies on the other hand who, with varied backgrounds in employment relations practices, might well have been expected to implement radical changes, have largely supported collective bargaining, in one form or another.
While organisational structures and cultures are not, of themselves, the determinants of these attitudes they have a part to play. The aim of this chapter is to discover what those cultures may be and what has shaped them; the better to understand why and how they have influenced management styles.

3.2. Foodstuffs.

From a modest beginning in 1925, when a small group of individual grocers combined to set up an independent buying association, the Foodstuffs group has developed into what is arguably the largest grocery organisation in New Zealand, with retailing outlets in all major segments of the grocery market throughout the country.

The group's structure still reflects its early, regional origins, currently comprising three regionally separate, autonomous, retailer-owned co-operatives (Figure 3.1). Foodstuffs (Auckland) Ltd covers the northern part of the North Island, from Wairoa, Turangi and Taumarunui northward; the southern part of the North Island is covered by the Foodstuffs (Wellington) Co-operative Society Ltd; and Foodstuffs (South Island) Ltd covers the whole of the South Island. Collective representation
Figure 3.1

Foodstuffs

Foodstuffs N Z

<table>
<thead>
<tr>
<th>Foodstuffs (Auckland Ltd)</th>
<th>Foodstuffs Co-operative (Wellington)</th>
<th>Foodstuffs (S.I. Ltd)</th>
</tr>
</thead>
</table>

Discount Stores

Supermarkets

Convenience Stores

- Write Price
- Pak 'n Save
- New World
- On the Spot
- Four Square
- Four Square Discount

Sources: Supermarketing, October 1992
Foodstuffs (South Island) Ltd, Annual Report 1994
National Business Review, 28 May 1993
and co-ordination of national policy and action is undertaken by a federation body, Foodstuffs (New Zealand) Ltd, owned jointly by the three regional groups.

With this growth, the role of the groups has changed. No longer mere "buyers and suppliers", their business activities include leasing supermarkets (lands and buildings) and smaller grocery stores to owner/operators, supplying them from their own warehouses and providing support services. These extend from site planning and acquisition to in-store staff training and include business advisory services and accounting services (Foodstuffs [South Island] 1994). In addition to its warehouse services for member stores, the groups also operate "cash and carry" wholesale services to dairies, service stations, delicatessens, hotels and catering establishments and commercial and institutional customers in their regions. Although Foodstuffs' extensive range of "own label" products, sold under the Pams and Budget labels, is generally manufactured under contract, the Foodstuffs regional

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33 James Gilmour and Co Ltd in Auckland, Toops Wholesale Ltd in Wellington and Cash Wholesalers Ltd in the South Island.
groups also own a number of small manufacturing businesses\textsuperscript{34}.

The retailing operations of the combined Foodstuffs groups cover the major segments of the market. They include full-service supermarkets, foodbarns/discount stores, conventional grocery stores and convenience stores. Full service supermarkets trade under the New World banner, foodbarns/discount stores under the Pak'N Save and Write Price banners and grocery and convenience stores under the Four Square, FourSquare Discount or On the Spot banners. As at June 1994 the combined outlets of the Foodstuffs companies comprised 126 New World supermarkets, twenty Pak'N Save discount stores, ten Write Price food barns, 451 Four Square and Four Square Discount stores, 192 On the Spot service stores and some 271 non-banner member stores (Foodstuffs [NZ] 1994).

Foodstuffs combined share of the retail grocery market is undoubtedly large. The group currently holds the greater share of the South Island's retail grocery sales (Supermarketing October 1992) and is responsible for close to half of the total grocery turnover in New Zealand. However, the exact market share of each of the

\textsuperscript{34} For example, Foodstuffs (SI) owns the food processing and packaging firm Murdoch Trent Ltd and the Oamaru-based soft-drinks manufacturer, Fizzacool.
competing groups is a matter of some dispute. Measured as a share of wholesale grocery purchases, the Foodstuffs group itself consistently claims to hold between 53% and 54% of New Zealand's grocery market. As an indicator of retail sales this figure, which measures packaged and dry goods but not fresh produce or directly imported items, is hotly disputed by competitors and queried by independent analysts who set the group's share at what seems to be a more realistic and lower figure of 44% (Figure 3.2).

One of the group's major marketing ploys is to emphasise its New Zealand identity and the fact that it is "to all extents and purposes" (Foodstuff [NZ] June 1994) the only grocery organisation totally New Zealand owned and operated. It is also committed to the continuation of its current format and, in the words of the current Chairman of Foodstuffs (NZ) Ltd:

> to the task of ensuring the ongoing progress and development of the Foodstuffs organisation for the benefit of independent grocers in New Zealand (Foodstuffs [SI] Ltd 1994:28).

Nevertheless, despite this reaffirmation of its co-operative goals, in its operational activities there is little about Foodstuffs to distinguish it from its corporate competitors. Its role, interestingly, is very similar to the traditional role of the Japanese
Figure 3.2

Approximate Percentage Share of Retail Grocery Sales as at August 1994

45% = Foodstuffs
33% = Progressive Enterprises
22% = Dairy Farm International

Sources:
Consumer, August 1994.
Briefing Paper on The Foodstuffs Group of Companies, June 1994
wholesaler; acting not simply as middleman but also as financier, consultant, developer and supplier of transportation and storage\(^35\). The crucial difference lies in ownership. The Japanese wholesaler is normally a corporate entity whereas control of Foodstuffs is very much in the hands of its membership. Shareholders are members, the directors are elected from the membership and members receive an annual rebate distribution - some of which is usually in the form of redeemable preference shares.

It is nonetheless possible to find a very real element of tension between Foodstuffs corporate direction and its co-operative ideals. While dedicated to promoting the interests of its owner/operator members, Foodstuffs is not concerned with who those members may be. As a supplier, it is concerned with ensuring the profitability of individual outlets, not of individual owners. Owner/operators, on the other hand, are very conscious that as independent business people they are personally and directly affected by the success or failure of their store.

\(^{35}\) The comparison, in some cases, extends further. Food wholesaler Kokubo has its own "K & K" brand and its own factory, while the Meidi-Ya Company distributes its products through its own supermarket chain.
3.3. The Progressive Enterprises Group.

New Zealand's second largest grocery group, in terms of market share, is presently controlled by Australian owned Progressive Enterprises Ltd (Figure 3.3). Progressive, a former Coles Myer subsidiary, has recently come under the control of a relative newcomer to New Zealand, the West Australian wholesale grocery distributor, Foodland Associated Ltd (FAL). The merger brought under one ownership umbrella the eighty-three stores comprising the predominately South Island based Countdown chain, previously operated by Foodland's New Zealand subsidiary, FAL New Zealand Ltd, and Progressive's own Auckland-based Foodtown and 3Guys stores (Press 7 October 1993). The same merger also gave Progressive control of the J.B. Rattray group which included the former GUS stores trading under the Supervalue, Dollarwise, Pricecutter, IGA and Super 7 banners.

The tortuous process by which these two previously parallel - and at times intertwined - organisations finally merged into one unit has a near-Byzantine quality, that repays study by offering some absorbing insights into the random nature of corporate development
Figure 3.3
Progressive Enterprises Ltd

Foodland Associated Ltd
(Australia)
Progressive Enterprises Ltd
New Zealand

Discount Stores
Countdown
3 Guys

Supermarkets
Foodtown
Super Value
Dollarwise
Price Cutter
Fresh Choice

Convenience Stores
I.G.A.
Family Fare
Foodmaster
Key Stores
Super 7

Sources:
Grocers Review, August 1991
Overseas Investment Commission, July 1990 and July 1992
Press, 8 September 1994
in New Zealand in the early days of financial deregulation.

In 1986 the interests of the New Zealand branch of tobacco giants Rothman Industries (NZ) were acquired by the food and drink conglomerate Magnum Corporation, a subsidiary of the investment company, Brierley Investments Ltd (BIL). The Rothman interests included a number of grocery firms. These included the South Island grocery wholesaler J.B. Rattray Ltd, which had earlier acquired the grocery businesses of the Dunedin-based liquor retailers Wilson Neil and general traders Fairbairn Wright (Star 21 April 1979) as well as the Christchurch-based family business of Dingwall and Paulger Ltd, owners of the Foodland, Keystore and Price Cutter groups of stores. Magnum then disposed of the tobacco-related interests, applying the freed up cash to the expansion of its grocery business, particularly the development of its new, South-Island-based Countdown supermarkets.

The following year [1987] Magnum acquired the business of another former BIL subsidiary, Progressive Enterprises, a North Island food wholesaler controlling forty-nine Foodtown and 3Guys retail outlets (Press 19 March 1991). In the year following this purchase the
Progressive interests were re-sold to Australian retail giant Coles Myer Ltd for a substantial profit, the proceeds being applied to retiring debt and to financing the proposed expansion of the Countdown chain into the North Island (NZ Company Register 1989-90). With this sale, Coles acquired a springboard for expansion into New Zealand, enabling them not only to compete with Magnum in the retail food area, but also to establish their non-food stores, K-Mart and Katies and a new fast-food chain, Georgie Pie.

In February 1991, in a further rationalisation of its investments, BIL relinquished 54.4% of its holdings in Magnum to a new joint-venture company, Asia Pacific Breweries (APB). The partners in this consortium were BIL itself together with Singapore-based food and beverage manufacturer Fraser and Neave and Netherlands brewery company Heineken (Star 8 March 1991). Under this new ownership Magnum resumed the temporarily halted expansion of its grocery division.

Through its subsidiary J.B. Rattray, Magnum first purchased the former Woolworths-owned, Auckland-based Associated Wholesalers Ltd (AWL). With this purchase, Magnum acquired seven North Island warehouses and 130 independently owned Foodmaster and Family Fare

However Magnum's main aim, the expansion of the Countdown discount operation into the North Island, proved increasingly costly, with competition from established chains tougher than expected. Financially over-committed in its newly-acquired Australian liquor interests Magnum announced, in October 1991, that it intended to abandon its grocery interests in order to concentrate on developing its liquor business (Press 31 October 1991).

At this point, determined efforts were made by the Foodstuffs organisation to acquire the Magnum grocery operations - which would have ensured them of a virtual industry monopoly - but these were ultimately blocked by the Commerce Commission. In May 1992 Magnum sold its entire New Zealand grocery business to the West Australian grocery chain Foodland Associated Ltd. A year

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36. According to industry sources (Supermarketing November 1991) the Lower Hutt Countdown store cost between $17-18 million in land, buildings and fit-out alone, while overall the North Island Countdown stores lost about $6 million in the year ended June 1991.
later, in September 1993, by means of a complex share-transfer deal FAL purchased the Coles Myer controlling stake in Progressive Enterprises, merged its Countdown and Rattrays chains with the Progressive group and extended its controlling interest in the latter to 57% (Press 29 September 1993).

Like Foodstuffs, FAL originated as a buying group, formed in Western Australia in 1958 by a group of independent grocers. Unlike Foodstuffs, it owes its growth to an aggressive acquisition programme. Now a fully corporate entity, with an annual turnover of near A$42 billion, it stands at 44th place on the Australian Business Monthly’s top 500 listings (Australian Business Monthly December 1993; Retail World May 1993).

Under Foodland’s management, Progressive has embarked on a major rationalisation programme in a bid to recapture market share. The 3Guys discount supermarket operation has been integrated with the Countdown chain, with some 3Guys outlets converting to Countdown stores. The Foodtown chain was first re-positioned from its "main-stream" neighbourhood supermarket role into a "cut-price" operation; and subsequently re-positioned again as a "quality" store (Press 29 November 1993; The Merchant May 1994). Future plans include the
establishment of three hypermarkets, the first in North-west Auckland (The Merchant, November 1993:19)\textsuperscript{37}. The Farmers and Deka department stores, also controlled by PAL through its Australian subsidiaries Vox and Action Holdings, are likely to play a key part in this development.

With its nationwide range of wholesale and retail grocery outlets, representing both independent and corporate ownership, Progressive is well situated to challenge Foodstuffs predominant position in the industry. However, as the experience of the Foodtown chain shows, while the organisation has achieved significant corporate growth this has been at the cost of some confusion over its corporate identity and market philosophy.

3.4. Dairy Farm International.

The smallest of the three major groups in the retail grocery market is Woolworths (NZ) Ltd, a fully-owned subsidiary of Franklins Supermarkets Ltd of Australia;

\textsuperscript{37} It is proposed that the first of these stores, which will operate under the Countdown banner, will cover 11,000 square metres, approximately 2.5 times larger than any existing supermarket in the country.
itself a subsidiary of the Bermuda registered, Hong Kong based Dairy Farm International (Figure 3.4). An international food retailing, manufacturing and wholesaling conglomerate, jointly owned by Jardine Matheson and the Hong Kong and Shanghai Bank (Asian Company Handbook, 1993:83), Dairy Farm operates supermarkets throughout South East Asia, Spain, the U.K. and Europe, as well as in Australia and New Zealand. Like its rivals, Woolworths (NZ) spans the full range of market options; with two discount chains, Big Fresh and Price Chopper; the Woolworths and Fresh Markets full-service supermarket chains; and the Safeway convenience stores.

Like Progressive, the Woolworths group grew by a process of merger and acquisition, albeit in a more straightforward fashion. Its origins lie in the acquisition and subsequent rationalisation of two complementary and competing "five and dime" department stores, Woolworths and McKenzies, by the New Zealand-based trading company L.D. Nathan in the 1970s. Renamed "Deka", McKenzies retained its original format. The "Woolworths" stores, on the other hand, were converted into grocery outlets, adding a national chain of neighbourhood supermarkets to Woolworths' existing range of grocery interests. These comprised the North Island
Figure 3.4

Dairy Farm International

Dairy Farm International Ltd
(Bermuda and Hong Kong)

<table>
<thead>
<tr>
<th>Franklins Ltd</th>
<th>Woolworths</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Australia)</td>
<td>(New Zealand)</td>
</tr>
</tbody>
</table>

Discount Stores  Supermarkets  Convenience Stores

Big Fresh  Price Chopper  Woolworths  Fresh Markets  Safeways

Sources: Overseas Investment Commission, July 1990 and July 1992
based Associated Wholesalers Ltd (AWL) and a chain of convenience stores trading under the Safeway banner.

By 1985, faced with growing competition from the new Foodstuffs Pak’N Save discount stores, Nathans decided to lift the Woolworths profile. It updated its suburban supermarkets, particularly in the Auckland region, and introduced its own range of superstores, the "Big Fresh Food Company" (Big Fresh). The success of this format, coupled with the 1988 merger between L.D. Nathan and New Zealand brewery giant Lion Breweries Ltd, suggested that Woolworths was looking to play a more competitive role in the industry than it had so far done.

However, within a short space of time, the new Lion Nathan group decided, as Magnum were to do a year later, to withdraw from the grocery field and to concentrate on its liquor business. In June 1990 it sold its Woolworths (NZ) division, at that time comprising fifty-two Woolworths supermarkets, four Big Fresh stores and five Price Chopper discount stores to Dairy Farm (NBR Weekly July 1991).

In the following year, the AWL wholesale operation was sold to the rival Magnum Corporation. The reason for the
sale, given at the time, was that ownership of a wholesale organisation did not "fit" the Woolworths retail focus. However, other industry sources suggested that the potential for "synergies" with Australian based Franklins - particularly the potential for sharing market strategies and for trans-Tasman product buying - meant that ownership of a New Zealand based wholesaler was no longer considered essential to survival in the industry (NBR Weekly 26 July 1991).

Subsequent events seem to have proved this prognosis correct. With its Big Fresh stores, Woolworths had attempted to establish a market niche, to create a "straight from the farm" image that would be associated with "country freshness". Big Fresh stores were to be a "shopping destination" where:

...people can use their leisure, where shopping isn't just a drudgery, and there's excitement which was previously lost. (Woolworths General Manager, quoted in Chapple 1988:29).

While successful in this aim, it was a niche that tended to be confined to the upper end of the market. The answer to the problem has been to make use of the Australian connection to add a low-price component to the Big Fresh operation, by way of a "store within a store" concept. In 1995, the addition of "Franklins at
Big Fresh", offered customers the choice of quality or discount shopping under the same roof.

The Woolworths group remains something of an enigma within the industry, being at one and the same time innovative and reactive. Since the advent of Dairy Farm, Woolworths has experienced steady if not spectacular growth, raising its share of the market from an estimated 17% in 1987 (Chapple 1988) to around 22% in 1995.

3.5. Conclusion.

The main characteristic of the Foodstuffs group is its degree of decentralisation, which partakes both of a tradition and a philosophy. Behind its quasi-corporate facade and despite the close co-operation that exists between its companies, in matters pertaining to employment relations each owner/operator is theoretically free to make whatever arrangements he or she wishes. In this situation, the personal involvement of owner/operators in arrangements materially affecting the profitability of their businesses becomes a crucial factor.
Progressive, on the other hand, is a group that has undergone numerous and at times traumatic changes of ownership. It now comprises four companies that have brought with them a varied mix of management cultures. In terms of employment relations, these include the benevolent, if rather paternalistic attitude of Foodtown's original owners, the "lean and mean" attitude of the former 3Guys management, Coles Myer's hard-nosed approach to cost cutting and the institutional approach of Countdown.\(^38\) As an organisation, it has yet to establish a corporate philosophy, but its future employment relations style depends very much on its current owners; and these are corporate investors who look, above all, for a return on investment.

In complete contrast to Foodstuffs, the Woolworths group is very much a centralised operation, controlled from its Auckland-based head office but having strong links with its Australian ownership. In this sense, it is probably the most homogeneous and stable of the three groups. Its corporate history suggests that issues such as stability and pragmatism play a large part in the company culture and that this will apply to its

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\(^{38}\) From an interview with Brenda Paterson, the Progressive Group's former General Manager, Human Resources.
employment relations practices as to other areas of managerial decision-making.

These profiles have shown how different experiences have influenced the management cultures of each of the three major employers in the retail grocery industry in New Zealand. How these various cultures manifest themselves in actual employment relations practices is discussed below. For the moment, having considered the internal, organisational influences, it is necessary to consider some of the key features of recent environmental change on the industry as a whole.
4.1. Introduction: competition and cost reduction.

In a little under two decades the infrastructure of the retail grocery industry in New Zealand has undergone radical change. No longer the exclusive province of relatively small and discrete associations of independent owner-operators the industry is now almost totally controlled by three large and complex economic entities. The cash flows generated by these entities are substantial by any standard and, in contrast to other forms of retailing, are largely unaffected by seasonal variations in demand. Although on a smaller scale than the Australian market where the operations of the Coles supermarket chain reportedly produce an average of A$19 million each trading day (Barner, 1992), New Zealand’s annual, national grocery bill of around $4.6 billion provides large enough returns for industry sources to describe ownership of a large supermarket as "a licence to print money" (Northern Distribution Union 1992b).
However, such "licences" are not bought cheaply. The capital cost involved in establishing and operating a large modern supermarket is substantial and, in an industry notorious for narrow profit margins, a consistently high turnover is essential if the economic viability of the enterprise is to be maintained. Moreover, this turnover must be achieved in the face of intense, price-driven competition for an increasing share of a limited consumer market, in which food retailers do not only compete with each other but against all other forms of consumer expenditure. This includes the challenge to their former monopoly on grocery items from other alternative food outlets, such as the fast-food bar and the local petrol service station\(^3\). In a highly labour-intensive industry such as food retailing the search for new opportunities for the strategic reduction of overhead costs becomes an ever-present imperative.

As in any labour-intensive industry, wages - Marx's variable capital - are the most significant capital cost and the one which, if contained, will provide increased profits. Historically, wage costs in the industry in New Zealand have formed a high proportion of overall costs,

\(^3\) The major oil companies are now promoting the image of service stations as alternative "convenience" stores, each under its own "banner". Caltex, for example, trade as "Star Shop", Mobil as "Mobil Mart" and Shell as "Circle-K".
estimated at some seventy per cent of non-stock spending (Press 3 September 1992). Consequently supermarkets in New Zealand have directed most cost-cutting measures at the containment of these costs. To deal with the problem they have, in general, adopted very similar strategies to those used by their counterparts in other countries, namely: the introduction of self-service stores; the employment of part-time workers; and the adoption of new technologies.

4.2. Re-negotiating the work of consumption: self-service and a reconstructed workforce.

Self-service was first introduced into food retailing in 1912 in Southern California (Glazer 1984:68) and, by the end of the 1940s was widespread among food stores throughout the United States. The concept of self-service emerged in Europe during the 1950s (Bartels, Werkhoven and de Kruijk 1985:161) but, as discussed earlier, did not make an appearance in New Zealand for almost another decade. The object of self-service was, quite simply, the transfer of work. As the American trade publication

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40. See Chapter 2, pages 42-44.
Progressive Grocer candidly declared, "by getting consumers to do some of the work now done by employees....a merchant [can] make the greatest use of the...hours available" (cited in Dipman, Mueller and Head 1946:9). As Glazer (1984:68) points out, shoppers themselves do much of the work in the self-service store. It is the customer who locates the products on the shelves, makes his or her selections without any help from an assistant, loads the trolley, pushes it to the check-out, places the goods on the counter and, in many cases, packs the groceries after paying for them.

As a means of reducing labour costs - while also encouraging increased sales through impulse buying (Zimmerman 1955) - the self-service format proved startlingly successful. A 1940 study by the American National Retail Grocers' Association found that self-service stores were far more profitable than full-service stores; with wage expenses, "the biggest item of operating costs", generally lower in the self-service area (Dipman and O'Brien 1940:266-267). Over time, the process has been extended from "dry" goods to include the sale of goods such as meat and vegetables, once
assumed as requiring full assistant-service (Glazer 1984)\textsuperscript{41}.

A significant consequence of the introduction of self-service was a fundamental change in the composition of the industry's labour force. This came about in two related ways. First, self-service led directly to the dismantling of a relatively skilled, male dominated workforce and its replacement by a lower-skilled, lower paid, largely female workforce (Ducatel and Blomley 1990:222). Second, the downgrading of skill and experience levels reinforced the "peripheral" nature of employment in the industry. This has become most apparent in the increase in part-time employment, where significant savings can be made in wage costs by rostering part-time workers to meet peak-periods in customer flow\textsuperscript{42}.

\textsuperscript{41} The exception to this is the delicatessen counter where the emphasis on the sale of fresh food such as salads and cold meats makes pre-packaging difficult.

\textsuperscript{42} These are typically between 10 a.m. and 2 p.m. and 4 p.m. and 8 p.m. Married women normally make up the part-time workforce for the first period and students fill the second.
4.3. Technology: a way to cost cutting and control.

In the use of technology, in which New Zealand is claimed as a world leader (The Merchant March 1992; Press 9 July 1992), the fundamental medium of change has been the computer. The impact is most clearly seen at the check-out, where the extensive adoption of advanced "front-end" technology that combines bar code scanner with electronic cash register and point of sale electronic funds transfer facilities (EFTPOS) has reduced or simplified many of the tasks once done by hand.

Not only has technology reduced skill levels - and thereby the amount of training - required of a check-out operator, it has been instrumental in reducing supervisory costs (Store manager, confidential interview, 25 February 1991). Point-of-sale systems not only monitor the speed and error rate of individual operators. They can be programmed to act as a standard and a measure of productivity and to direct the rate at which the operator is expected to work; if, for example, the operator moves products across the scanner too
quickly the bar code details are not picked up and if too slowly, they are recorded twice\textsuperscript{43}.

4.4. The pursuit of flexibility: continuity and discontinuity.

However, while considerable savings were achieved through the rationalisation of traditional work patterns, the search for greater "efficiencies" and savings continued. In a low wage industry such as this, there is little scope for further reduction of the wage bill through direct salary cuts. In addition, while the employment of part-time workers went some way towards resolving the problem of dealing with the peaks and troughs of customer traffic flow there was room for even greater flexibility. By adapting the "just-in-time" principle to the use of labour and by employing part-time staff over much shorter periods than permitted by the award, their numbers could be made to correspond more closely to the actual needs of the establishment at any given time. If, at the same time, entitlements to penal rates could be reduced, it would be possible to spread the wage bill and to open for longer hours without significantly increasing labour costs.

\textsuperscript{43} The majority of checkout operators interviewed indicated that this was the most obvious, most disliked and probably the most effective element of control.
The problem that now faced grocery retailers was that the relaxation of the regulations had not been matched by an equal relaxation in the conditions governing the employment of labour. The ability of employers to ensure that they had the right numbers of staff, in the right positions for the period of time required, was denied them by the continued existence of the national "award" system.

Based around the forty hour, five day week and the eight hour day, the main industry award, the New Zealand Retail Grocery and Supermarket Employee Award, together with other awards covering ancillary staff such as clerical workers, bakers and butchers, had established universal and legally enforceable patterns of "normal" working hours as well as clearly defined minimum periods of employment. All time worked outside this "normal" span was subject to overtime rates. Thus, while the use of part-time labour, particularly at peak-time and weekends, increased significantly through the 1980s - rising, according to conservative union estimates, from some 35% of the workforce in the mid 1980s to around 60% in the 1990s\(^4\) - the legal right of employers to extend their opening hours was of limited value while these

\(^4\) Although apparently an extreme case, one major store cited in Supermarketing (November 1992) claimed that some 290 (i.e. 90%) of its 320 staff were employed on a part-time basis.
universal and legally enforceable penal rate provisions remained in force.

Under the pressure of competition some questionable departures from formally negotiated employment practices became increasingly evident. Complaints from union sources of a tendency in some industry employers to stretch the award to the limit of its interpretation seemed to be borne out in the conclusions of the Second New Zealand Sweating Commission (1990). The Commission cited extensive instances of what they claimed as de-facto and illegal variations to the award, particularly in the areas of extended hours of work, non-payment of penal rates and breaches of the proportions clause restricting the ratio of senior to junior workers. Nevertheless, despite these pressures, the existence of an overarching legislative and industrial relations framework generally ensured that where change occurred it was incremental and determined by negotiation between employers and unions rather than unilaterally imposed by management.

By 1990, however, the opening hours of many supermarkets spanned six or seven days of the week and up to twelve or fifteen hours per day. Negotiated concessions in award conditions extending the number of permissable
late nights to six in any week, coupled with modest reductions in minimum overtime payments, were welcomed by employers. But, in an increasingly competitive environment, such compromises were deemed to be too few and too inadequate. Alongside this concern was a growing desire for more "efficient" employment relations practices, in which easy-to-operate, company-specific documents would replace the existing mix of awards, with their diverse ranges of pay scales and working conditions based on occupation rather than on enterprise.

At the time of the introduction of the Labour Relations Act of 1987, that permitted the negotiation of single enterprise agreements, the industry’s employers had acted with considerable caution; preferring to remain with a national, industry-based agreement that, despite its shortcomings, acted as a safeguard against excessive price-cutting. Only one enterprise agreement - the 1990 Woolworths N.Z. Composite Agreement - was actually concluded and this constituted little more than an amalgamation of the provisions of two "existing" documents - the Retail Food Award and the Clerical Award - into a single agreement.
Inevitably, however, as the desire of the industry’s employers for greater flexibility in the disposition of staff was compounded by the progressive deregulation of trading hours which occurred between 1977 and 1989 (Hince et al. 1990), their mood changed. The advent of Sunday trading constituted the final "blow for flexibility" (Brosnan 1991:29). By now, a system that the industry’s employers had once praised for its inherent stability was increasingly being perceived as a barrier to much needed change. From having initially viewed the prospect of change to the existing system with some reservation\(^{45}\), once the ECA had been introduced the industry’s employers were soon numbered, if not among its open advocates, at least among the most enthusiastic supporters and significant users of the Act\(^{46}\).

What the ECA provided was the opportunity to achieve desired internal efficiencies in the use and overall disposition of the workforce through extending, institutionalising and legitimising the discretionary

\(^{45}\) See McAndrew and Hurthouse (1991), and Herbert (1991:6) who notes the public comment of one major employer that the ECA had the potential to create "a labour relations shambles". Similar reservations and an endorsement of the stability of the then current legislation were expressed by a senior manager of the Foodstuffs group during an interview held around the same time.

\(^{46}\) This can be verified by comments appearing in the regular "Store of the Month" feature in Supermarketing. It is particularly noticeable among owner operated stores.
Table 4.1. Summary of forms of contract covering terms of employment in the retail food industry (as at March 1995).

<table>
<thead>
<tr>
<th>Employer</th>
<th>Collective-Individual</th>
<th>Site-Enterprise</th>
<th>Bargaining agent (where applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woolworths New Zealand</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big Fresh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woolworths Price</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chopper Fresh</td>
<td>C (2)</td>
<td>E</td>
<td>Union (3)</td>
</tr>
<tr>
<td>Price Chopper</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Fresh Price Chopper</td>
<td></td>
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<tr>
<td>Markets</td>
<td></td>
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<tr>
<td>Progressive Enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ Guys</td>
<td>C</td>
<td>E</td>
<td>Union (3)</td>
</tr>
<tr>
<td>Foodtown</td>
<td>C</td>
<td>E</td>
<td>Union (3)</td>
</tr>
<tr>
<td>Countdown</td>
<td>C</td>
<td>E</td>
<td>Union (3)</td>
</tr>
<tr>
<td>Dollarwise</td>
<td>C</td>
<td>S</td>
<td>Union (3)</td>
</tr>
<tr>
<td>Super Value</td>
<td>C &amp; I</td>
<td>S</td>
<td>Union (C only) (3)</td>
</tr>
<tr>
<td>Price Cutter</td>
<td>C &amp; I</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>Super 7</td>
<td>I</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>I.G.A.</td>
<td>I</td>
<td>S</td>
<td></td>
</tr>
</tbody>
</table>

Foodstuffs,

| Pak 'N Save           | C & I (1)             | S               | Union (C only) (3)                  |
| New World             | C & I (1)             | S               | Union (C only) (3)                  |
| Four Square           | I                     |                 |                                     |
| Discount.             |                       |                 |                                     |
| "On the Spot"        |                       |                 |                                     |

Notes:
(1) There are approximately 10 collective contracts, covering 13 stores, all in the North Island. Individual contracts are the norm in all other cases.
(2) One contract covering all enterprises and sites in the group.
(3) The union, as the main "employee organisation", is named as a party to the Woolworths contract. Other contracts provide only for consultation or notification.

National Distribution Union.
Individual employers and workers.

power of management. Hence, one of the employers' main goals in contract negotiation under the Employment Contracts Act has been towards "sectioning off" spheres of influence that were formerly accessible to unionised labour. In this way matters that were previously
collectively negotiable become the subject of individual arrangements, or management's right to decide is perceived as legitimate and therefore goes unchallenged (c.f. Burawoy 1979; Gaventa 1980). A consequence of this process has been the replacement of industry bargaining, with its pluralistic emphasis on the accommodation of opposing interests, by enterprise or workplace negotiation, with its associated connotations of the common interests of labour and capital. The various contractual arrangements that have now superseded the national award are shown in Table 4.1. (above).

In each case the table indicates the nature of the contract, whether collective or individual, enterprise or site-based, and whether or not a bargaining agent is involved. Despite these individual variations of style and practice the various contracts display distinct similarities in outcomes. Examples of these, noted in a range of collective and individual contracts currently in force in the industry, including examples from non-union contracts, are shown below, in Tables 4.2 to 4.6.
4.5. Internal Labour Market Flexibility: forms and variations.

"Labour market flexibility" is a broad term that can be applied both to external flexibility (either within occupations or across the workforce as a whole) and to internal flexibility (within the enterprise). Both classifications encompass such aspects of the employment relationship as wage levels (both general and relative), non-wage labour costs, work practices and work patterns and education and training (see, for example, OECD, Labour Market Flexibility 1986 and National Labour Consultative Council, Labour Market Flexibility in the Australian Setting 1987; both cited in Rimmer and Zappala 1986).

The focus of this chapter is on internal flexibility and in particular those forms of flexibility initiated through the restructuring of work practices and work patterns at the level of the workplace. The categories used below were developed by Rimmer and Zappala (1986), based on studies by the OECD and by the United Kingdom's National Economic Development Office. They encompass the five generally recognised forms of internal labour market flexibility.
The first category, "External Numerical Flexibility", refers to the ability of the employer to make short term adjustments to employee numbers to meet changes in patterns of consumer demand. The second, "Internal Numerical Flexibility", alludes to the ability to make adjustments to the number of working hours and the timing of work within the existing workforce. The third, "Functional Flexibility", provides for "multi-skilling" and the avoidance of the necessity for frequent hiring or firing by allocating labour to different tasks within the workplace. The fourth, "Wage Flexibility", permits variations to overtime and shift work arrangements and facilitates the linking of individual earnings to increased productivity by way of incentive schemes or performance based pay. It also extends to include non-wage labour costs. The final form, "Procedural Flexibility", provides for the establishment of enterprise-based machinery for consultation or re-negotiation of the other forms.

The difficulty of data gathering, particularly where individual contracts are concerned, precluded the compilation of a comprehensive and full comparative analysis. The following tables therefore, together with Table 4.1., should be seen as illustrative rather than inclusive. Partly for this reason and partly for reasons
of confidentiality, no attempt has been made to link any enterprise or workplace with any particular provision.


The examples of External Numerical Flexibility, shown in Table 4.2., are aimed directly at loosening the hold of previous provisions that constrained the use of casual workers to meet short term demand. The concept of a "trial period" of employment and the provision allowing an offer of alternative employment to substitute for redundancy pay can also act as cost-saving measures. The former, of dubious legality and mainly confined to individual contracts, also confers a limited right to

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Table 4.2. Examples of External Numerical Flexibility provisions noted in a range of current collective and individual employment contracts in the retail food industry (as at March 1995).

"Trial periods" of employment.
"Temporary contracts
"Casual" engagements for periods of up to 14 days.
Employer entitled to allocate overtime to ensure an "adequate and balanced team".
Offer of employment in a subsidiary or associated company to constitute a legitimate alternative to redundancy.
dismissal without cause. Depending how it is applied, this provision has the potential to become a backdoor to a casualised industry, or to lead to an improvement in the overall quality and training of staff. The latter gives the employer more options when deciding whether to rationalise, restructure or relocate an operation.

4.7. Internal Numerical Flexibility.

The most significant variations to previous award conditions and those most likely to affect the greatest number of workers are found in the provisions for changes in Internal Numerical Flexibility (Table 4.3.). Although the overall effect of these provisions is to provide employers with a greater flexibility in matching staff numbers and variations in customer flow, there are also some positive consequences in terms of overall employment figures; largely by virtue of the addition of extra shifts to accommodate longer opening hours⁴⁷.

On the other hand, the employer's increased discretion in determining the actual hours worked have also resulted in an increase in the ratio of part-time to

⁴⁷. Countdown, for example, has created an extra three hour shift from 9 p.m. to midnight, staffed almost entirely by older female workers.
full-time workers, with many former full-time positions

Table 4.3 Examples of Internal Numerical Flexibility provisions noted in a range of current collective and individual employment contracts in the retail food industry (as at March 1995).

40 hour week spread over 7 days.
40 hour week to be worked on any 5 days.
40 hour week to be worked on any 4 days.
"Ordinary" hours of work permissible over any period between 6 a.m. and 9-30 p.m.
10 hour "ordinary hours" working day.
Variations to hours of work by mutual agreement, or at employer's discretion for "commercial reasons".
Variations to hours of work at employer's discretion
Reduction in normal hours at employer's discretion for "genuine business needs".
Reduction in period of prior notice of requirement to work overtime.
Half-hour meal breaks.
Observance of specified public holidays on alternative dates, as nominated by employer.
Only 2 of any weekly days off need be taken consecutively.
Contracts and conditions for "managerial" staff.

increasingly reduced to part-time ones. The "proportions" clause, that could have helped to limit this practice by setting a ratio of junior workers to seniors, is still included in some union-negotiated contracts. However its provisions are invariably less stringent than under the former award.

Possibly the most important provisions for increasing
flexibility are those that allow the employer a discretionary right to reduce or vary the working hours of any staff member. Although conditional on specific circumstances these give employers the opportunity to rotate part-time workers in such a way as to significantly reduce the incidence of penal rates for full-time staff\textsuperscript{48}. This facilitates the employment of supplementary part-time staff at peak periods or on late nights and week-ends.

Although there are no provisions in any union-negotiated contract that allow split shifts or on-call work, union sources claim they are aware such positions are being offered. They acknowledge that the accuracy of these claims and the extent of the practice are difficult to monitor as few complaints are received from the workers themselves. This, they attribute to a number of factors; including lack of awareness of rights and entitlements, the opportunity of extra income or simply the desire for work and the fear of the loss of a job should they complain.

\textsuperscript{48} On the basis of information obtained in interviews with employees of all the major groups, it can be concluded that the incidence of paid overtime for full-time employees has virtually disappeared from the industry.

The concepts of Functional Flexibility (Table 4.4) and multi-skilling are not new to the industry, particularly in the case of the smaller stores. Even in the larger operations, the interchange of staff between checkout and deli and the use of stand-by checkout operators to carry out shelf-filling during slack periods are standard practices. What is new is the extension of this form of flexibility to the areas of demarcation and job classification. The inclusion of all employees under a single contract brings all staff including bakers, butchers and clerical staff under the same contract umbrella, facilitating the introduction of broad-band job classifications and performance based rates of pay.

Table 4.4 Examples of Functional Flexibility provisions noted in a range of current collective and individual employment contracts in the retail food industry (as at March 1995).

- No job demarcations.
- Allocation of employees to any task or position within the establishment, as required by employer.
- Limited range of job classifications.
- No specific job classifications.
- Employer able to incorporate "new categories" of worker into contract.
- Single document covering all employees.
4.9. Wage Flexibility.

In the area of Wage Flexibility (Table 4.5), the greatest emphasis has been placed on cost saving through the extension of employer control over pay structures.

Table 4.5. Examples of Wage Flexibility provisions noted in a range of current collective and individual employment contracts in the retail food industry (as at March 1995).

<table>
<thead>
<tr>
<th>Performance-based pay scales.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard hourly rate up to 10 hours per day on any day of the week.</td>
</tr>
<tr>
<td>Standard hourly rate for 40 hours work over a seven day period.</td>
</tr>
<tr>
<td>Reduced overtime rates.</td>
</tr>
<tr>
<td>No penalty rates.</td>
</tr>
<tr>
<td>Penalty rates only applicable for existing staff.</td>
</tr>
<tr>
<td>Penalty rates replaced by fixed or variable allowances (existing staff only).</td>
</tr>
<tr>
<td>Reduction in allowances.</td>
</tr>
<tr>
<td>Late night allowances to apply only to existing staff.</td>
</tr>
<tr>
<td>Stringent requirements for prompt notification of sick-leave absences.</td>
</tr>
<tr>
<td>Changes to basis for payment of meal allowances.</td>
</tr>
<tr>
<td>No meal allowances.</td>
</tr>
<tr>
<td>Reduction in pay permissible as a disciplinary measure.</td>
</tr>
<tr>
<td>&quot;Rounding-off&quot; of wage payments.</td>
</tr>
<tr>
<td>Payment of wages by direct credit unless by agreement.</td>
</tr>
<tr>
<td>Variations to pay day allowable by mutual agreement.</td>
</tr>
</tbody>
</table>

The range of provisions noted includes a performance based pay scale, a narrowing of the range of job classifications, the substitution of fixed allowances for penal rates and an overall reduction in levels of penal rates themselves. Also included are more stringent criteria for payments of allowances and sick pay. Non-wage provisions for easing administrative costs include
the "rounding-off" of wages, the ability to vary the pay
day and payment by direct credit as a condition of
employment.


Finally, although provisions for Procedural Flexibility
(Table 4.6) are not extensive and are generally
straightforward, they are potentially pivotal, in that
their effect is to reinforce a "third-party" image of
the union by placing it further outside the direct

Table 4.6: Examples of Procedural Flexibility provisions noted in a range of current
collective and individual employment contracts in the retail food industry.
(As at March 1995)

- Consultation provisions for discussion on a range of employment issues - by
  mutual agreement between employer and union.

- "Enabling provision" for introduction of productivity agreements.

- Variation of contract during term in an individual establishment allowable by
  agreement between employer and workers, subject to prior consultation with
  bargaining agent.

- Variations in method of paying wages, by individual agreement between
  employer and employee.

- Automatic dismissal if worker exceeds specified period of sick leave.

- "Unlimited" sick leave, subject to written medical confirmation of illness or with
  approval of a management appointed staff committee.

- Stringent codes of conduct and disciplinary procedures.
employer-worker relationship. In this context, the provision allowing "unlimited" sick leave is extremely interesting. What, at first sight, appears to confer a benefit also has the potential to substitute a privilege for what was once a right. All contract conditions are minimum conditions and there is unlikely to be anything in any contract that would prevent any employer granting extra sick leave if they chose to do so. Clearly, the intention of this provision is to reduce the incidence of "non-genuine" sick leave, by shifting the onus of proof onto the worker to substantiate his or her right to sick leave on each occasion. The scrutiny of applications for sick-leave by a committee of fellow workers is also problematic; having both the potential for personality-induced decisions and the creation of "deserving" and "undeserving" groups of workers and possibly involving breaches of the Privacy Act.

The main significance of provisions such as these is the extent to which external union-focused negotiation is replaced by in-house consultation. This further marginalises the union and facilitates the development of company based structures of collective bargaining.
4.11. Summary.

The achievement of optimum results is generally the product of a combination of numerical flexibility - both external and internal - and functional flexibility. The evidence suggests that, through combinations of these various arrangements, employers have made considerable across-the-board gains in internal labour market flexibilities.

A positive consequence of this combination of extended opening hours and the reduction in the quantum and application of penal rates has been a substantial increase in the overall number of employees. However this has been mainly confined to the area of part-time work\(^\text{49}\) and at lower overall rates of pay. The impact on earnings appears to have been significant. Overall it has been uneven, but union sources estimate that the effective loss of penal rates for many workers, coupled with the introduction of performance based pay scales, has resulted in a drop of as much as one-third in normal weekly earnings. They also estimate that changes to sick leave and annual leave have reduced the

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\(^{49}\) The Woolworths group claim that between the introduction of the ECA in 1991 and the middle of 1994, their overall staff numbers had increased from around 6,500 to 8,000, mostly through additional part-time positions.
monetary value of those entitlements by as much as 50% and 25% respectively. If the cost savings to the employers reflect the extent of these wage reductions it can be assumed they have made substantial gains in this area.

Clearly, the gaining of greater control over the operation of their internal labour markets has been a significant achievement for the industry's employers. Nevertheless, neither the successful implementation of more flexible practices nor the gaining of control would have been possible had it not been for the coincidence of two other crucial sets of circumstances.

The first was the availability of technologies that assisted in the routinisation of much of the work performed. While computer analysis of customer flow can provide an indication of potential staff requirements, it cannot predict customer behaviour to the extent that it becomes an exact predictor. Adjustment of staff numbers remains something of a "hit and "miss" exercise\(^5\). However potential imbalances can be offset through "multi-tasking". This ability to expand the range of tasks that can be performed by each individual

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\(^5\) These descriptions of the problems of matching staff numbers to actual needs are drawn from an interview with Paul Walsh, the Woolworths Group's Director of Human Resources.
worker is achieved by the fractionalisation of jobs and by reducing the skill and experience requirements of each task to as low a level as possible\textsuperscript{51}.

In this way, with minimal training, a mixture of high school students, university students and married women possessing varied and often outdated work skills can quickly be transformed into an interchangeable workforce, able to act as check-out operators, produce and deli assistants, shelf fillers and, if necessary, as part-time supervisors or "managers"\textsuperscript{52}.

The second circumstance is the lack of a strong group-based culture among the industry workforce, coupled with a style of unionism that had failed to develop a sense of collective activity. This proved to be critical. Most workers interviewed seemed to appreciate the variation provided by extensions to their normal "bundle" of tasks, but there were also complaints that their work

\textsuperscript{51} For example, fruit and vegetables priced at the checkout rather than in the department. Also the diminished need for product knowledge. Staff need to have an idea of the layout of the store and where to find products but are not required to know anything about them or to give advice or information on their quality or suitability.

\textsuperscript{52} As in the case of the 19 year old part-timer who worked three days per week; as a checkout operator on Thursdays and Saturdays and as a supervisor on Sundays.
appeared to be undervalued. Most were also keenly aware of the contradictions between management’s emphasis on "teamwork", "excellence", "shared purposes" and the reality of their own work experience. Many spoke of the pressure on checkout staff to keep their lines moving, of having to "say the right thing to the customers", of the feeling of being constantly watched and of incentive schemes that, instead of encouraging teamwork actually emphasised individualism.

Measured in terms of cost containment, the pursuit of flexibility has met with considerable success. This success, to judge from the views of staff, has been at some cost in company loyalty. Yet despite much adverse reaction, privately expressed, there has been no cohesive response from workers. Nor has the main industry union, the NDU, so far been able to transform individual concerns into effective collective activity or to capitalise on this latent worker support.

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53. An intriguing illustration of this ambiguity is provided by the shelf-filler who, from time to time, worked in the dairy-deli and produce departments, assisted in inward goods where he "drives the forklift if the storeman is away" and had "dressed up as a rabbit" for a sales promotion. While he enjoyed the variety, he observed that, for all his versatility, he got no extra pay for carrying out these other tasks as he was said to be "only helping out" (confidential interview 17 September 1992).

54. Many incentive schemes are positive in intent, for example "Employee of the Month" contests. However, not all are so positive. It appears to be the practice of one major Christchurch store to post - on the staff noticeboard - a "good" list of checkout operators whose tills regularly balanced and a "bad" list of those whose tills did not (confidential interview, 17 July 1994).
4.12. Conclusion.

With the entry of international food firms, food retailing in New Zealand has become a large scale business. In the transition, the industry has assumed many of the characteristics which contemporary research into the structure of food retailing firms in Australia and the United Kingdom (Lewis and Thomas 1990; Marchington and Parker 1990; Marchington and Harrison 1991; Hammond 1992) has identified as typical of the industry world-wide.

These characteristics - a tendency to integration and concentration, an increase in part-time work, a work force changed by age and gender and a relatively low level of union organisation or participation (Marchington and Parker 1990) - have combined with local changes in the economic and legislative environment to exacerbate the industry's inherent tendency to competition. For employers this has placed a high priority on the search for greater flexibility in the structure of their internal labour markets.

The momentum of progress in this search for models of what Brosnan and Walsh (1996:78) describe as "atypical"
employment has been patchy, sometimes impelled and at other times impeded by the economic and legislative environment at both macro and micro levels. The most significant factor in releasing the "roadblock" of legislative constraint has been the advent of the Employment Contracts Act and the abandonment of the national award system. The diversity of bargaining arrangements and outcomes that have emerged in its wake has revealed a significant weakness in the ability of institutionally organised labour to deal with this new industrial environment. Paradoxically, it is the locally owned firms, not the internationally owned ones, that have taken advantage of the deregulated environment to reject or limit union involvement. This highlights the potential significance of the specific forms of organisation and ownership developed in New Zealand as a major determinant of their labour relations practices.

In the longer term, the most significant gain for employers in this industry may well be the greater freedom of action they now have in controlling the disposition and remuneration of their workers. Their goal, it would seem, must be to "bed-in" these new arrangements against the inevitability of future legislation that will redress the existing power imbalance between worker and employer. The various
strategies they have adopted in pursuit of this goal will be reviewed in the following chapter.
5.1. Introduction.

Organisation, as Jermier et al. have pointed out, necessitates control (1994:283) and control, as I have argued, involves the use of power, which is itself "inscribed within the contextual rules of the game" (:280). Hence the introduction of the ECA, in radically changing the "rules" by which the "game" had previously been played, brought a new impetus to the pursuit of internal labour market flexibility in the retail grocery industry in New Zealand. The effect of the legislation was to reverse the traditional emphasis on the collective aspect of the employment relationship and, as in the United Kingdom, locate it more directly at the level of the individual worker (Anderson 1991:127).

This fundamental change to the locus of the relationship was instrumental in facilitating the growth of enterprise bargaining. Coupled with low levels of effective unionism (emphasis added) a history of effective restructuring and a strong international
market orientation (Haworth 1990b:228), this change has created an industrial culture particularly suited to the application of the ideas and techniques of Human Resource Management (HRM) with its associated notions of the development, motivation and involvement of employees (Horwitz 1990:10).

The ECA and HRM are, in fact, complementary. As the ECA was predicated on the philosophical basis of maximising individual choice, through "a regime of completely free contracting consistent with precepts found in the common law" (ACTU 1996) and presented as a means of removing "rigidities" and "inflexibilities" in the labour market (Treasury 1990); so too can HRM be seen as "a reformulation of a unitarist managerial ideology" (Horwitz 1990:10). On the one hand, the ECA has provided employers with the necessary autonomy to match their industrial relations strategies to their own corporate cultures. Alongside this HRM, with its replacement of the notion of collective interest by that of individual interest, provides an economic and philosophical rationale for a re-drawing of the boundaries of control in the employer's favour.

A feature of contractual arrangements concluded in the retail grocery industry since the introduction of this
legislation is a tendency to divergence. In this, the experience of the industry in New Zealand appears to run counter to the general trends noted in overseas studies, which suggest that the management strategies of firms operating in common product markets tend to convergence in the management of labour relations (Ogbonna and Wilkinson 1987 & 1990; Marchington and Parker 1990; Marchington and Harrison 1991; Walsh 1993).

It will be the task of this chapter to trace out the linkage between the pursuit of control and such environmental influences as the ECA and the ideologies of Human Resource Management; to identify the connections between the demands of product markets and historically determined corporate characteristics and attitudes; and finally to examine the range of industrial relations practices currently followed in the industry.


An increasing - and largely uncritical - support for the idea that the techniques of Human Resource Management constitute the key to business success has been evident among New Zealand employers for a number of years.
Although most enthusiastically received and acted on in the manufacturing sector - the obvious example being the trendsetting "Nissan Way" (Owen 1990) - the basic concepts of HRM; flexible work practices, co-operative and non-conflictual working relationships (Mirkin 1990:67), the ideological externalisation of conflict and the associated goals of "shared vision", "teamwork and partnership" and "improved market responses", soon became the dominant paradigm in management thinking and rhetoric (Davidson and Hill 1992; Press 2 November 1992). In almost all sectors of industry, the language and ideas of HRM now predominate and have replaced the conventional techniques of "personnel management".

In its "purist" form, HRM represents a move away from seeing employees as an "expense of doing business" to viewing them as a "critical investment" in performance and growth (Ross 1981:781-782); as "social capital" (Beer et al. 1984:12) and as an organisations "most important resource" (Hartenstein 1988:90). Under HRM, the relationship between employer and employee is not seen as one of conflicting interests, but as an enterprise-level partnership of interests involving, in Fowler's words, "the complete identification of employees with the aims and values of the business" (1987:3).
Despite its unitarist underpinning, HRM is not, in principle, opposed to collective representation (Miller 1987:357), nor necessarily or uniformly anti-union (Boxall and Dowling 1990:205). Nevertheless, in its notions of the predominance of the congruent interests of employer and employee and the attribution of conflict to external sources (Horwitz 1990:10) it tends to produce strategies aimed at seducing workers away from unionism and towards a sense of personal involvement in the organisation for which they work.

The fundamental characteristics of an HRM regime can thus be summarised as: a style of management that fits the need of the enterprise; a coherent employment policy based on commitment rather than compliance; and the ideological externalisation of conflict (Guest 1991:152). From a managerial perspective, the desirability of HRM is its focus on co-operative management/labour relations and a theoretical independence from any particular economic system that allows it to be presented as economically and politically neutral. (Boxall 1990:2-5).

However, although the term HRM is widely used, it tends to be very broadly defined (Guest 1987:503) and randomly applied to a range of discrete forms of management
practice (Keenoy 1990:8). While there are, for example, numerous examples of impressive looking and sounding employment programmes in existence in the United Kingdom, the incidence of fully integrated human resource strategies is limited (Guest 1987:519; Marginson and Sisson 1988; Torrington 1988; Storey and Sisson 1990). Haworth (1990b:231) has gone further, questioning whether HRM, in its "purist" form is even achievable or capable of general application.

The problem with HRM is that despite having captured the high ground of contemporary debate in the field of industrial relations, it remains essentially a "management discipline"; its origins lying in American business school teaching and research, strongly influenced by studies of organisational development (Boxall and Dowling 1990:207; Haworth 1990b:228). An enthusiasm for the Japanese management style is also evident in much of the seminal literature; particularly in an enthusiasm for the promotion of organisational cultures, the development of shared values and a common interest in achieving excellence (Peters and Waterman 1982; Pascale and Athos 1981).
Thus, while commentators such as Peters and Waterman (1982) present HRM in terms of its potential for the development of adaptive, innovative, "people-oriented" businesses, others question whether, in practice, this "new orthodoxy" of employment relations (Guest 1991:149) actually represents a new and different approach to employee relations, or merely a shift in control techniques (see for example; Armstrong 1987; Miller 1987; Guest 1987; Torrington 1988; Horwitz 1990; Keenoy 1990; Storey and Sisson 1990). The reservation that, despite the rhetoric of congruent interests, the ultimate aim of HRM techniques is to advance corporate interests is well articulated by Fowler (1987:3), who suggests that, at its heart, HRM is only "a covert form of employee manipulation dressed up as mutuality", with employee involvement accepted "but on the company's terms".

For, as Boxall & Dowling (1990:198) point out, HRM can be successful only to the extent that a firm's human resource strategy can be integrated with its business strategy and to the extent that all aspects of the human resource programme function to reinforce the goals of that strategy. In other words, much of what passes for strategic HRM, is actually a short-term reaction to immediate problems.
5.3. HRM and Product Markets.

This seems to be the case among some sections of the retail grocery industry, which has substantially adopted the language, if not the form, of HRM and welcomes the absence of a union as an opportunity for closer cooperation and communication between staff and themselves. As one owner-operator enthusiastically declared:

...previously they (the employees) were a party to a union which just provided labour...now they are much more alert to the requirements of being a party to running a business (Supermarketing December 1992/January 1993b).

Despite this enthusiasm there are clearly limits to the rights of such a "party" and very clear indications of where control actually lies. There is, for example, a strong preference among such employers for "rewarding individual performance", rather than for having clearly established wage entitlements. Staff, as another operator proudly asserted, are:

...welcome to knock on my door and say they think they are due for a wage increase and we can sit down and talk about it...

But, as he went on to say:

I won't necessarily agree, but all these are things we couldn't do before (confidential interview 27 July 1994).
In fact, there is some evidence to suggest that many of the flexibilities sought by employers might have been achieved with little change to the existing collective bargaining structures (Hince and Harbridge 1994). But by now it had become clear that many of the smaller operators in the industry had become frustrated by centralised bargaining which in their view failed to recognise their needs - tending instead to reflect the circumstances and needs of the larger organisations normally involved in the complex and time-consuming negotiation process. The difficulty, to them, was obvious:

What would suit Foodtown would not necessarily suit the operator of a small Four Square. The award simply did not cater for the difference (Marshall 1992).

Their particular bete-noire was the "occupational" award. Under occupationally-based bargaining, supermarkets were the site of a number of awards and for the individual owner-operator the problems of administration were compounded by the need to comply with a range of conditions and salary structures. As one such owner pointed out:

"we had the Butchers’ Award, the Bakers’ Award, the Grocery and Supermarket Award and one for the office staff...for instance butchers got double time for starting before six a.m. - and sometimes they do and sometimes they don’t, start before six" (Confidential interview 27 July 1994).
Faced with increasing competition, the award system was also, in this owner's view, too rigid. It "held everything back", restricting not only "the ability to open the hours that the customer wants us to" but also the ability to make agreements with individual staff "on their terms as well as ours". For such operators the presence of a union was seen as an unnecessary barrier to direct employer-employee relations.

This tendency to blame unreasonable union interference for a perceived inability to respond adequately to a competitive product market may well have been overstated. The evidence of a number of overseas studies (for example Ogbonna and Wilkinson 1988 & 1990; Marchington and Parker 1990:84; Marchington and Harrison 1991:291) suggests other factors, such as market position, technology, size of establishment and ownership also play a part in the determination of managerial strategies.

In reality, neither the Distribution Workers Union (now the National Distribution Union), who had traditionally represented the majority of grocery workers, nor those other unions associated with the industry55, could, by any stretch of the imagination, be seen as disruptive

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55. The Clerical Workers Union and the various Bakery workers' unions.
and militant bodies. Nevertheless the views of this owner-operator were not uncommon. Both the presence of a union and the award system itself were increasingly perceived by many other employers in the industry as a "brick-wall", impeding "the more efficient use of staff" and frustrating attempts to respond to the "public demand" for extended shopping hours: a position expressed more succinctly by one union official who pointed out that:

> It’s a bloody nuisance for them that they constantly have to get past the union if they want to make changes (Conway, interview 23 June 1994).

Herein lay the nub of the problem for employers. The ECA provided an opportunity to reshape the structures of the employment relationship to conform to the fashionable values of HRM: to reflect, in the words of the then President of the New Zealand Employers’ Federation - "the culture in today’s workplaces" that "encourages closer working relationships" and involves people acting "in a cooperative, non-conflict way" (The Merchant December 1991). But if employers were going to be able "to do the things that we wanted to do", they needed increased freedom of action across the whole spectrum of management-employee relations. The extension and legitimisation of control over the nature, role and
scope and variations to the employment contract was crucial to this strategy. This was the role of HRM.

5.4. Changing the pattern.

However, this avowed enthusiasm for change was not always matched, as management consultants Teesdale Meuli (Loof 1991) noted at the time, by a commitment to doing anything about it. With the old award deemed to continue in force as a collective employment contract until 4 December 1991, retail grocery employers showed an initial reluctance to take advantage of their new opportunities. An owner-operator explains:

"it (the ECA) happened . . . all of a sudden we were thrust into the situation where we had to be responsible for our staff, for new wages and conditions and, quite frankly, no one was ready for it." (Confidential interview 27 July 1994).

The consequence was a marked reluctance to take any action until it was clear what other groups and companies were doing (Marshall 1992).

First to break the pattern was the Woolworths group, which left the national award to negotiate an enterprise agreement; subsequently registered under the provisions of the old Labour Relations Act in June 1991. More
enterprise agreements followed, with the Countdown, Foodtown and 3Guys stores all negotiating collective contracts, either on a "group" basis or - in the case of Countdown - on a store by store basis. Owner operators in the Foodstuffs group, did not follow a consistent pattern, each choosing the option that best suited them. Some favoured collective contracts, others individual, some accepted union involvement and some did not (Marshall 1992).

Despite the persistence of such "buzzwords" as "teamwork", "cooperation", "performance" and "customer service", discussion with union officials suggested that some initial contracts sought by line-managers and owner-operators included provisions that would have conferred near-unilateral control on the employer. In the end, however, the eventual outcomes tended to depend on the particular mix of individual and collective provisions included in various managerial strategies. These, in their turn, reflected the rather different priorities of corporate managers and private owners56 in the face of such pragmatic realities as the strength of union organisation and investment goals.

56. The crucial distinction, as identified by a senior manager of a major multiple, and echoed by a number of union sources, is that the multiples are staffed by salaried managers, who are more inclined to pursue long-term goals, whereas for most owner-operators, the priority is the short-term objective of getting as much as possible out of the business while they are in it - or, in the words of one such owner-operator, "if the business crashes, we crash with it".
5.5. "Ideal types" and real classifications.

The fact that industrial relations practices are worked out differently within individual enterprises and establishments has already been recognised in the current literature (Marchington 1992) and attempts made to identify and classify emerging patterns. One way of doing this, currently favoured in the British literature, is to deconstruct the idea of a unified national system and instead develop a series of theoretical "ideal types", each representing a specific style of industrial relations practice.

Some of these focus on variations in management approaches (Purcell and Sisson 1983; Purcell 1986; Marchington and Parker 1990; Marchington and Harrison 1991). Others have concentrated on the effect of variations in the relative strengths of worker and employer organisations (Marchington 1992). Purcell, in an earlier work (1981), developed a classification based on degrees of trust between the parties while, more recently, Storey and Bacon (1993) have examined the influence of the different levels of individualism and collectivism that exists in such areas of the employment relationship as the organisation of work and techniques of control.
Classifications such as these can be immensely useful, both for purposes of academic discussion and in the way they illustrate the immense rift so often found between a rhetorical orientation towards HRM and concrete practice as found in the workplace. However, their very diversity renders them problematic when it comes to actually analysing the interaction of the complex mix of elements that determine these practices. Also, as Marchington (1992:165) points out, very few explain why they have opted for their particular dimensions nor justify their use over any other dimension.

Within New Zealand, it is only with the advent of the ECA and the development of enterprise bargaining that similar attempts have been made to explore and explain the emergence of variations in managerial styles. Broadly speaking, these have evaluated employer behaviours in relation to the extent they have departed from previous practices, either in the area of workplace reform (Enderwick 1992) or in bargaining style (Boxall and Haynes 1992 57; Armitage and Dunbar 1993:108:).

57. Variables included in this categorisation include: changes in overtime rates, emphasis on performance based pay rates, work effort changes, employee trust of management, employee cooperation with management, use of technology, right of access for employee organisations, job satisfaction, wage costs as a proportion of turnover, the relevance of new contracts and employee support for change (Armitage and Dunbar 1993:108).
Drawing on its own negotiating experience the NDU offers another perspective. It claims to have identified the presence in the retail industry of a "three level" structure of bargaining (National Distribution Union 1994:7). The first level involves the continuation of "formal good faith bargaining". The second level is where the process of bargaining has led to the de-unionising of workplaces. At the third level there are contracts involving "shocking" exploitation and very low rates of pay. These three levels correspond quite closely to the Boxall and Haynes descriptions of employers as pattern followers, pattern breakers and anti-collectivists.

Once again however, these classifications tend to be descriptive rather than explanatory. There is also the problem that, in some cases, individual enterprises display more than one set of characteristics. In the context of this study a more fruitful approach would be to look at what has actually been put into place by particular enterprises and establishments. In adopting this approach we find a division between those that have maintained a collective form of contract and those that have opted for individual contracts. Within the first group we also find a further sub-division, this time between those who practice what I refer to as the
traditional "external" form of collective - involving union participation - and those who have moved towards an "internal" form of collective", maintaining a management-union relationship but only in what Storey and Bacon (1993:672) describe as "ticking-over mode". By analysing each of these groups in more detail it becomes possible to discover not only what they have done, but why they have done it.

5.6. Individual contracts.

There is an element of ambiguity in this heading, as there frequently is in the contracts themselves. The difference between collective and individual contracts, as Anderson (1991) has observed, is simply that an employer has convinced a group of workers to sign a standard contract form rather than have each sign individually a copy of the same contract (:139).

Those establishments favouring the latter practice, comprise that significant body of employers for whom HRM has become a symbol of legitimacy for the reassertion of unilateral management control and whose reaction to employment relations in the wake of the ECA has been well summed up by McAndrew (1993). For these employers
the ECA "was an invitation to do what they felt was necessary to reduce cost structures". Thus:

"Faced with no statutory obligation or real pressure to bargain in a conventional sense, they developed new contracts on the basis of their own impressions, not only of their own needs but of employee needs, and of what was 'fair' and 'realistic'... In essence they internalised the negotiations 'seeing both sides'" (183-184).

In practice this group is wholly representative of owner-operators; the majority of whom are members of the Foodstuffs group - the Four Square, New World and Pak’n Save stores - but also includes many owners of Supervalue stores, which form part of the Progressive Enterprises group. Their approach to the employment relationship does not necessarily signify a desire to return to "Tayloristic" methods of control, although this may well be so in certain instances. Mostly, however, they see themselves as loyal and fair employers.

Union membership and participation in stores operated by this group of employers has traditionally been low and is now almost non-existent. It would nevertheless be wrong to assume that the employers represented here are doctrinaire anti-unionist. Their objection is mainly pragmatic - the union is seen as a "third party" that unreasonably interferes between them and "their" staff.
that prevents them opening the hours that customers
demand and prevents employer and employee making
individual agreements that suit them both. Their
official position is that they have no objection to
unions. The decision to become or not to become a member
is the personal choice of each staff member. At the same
time there is a distinct air of ambivalence between this
articulated view of union involvement and the actual
attitude adopted.

Their explanation for the almost total lack of a union
presence is that, in the new environment, the union has
simply become as irrelevant to their staff as it has to
them. In the opinion of one operator the union misread
the feeling of its membership in regard to the changes
in the industry. As a result it lost credibility:
"they've lost their market, they've lost this
generation" (confidential interview 27 July 1994).

Union sources, not surprisingly perhaps, take a
different view, citing examples of what are claimed as
employer-influenced mass resignations from union
membership and the refusal of employers to allow union
officials access to their staff.58 The reality, from the

58 Media reports of the dispute between the Northern Distribution Union and the owner of
the Glen Innes Pak'n Save well illustrate the ambiguity of the respective claims (for example,
NDU's perspective, is that there are only ten Foodstuffs stores in the North Island with union-negotiated contracts and none in the South Island. A similar situation exists among Super Value stores. Union sources further claim that, protestations to the contrary, the Foodstuffs philosophy is biased against workplace bargaining in favour of individual contracts; also that individual owner-operators in this group who might be prepared to negotiate are frequently pressured not do so by fellow operators.

At the level of the central organisation the Foodstuffs group strongly denies that it operates an anti-union strategy. As a co-operative, it argues, it can only offer advice through its various human resource and training supervisors to the committees representing each banner group and to individual operators. Whether or not the operators choose to negotiate with the union is an individual choice, but there would seem to be little reason to involve the union if staff are not members of it (Coulter interview 26 January 1995).

While this may be the case at the level of higher management, the following comments by one operator are more revealing. They certainly suggest that, at his level, union concerns may not be wholly unfounded.
Noting that the first contracts put in place among member stores in his banner group were the same and that, whether individual or collective, all contained the same things and all had the same expiry date, he went on to comment:

They (the union) found out we had a common expiry date and felt they could replace these separate contracts with a single collective negotiated by them. So we decided to vary the contracts - putting in our own little things for our own businesses and setting different expiry dates. We are now all over the place, making it harder for the union to pick us off. (Confidential interview 27 July 1994).

5.7. The "external" collective.

Currently only one corporate group, Woolworths N.Z., falls under this heading. Of the three main groups in the industry the Woolworths operation, as has been noted, is the most historically unified and centrally controlled. Woolworths’ corporate philosophy, according to Human Resources Director, Paul Walsh, is for a non-confrontational cooperative approach to employment relations - "one which allows for the involvement and empowerment of our team (sic) members (but also) accepts a tri-partite system involving the company, the team and the union" (interview 22 June 1994).
Walsh acknowledges that there is more than a hint of pragmatism in this philosophy. It suits the company culture. The union has traditionally had a strong presence on Woolworths sites and, both as a major non-food retailer and then in its current role, the group had always taken a major part in negotiations under the old system. Woolworths' management also takes the long-term view that the legislative pendulum will inevitably swing back in favour of a greater degree of institutionalism in employment relations and in anticipation of that day, they wish "to maintain good relations with the union".

In the meantime it adopts a generally cooperative attitude towards union participation; particularly in the retention of many key features of the old national award. The Woolworths employment contract, that covers all its stores, is a single, nationwide, union-negotiated agreement. Unusually for this industry, the NDU, together with the two unions who represent bakery and clerical workers in the North Island, are formal parties to the agreement (Appendix 6), which also includes "right of access" provisions for union

59 To judge by the comment of an owner-operator from another group, this view is widely held in all sectors of the industry. However, among owner-operators it is tempered by the thought that whatever changes may take place, there can be no return to the "old system". In the meantime they work within the "new environment" (Boock. interview 27 July 1994).
officials as well as provisions for off-site stopwork meetings.

However, alongside this policy of co-operation, the company has also adopted many of the cultural components of HRM in its work organisation and staff relationships, with a clear emphasis on the notion of "teamwork". Employees are now formally described as "team members", while erstwhile supervisors have become "team leaders". The contract itself permits site variations and unilateral variation of hours (although this is normally preceded by consultation with the other parties). Staff are also encouraged to resolve problems "in-house" wherever possible. For this purpose, a system of confidential, "direct-line" access to the Human Resource Director is available to all staff.

5.8. The "internal" collective.

Establishments and employers falling under this heading tend to be strongly HRM oriented and committed to the goal of "adjusting their organisational culture and structures to maximise the use of their human resources"

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60 This invites comparison with other industries; for example the finance sector, where the Bank of New Zealand promotes the concept of "team banking" and the fast food industry with McDonald's "crew members".
(Hartenstein 1988). In practice it involves only one employing group, the Progressive group of companies, but includes such major banners as Foodtown, 3Guys and Countdown; that is, those stores in the group that are corporately owned and managed, as opposed to the group's owner-operated Super Value and franchised Fresh Choice stores.

The adoption of this approach to employment relations can be attributed to the historical problems of amalgamation and the subsequent decision to engage management consultants. The process of bringing together three stores from quite different traditions has itself been a complex exercise\(^6\). The marrying of the paternalism of Foodtown's original owners with the autocratic management style of 3Guys and the traditional collective, union-based approach of Countdown has been complicated by successive ownership changes and uncertainty among senior and line management. The result is a confused corporate policy.

Under the ownership of Foodland and with the involvement of one of New Zealand's major management consultants, Teesdale Meuli (National Distribution Union 1994),

\(^6\) These comments are based on a discussion with Brenda Paterson, the then General Manager, Human Resources of the Progressive Group of companies, held on 23 June 1994.
Progressive is seeking to unify these hitherto fragmented strategies. The style adopted is based on in-house consultation, both in the determination and in the administration of the collective contract. The process is not overtly anti-union, but philosophically and in actuality reinforces the concept of a union as a "third-party" to the employer-employee relationship. The consultative process is one that normally involves staff and management in an extended series of pre-negotiation discussion groups, in keeping with the advice of Progressives's consultant that:

*the employer-employee relationship needs to be developed to the point where it is stronger than any relationship between employees and bargaining agent* (National Distribution Union 1994:4).

Thus, while the NDU is still recognised as the sole bargaining agent and each of the three stores has an enterprise-based and union-negotiated collective contract, the union's activities are complemented by those of a parallel, company sponsored delegate structure, whose existence is justified by the company on the grounds that the union no longer represents all the staff and non-union members have a right to representation. This "alternative collective" comprises internally elected "employee representatives", whose role and functions closely parallel those of union
delegates but who, by virtue of their particular status, tend to be more open to management ideas and influence.

Consequently, the progress and much of the agenda of the negotiating process is largely dictated by the employer, who meets the legal requirements of recognition and obtains the benefit of a collective document, but does so in a way that effectively marginalises the union and is inimical to genuine collective bargaining.

5.9. Conclusion.

A consequence of a decade of deregulation in New Zealand has been the creation of a receptive cultural context for the ideas and values of Human Resource Management. In conjunction with the introduction of the Employment Contracts Act the transformation of these ideas and values into firm industrial relations practices has proceeded with considerable rapidity. However, the freedom which the ECA gives to management has resulted in diversities of style that are frequently both experimental and evolutionary.

An apparent ideological commitment to HRM has largely manifested itself as an alternative way of controlling
the labour process to suit the needs of the product market. HRM in the retail grocery industry thus appears as the antithesis of the "purist" model and more in the adaptive style described by Kochan and Barocci (1985:535) and which integrates HRM practices into the organisations existing organisational strategies and value systems. What is presented as a means to the greater empowerment and involvement of the workforce appears, when analysed, more in the nature of a cost-cutting exercise (Freeman interview 12 February 1990), in which such goals as reinforcing staff interchangeability (Supermarketing July 1992), and increasing part-time numbers can be achieved at minimal risk of conflict.

Thus, beyond the rhetoric of "teamwork", of "talking to my employees", of "results by performance", it is frequently possible to discern an underlying preoccupation with what Gospel (1983:1) describes as "the plans and policies used to direct work tasks; to evaluate discipline and reward workers; and to deal with their trade unions". Within this industry, as within New Zealand as a whole, the ambivalent role of employees as both a cost factor and an investment in organisational performance remains to be resolved.
Despite the influence of HRM, in evaluating the various behaviours of employers in the industry it is hard to find any evidence of a straightforward flow from long-term business strategy to the practices adopted. Changes have tended to be opportunistic and a reaction to immediate competitive pressures; the common elements in the emerging paradigm of employee relations being found in trends to decollectivisation; to "consultation" instead of negotiation and to the marginalisation of unions.

However, claims of improved relationships between employer and employee are not entirely borne out in discussion with workers themselves. The trappings of the culture of employee commitment, of "being told to smile", of accepting that "the customer is always right", that "you are part of a team", have drawn such adverse comments from employees as "a bit overboard" or "well, its just a job". The concept of "teamwork", it seems, is frequently perceived as another form of control.

Overall it seems that at least two of the major determinants of the orientation and characteristics of employers in this industry are internal to the industry. The nature of the ownership of the business, whether
privately owned and operated or corporately owned and professionally managed, is clearly influential in setting the balance between management preferences and pragmatic reality. The introduction by the Progressive group of a firm of management consultants already involved in other industries also raises the interesting possibility that, in the long run, product markets may prove to be less influential in determining employment relations practices than the techniques and ideologies of an external third party\(^2\); not on this occasion one representing workers, but management.

The part played by union objectives and strategy, a theoretically critical environmental influence on management practices, has occupied little place in this discussion. This is not an omission, rather it is an indication of the reality that the decline in unionism that followed the advent of the ECA has proceeded further and faster (Hince and Harbridge 1994:239) in the retail, clerical and agricultural sectors - and particularly among those dominated by low-skill, young and female workers - than it has elsewhere.

\(^2\) Boxall (1993) notes the influence of consultants in the appearance of a number of approaches more commonly found in the American context; "first-offer" bargaining for example.
Whether this industry will continue to operate with minimum union involvement, or will experience a resurgence of the countervailing power of unionised labour in a more committed, cohesive and radical form (Hince and Harbridge 1994:240), are questions that will be considered in the next chapter.
CHAPTER SIX.
UNION RESPONSES: RE-POSITIONING RESISTANCE.

6.1. Introduction.

For an employer, control of the workforce can never be "totally secured". It is always open to "erosion and undercutting" by the object of control, the labour power of the organisation (Jermier et al. 1994:283). Hence, as management strategies are about power and control, so union responses are concerned with the way in which power is distributed and control negotiated. Traditionally, in this industry, these matters have not been mediated by the shop floor power of workers, but through the agency of a union. The evidence of earlier chapters makes it clear however, that trade unionism in the retail grocery industry in New Zealand has undergone quite significant quantitative and qualitative decline since the introduction of the ECA in 1991.

Shorn of their former legislative support, unions in this industry have been hard put to offer effective resistance to the erosion of long standing conditions and employer incursions across the traditional
boundaries of workplace control. The growing incidence of such managerially induced change, when combined with the evidence of accompanying quantitative decline in the level of unionisation, must inevitably raise serious doubts about the long term future for unionism in this industry.

This chapter will attempt to uncover the causes of this decline. It will examine the way in which the decline has impacted on existing union structures and tactics. It will also explore the problem of "outflanking", the development of employer-inspired, alternative forms of collective association and will consider the dilemmas now facing the union in its attempts to regroup and reposition itself on the uncertain terrain of the post-ECA workplace.

6.2. Background: Unionism in decline.

The phenomenon of quantitative decline in union membership generally is not peculiar to New Zealand. Rather, it is consistent with an international pattern reflecting the overall contraction of the manufacturing sector and expansion of the hard-to-organise service
sector that has developed in all industrialised market economies since the early 1980s (see for example, Gourevitch, Martin, Ross, Bornstein, Markovits and Allen 1985; Lipsig-Mumme 1989; Clarke and Niland 1991). However, the associated phenomenon of the marginalisation of unions and the radical reconstruction of industrial relations systems that has taken place in many countries (Geare 1995:96; Lipsig-Mumme 1989; Clarke and Niland 1991), is indicative of something more than a universal, inevitable and functional consequence of the logic of post-industrial development. In all cases, it has been associated with what Smith and Morton (1994:97) depict as a calculated and systemic agenda of union exclusion, aimed at weakening the relative power of trade unions in the workplace and in society.

The success of this agenda has been attributed by some commentators to a combination of ideological and strategic choices by governments and employers (Geare 1995:97-98; Goodman and Earnshaw 1994; Guest 1989:45; Walsh and Ryan 1993) and, by others, to the failure of traditional union strategies to recognise or to respond with sufficient rapidity to the structural changes taking place in their various industrial relations regimes (Lipsig-Mumme 1989:229; Kochan, Katz and Mower 1986). However, even though the agenda may be seen
as "universal", the variations shown in Table 6.1 clearly suggest that the outcomes of the process are largely configured by local situations. As Gourevitch et al. (1984:5-6) point out, even where the "indices of crisis" are similar, the nature of each national union movement's responses is likely to be shaped by the "particular structures of the economy, labour market and political system" it faces in its own country.

Within New Zealand the ECA has been widely recognised as a critical component of this broader exclusion process (Anderson 1991; Walsh 1992; Harbridge 1993; Hince and

### Table 6.1 Rates of Unionisation in Selected Countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>1980</th>
<th>1986</th>
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<tbody>
<tr>
<td>Sweden</td>
<td>83</td>
<td>86</td>
</tr>
<tr>
<td>Denmark</td>
<td>74</td>
<td>84 (1985)</td>
</tr>
<tr>
<td>Finland</td>
<td>81</td>
<td>80</td>
</tr>
<tr>
<td>Belgium</td>
<td>75</td>
<td>74</td>
</tr>
<tr>
<td>New Zealand</td>
<td>65 (1981)</td>
<td>62</td>
</tr>
<tr>
<td>Norway</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Austria</td>
<td>58</td>
<td>57</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>54</td>
<td>43 (1985)</td>
</tr>
<tr>
<td>Canada</td>
<td>58</td>
<td>40 (1982)</td>
</tr>
<tr>
<td>Italy</td>
<td>44</td>
<td>36 (1985)</td>
</tr>
<tr>
<td>Switzerland</td>
<td>37</td>
<td>34 (1985)</td>
</tr>
<tr>
<td>Germany</td>
<td>33</td>
<td>31</td>
</tr>
<tr>
<td>Japan</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td>Netherlands</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>United States</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>France</td>
<td>17</td>
<td>15 (1985)</td>
</tr>
</tbody>
</table>

Sources: Clarke and Niland (1991:7)  
New Zealand Official Year Books.
Harbridge 1994). Nevertheless, although the introduction of the ECA has obviously been instrumental in removing the legislative "roadblocks" that previous industrial relations regimes had imposed on managerial authority, it would be incorrect to assume that it has been the only instrument of de-collectivisation.

Interviewed a year after the introduction of the ECA, the then Secretary of the South Island branch of the Distribution Workers Union (DWU) was emphatic that, in the case of retail grocery, the ECA had not itself been the vehicle of change; it had simply been the means through which employers had been able to legitimise existing de-facto changes to employment conditions (Hanafin 30 July 1992). In other words, despite its undoubted influence in the decline of union membership the ECA, as Cregan, Rudd and Johnston (1995:61) have more recently concluded, would appear to represent a continuation in a "long term political and economic process of deregulation" apparent under successive governments since 1984.

Evidence to support these views is found in the different way in which the ECA has affected various unions within New Zealand. The consequences have not been uniform: unions have faced a diverse range of
employer strategies and they have responded to these in distinct and frequently in dissimilar ways. In each case, success or failure has been a consequence not only of the strategy adopted but also of industry-specific environmental factors. These include a mix of features; the composition of the workforce (whether skilled or unskilled, full-time or part-time, predominately male or female); the tradition of unionism in the industry, how it has historically organised and operated; and the labour relations policies and strategies adopted by the industry's main employers.

Within the industry, it is possible to identify three factors as having been pivotal in tilting the balance of power away from the union and towards the employer. Undoubtedly, a leading factor in the process of decline has been the new availability of the "exit" option (Hirschman 1970) for union members. Previously excluded from their consideration by the existence of "compulsory" union membership, this now becomes a real alternative under the voluntaristic provisions of the ECA. The dominance of this option has contributed significantly to the second factor, the decline in membership density. The effect of this decline has been the creation of a space between the union and its
potential membership, able to be exploited by employers in the introduction of new and corporately-organised bargaining arrangements. It is in this newly opening space that we observe the operation of a new and significant third factor; a contest between union and employers for worker loyalty, one in which the union finds itself handicapped by a historical legacy of ambivalence between role and practice characteristic of many of the so-called "arbitration" unions.

6.3. The problem of "exit": consequences and outcomes.

Real levels of union density in New Zealand have been notoriously difficult to gauge\(^6\) but have consistently tended to be lower than might have been expected, given the centrality of "compulsory unionism"\(^6\) to the arbitration system. However, current research by the Industrial Relations Centre of Victoria University into levels of trade union membership in New Zealand, has

\(^6\) Estimates of union membership density in the New Zealand literature - Roth (1973) and Boston (1984) for example - have usually been based on private sector membership as a percentage of the total workforce. The figures used here are the more revealing "net density" estimates, as used in Harbridge and Hince (1993a) and by Harbridge, Hince and Honeybone (1994). These express the combined membership of both public and private sectors as a percentage of wage and salary earners actually in employment.

\(^6\) The form of union membership provided under this legislation was the type usually referred to as "union-shop" or "post-entry closed shop". Union membership was not a prerequisite of entry into the employment but, once employed, workers were required to become and remain members of the union that held coverage of the occupation.
revealed a significant decrease in membership density across all unions. From a peak of 73% in September 1989 - following the process of trade union amalgamation required by the "1000 minimum" membership rule of the 1987 Labour Relations Act (LR Act) - this had fallen to a figure of 43% by December 1993 (Harbridge and Hince 1993a:355; Hince and Harbridge 1994:239; Harbridge et al. 1994:176).

Membership density ratios for individual unions are even harder to obtain. However, the most reliable published data indicates that the decline in overall membership numbers has been most marked in the private sector (Table 6.2). This is particularly so among the "arbitration" unions where the loss of such historical supports as automatic blanket coverage, sole bargaining rights and compulsory membership, brought about significant declines in overall membership. In the most extreme case, the loss of these historical legal privileges coupled with the move to site and enterprise bargaining saw the total collapse of the occupationally based and once influential Clerical Workers Union and its membership either absorbed into other site or industry focused unions or left to form part of an increasingly non-unionised section of the workforce.
Table 6.2: Trade Union Membership by Industry.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Agriculture</td>
<td>14,234</td>
<td>7,002</td>
<td>42</td>
</tr>
<tr>
<td>Mining</td>
<td>4,730</td>
<td>1,996</td>
<td>42</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>114,564</td>
<td>97,409</td>
<td>15</td>
</tr>
<tr>
<td>Energy</td>
<td>11,129</td>
<td>11,721</td>
<td>(5)</td>
</tr>
<tr>
<td>Construction</td>
<td>14,596</td>
<td>3,930</td>
<td>73</td>
</tr>
<tr>
<td>Wholesale &amp; Retail</td>
<td>64,355</td>
<td>34,976</td>
<td>46</td>
</tr>
<tr>
<td>Transport &amp;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>52,592</td>
<td>56,084</td>
<td>(7)</td>
</tr>
<tr>
<td>Finance</td>
<td>32,219</td>
<td>25,915</td>
<td>20</td>
</tr>
<tr>
<td>Public Service</td>
<td>205,925</td>
<td>189,130</td>
<td>8</td>
</tr>
</tbody>
</table>


Union membership in the other workforce sectors, building and construction for example, has been less affected by the legislation itself than by recession-induced lay-offs and redundancies. In such instances, it seems that an overall reduction in membership does not necessarily result in a corresponding decline in the rate of unionisation. It is possible, notwithstanding a fall-off in overall employment, for the rate of unionisation in an industry to remain relatively constant. Where this occurs, unions have achieved some success in resisting employer tactics to marginalise them or to make major inroads into existing working conditions. The following two examples, drawn from quite different sectors of the workforce, serve to illustrate this point.
In the manufacturing sector, despite the closure of many firms through major rationalisation and economic deregulation, the rate of unionisation has remained at a relatively high level. The determining factor is likely to have been the pragmatic decision made in the early 1980s by the Engineers' Union, the sector's principal union, to adopt a strategy of negotiating plant-based agreements with its major employers. The most celebrated of these "consultative and co-operative" agreements (Denny 1990), known widely as the "Nissan Way", was introduced into Nissan New Zealand in February 1988, two years before the advent of the ECA, with a similar agreement also being concluded with New Zealand Steel.

It has been suggested (Katz 1993; Kochan, Katz and Mower 1986), that the growth of plant-bargaining, along the lines being followed by the Engineers Union, reflects an erosion of worker solidarity (Katz 1993:16) and could lead to further alienation of workers from the central union. In this case the available evidence suggests that the strategy has brought positive results. Subsequent research into the outcome of the Nissan experience shows that workers, union and management alike consider the experience a success (Ryan 1993).

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65 The Engineers Union agreement with Nissan was only concluded in the face of strong opposition from other on-site unions - including a ten-week strike by those unions.
More recent enquiries of union sources (telephone interview with Engineers Union official 20 July 1995), elicited a similar response, together with the comment that membership figures were showing signs of a slight "tracking up"; a circumstance which was linked to the success of the worker-participation strategy.

The second example of a successful union response to the challenge of managerial efforts at re-shaping workplace relations is taken from the so-called "pink-collar" field of service unionism. In this area, notwithstanding the major rationalisation of the banking and insurance industries which took place between 1991 and 1993 and resulted in a 29% decline in overall union membership, the major finance sector union, Finsec66 has not only retained a high degree of member loyalty but has been able to do so while conceding very little of its influence as the sector’s primary agency of collective representation67.

66. The Finance Sector Union (Finsec), was formed in 1991 by a merger of the 7,000 strong Insurance Workers Union and the 25,000 strong Bank Officers Union. Later incorporations to Finsec included members of the various Stock and Station Agents unions, employees of the regional Trust Banks (previously members of the Clerical Workers Union) and, more recently, employees of the ANZ-owned Postbank. Employees of the Australian-owned Auckland Savings Bank are now the only significant group of finance sector workers not covered by the Finsec union.

67. At the time of writing, unofficial Finsec sources indicate that a further round of bank rationalisation has reduced membership even further to around 17,000. It appears however, that density - measured as the proportion of union members to the employed sector workforce - remains largely unchanged.
Finsec's success in this area is largely attributable to a fortuitous coincidence of two sets of circumstances. The first is the distribution of members. Approximately 83% of Finsec's membership remains concentrated within a single industry, banking, and is spread over a relatively small number of employers. This allowed Finsec to concentrate its resources in pursuit of a strategy of "personalising" the union; achieved by organising around the interests of individual members. This strategy included the regular visiting of individual members in each worksite, the establishment of an extensive and active delegate system and the establishment of in-house, union-sponsored and union-supported "domestic" committees to deal with non-award matters.

The second component was the opportunity this high visibility gave for Finsec to position itself as an "industry" organisation. By changing members' perception of the union from a "labour movement" stereotype to that of a "special portfolio" organisation (McKersie, Katz, 1994).

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68. This percentage is based on information supplied by Finsec and covers the period 1993-1995.

69. A detailed analysis of the techniques of this strategy can be found in Austrin (1994).
Kochan and Piore 1986:341), fully conversant with the industry in which it operated, Finsec was able to associate itself with the "professional" image many of its members still hold of "their" industry (Goulter 1995).

Through this combination of factors Finsec was seen by members not only as "like us" (McKersie et al. 1986:341) but, more significantly, "of us". Paradoxically, as Austrin (1994) notes, it has been through the techniques of focusing on individual needs and lifting individuals from "the anonymity of membership" that Finsec has been able to maintain collective representation; and also to open up new ways for it to organise and to resist the imposition of new individualised work practices (:213).

However, while these two unions may be said to have recorded a successful transition to company bargaining the National Distribution Workers Union (NDU), that currently represents supermarket workers, has been less successful. Whereas, by offering both identity and effective voice, the Engineers Union and Finsec have substantially retained member loyalty, similar alternatives to "exit" have so far eluded the NDU.
Two reasons immediately become apparent. First, retail unionism has always been a "general" type of unionism, lacking the impetus to collective identity present in the "craft" or "industry" tradition of the two unions discussed above and thus more akin to that of the now defunct Clerical Workers Union. Second, also like the Clerical Union, it lacks a cohesive membership base. Substantially young, female and part-time the industry workforce is one with a fragmented identity and a diversity of interests.

Thus, throughout their history retail unions have relied primarily for their existence on the institutional framework of the arbitration system. Not surprisingly, the two provisions whose loss has been most keenly felt by the NDU are those providing compulsory membership and the general right of entry into an employer's premises, which were provided by the Labour Relations Act and the I.C & A. Act before it. Interviewed on June 23 1994, Peter Conway, the Auckland-based National Industrial Officer of the NDU, graphically described how the loss of the compulsory membership provision had been

70 During interviews, respondents consistently place the proportion of female workers in their own workplaces at somewhere between 70% and 75%. Estimates of the proportion of part-time to full-time workers varied from 50% to 80%, the lowest percentage being found in neighbourhood supermarkets and the highest in discount supermarkets (who have the longest opening hours). Three years seems to be the average number of years service for most checkout operators. It should also be noted that, under the previous legislation, "juvenile workers" under the age of 18 years were exempt from the union membership provisions included in most awards - hence there is no tradition of union membership among the group that now comprise the bulk of the industry workforce.
immediately followed by mass resignations from members in the Foodstuffs group; which he claimed had halved the level of membership within the group inside two months71.

The right of entry into an employer’s premises has been retained in the ECA (ss 13-14), but in a considerably watered down form. Right of access by union officials is now conditional and permitted only in the case of workers for whom the union already acts as authorised bargaining agent: or, if there are none, with the express permission of the employer. As Conway also pointed out, in an industry where the workforce is employed over a vast range of shifts that can run at any time between 6 a.m. and midnight the loss of these provisions has made the task of recruitment extraordinarily difficult.

For unions, the underlying dilemma of declining density lies in its tendency to feed on itself. As mass resignations denude workplaces of union supporters, they also lead to a diminution in awareness and isolate the few remaining members. The consequence has been an

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71. Although strenuously denied both by Foodstuffs management and by the individual store owners interviewed, union officials insist that the manner of the resignations was indicative of a concerted effort at de-unionisation by member stores in this group. Examples of the tactics allegedly employed for this purpose are cited in the NDU’s report to the Direct Contact Mission of the International Labour Organisation (ILO) that visited New Zealand in September 1994.
impetus in the incidence of "free-riding" which, despite the contrary views expressed in Boxall and Haynes (1992) and Cregan et al. (1995), has increased significantly within this industry; even at sites where the union has a relatively firm foothold.

The extent of this problem is illustrated by the union's experience in a number of such sites. The contract for the group concerned is a union-negotiated, national document, management are generally cooperative and an extensive union delegate system has been established. Despite these favourable circumstances, a Wellington union official (confidential interview 14 September 1992) conceded that only a third of a staff of 120 in one such store in her region were members of the union. Subsequent interviews with a wider cross-section of employees, union delegates and officials involved with the same group indicated that, at best, membership density levels rarely exceeded 40-50%.

The reason, as seen by a union delegate in one of the group's larger Christchurch stores (confidential interview 24 June 1993), is a lack of union awareness common to new employees and younger staff members.
Frequently, these neither feel obliged nor see any need to join a union. Many, she noted, were students for whom the job was in any case seen only as a temporary activity and most had a basic ignorance of the role and purpose of unions. Even where they recognised a connection between the activities of the union and their working conditions, it was hard to motivate them sufficiently to contribute a portion of their relatively low wage towards a union subscription. A typical employee response to her efforts to recruit, she claimed, was the comment:

we only get a few dollars a week and we can't really afford to spend two dollars of it on the union.

Despite these setbacks, it is claimed that membership density levels among retail grocery workers in New Zealand are still comparatively high in relation to overseas experience\(^{72}\). However, the currently claimed recruitment rate of around 30\% to 40\% of the workforce is obviously viewed with some concern by the NDU (NDU Report to the Direct Contact Mission of the International Labour Organisation 1994). The same report goes on to show how this falling off in levels of

\(^{72}\) According to the NDU (Conway interview 23 June 1944), levels of unionisation in the same industry in the United Kingdom range from around 10\% in London to as low as 4\% in some provincial centres.
unionisation has made the union particularly vulnerable to the introduction of employer-initiated alternative work and bargaining practices.

The perceived danger in such a shift to direct consultation with staff is its implicit threat to the concept of unionism. Direct consultation represents a subtle but significant change in cultural emphasis from union-led collective bargaining to employer-driven collective "consultation". In this process the union is isolated from the workforce and its external, "bargaining agent" role, set for it by the ECA, is reinforced.

If then, one seeks for a single, overriding explanation for the fading fortunes of collective representation in the retail grocery industry since the advent of the ECA, it is likely to be found as much in the legacy of past union practices as in the apparent inadequacies of current strategy and tactics. These practices include, an emphasis on providing a service rather than on organising members, operating a top-down agenda, failing to develop a strong and involved membership base and attempting to spread resources too widely. Geared to a system and practices in which the loyalty of members, if passive rather than active, could reasonably be assumed,
it now faces a new environment which requires it to compete with employers for a support and loyalty that can no longer be taken for granted.


Currently, workers throughout the retail grocery industry are substantially and effectively represented by a single union, the National Distribution Union. This nationwide organisation representing 22,000 workers in the transport, energy, storage, retail and textile food sectors is the product of the slow process of the amalgamation of regionally based unions that has been taking place since the 1970s. Of the "ancillary" employees found in supermarkets - butchers, bakers and clerical workers - retail butchers have traditionally formed part of the retail workforce (although formerly having a separate Award), while clerical workers have become de-facto members following the demise of the Clerical union. In the South Island, bakers form part of the NDU, but in the North Island they retain a separate union, the New Zealand Baking Trades Union. With the increase in enterprise bargaining however, they have been forced into abandoning their separate award and are now incorporated into the enterprise agreements.
negotiated by the NDU.

While this amalgamation has provided a cohesion and common direction for a number of once separate unions, it has still to fully overcome the inherited problems of their mutual origins which can be traced back to the original IC & A Act of 1894. This legislation made no provision for national or multi-district unions, requiring instead that unions be registered for coverage in individual "industrial districts", as defined in the legislation itself. This resulted in a proliferation of small, "district" unions, lacking adequate resources and focused on local problems. By contrast, workers in most areas of the finance sector were not effectively unionised until 1936, by which time the IC & A Act had been amended to permit the formation of national unions. Hence they started with a national identity and national focus.

The particular form of unionism known as "arbitration unionism" was bedded in by the legislation itself. One of the main purposes of the original ICA Act of 1894 was "to encourage the formation of unions". But while

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73. This intention, in one form or another, remained at the forefront of succeeding amendments and legislation. The purpose of the Labour Relations Act of 1987, for example, as indicated in its long title was to "facilitate the formation of effective and accountable unions". The aim of the ECA, by contrast, is the creation of an "efficient labour market".
promoting the formation of unions the Act tended to
discourage the traditional concept of "unionism";
particularly the militant, direct-action version
existing among those unions representing miners, seamen
and watersiders. Its main purpose, rather, was to
eliminate all manifestations of the "distasteful effects
of industrial struggles" (Howard 1977:269-273) that had
become associated with direct bargaining. The unions
thus brought into being by this legislation were
essentially creations of statute: functioning as
"administrative devices" rather than as "expressions of
the impulse to organise that is perceived to be the
raison d'etre of trade unions" (Williams 1984:75).

For most of its history therefore, the union movement in
retailing has not only been divided and lacking in
resources\(^\text{74}\), in many instances its role has been
classified by an ambivalence of purpose. For unions
such as the various Shop Employees unions, the way to
protect the interests of its members lay in working
within the system rather than in organising in
opposition to it. In this case the means - and the
dependence upon them - eventually became the end.

\(^{74}\) Until 1970 the amounts that unions were allowed to charge for entrance fees and
subscriptions were severely limited. Entrance fees were limited to 50 cents and subscriptions
could not exceed 20 cents per week. A 1970 amendment to the ICA Act raised the permissible
entrance fee to $1 and the maximum weekly subscription to an amount equal to no more than 1%
of the minimum weekly award rate.
The inherent ambivalence of this situation was articulated by a former Branch Secretary of the Canterbury Shop Employees Union (Maureen Hilston, interviewed 5 December 1990 and 20 June 1995), whose involvement with the organisation spanned some twenty-one years. The union, she commented, had been "well run", but had "always suffered" from a lack of input and commitment from the rank and file membership. From these and other interviews with organisers from the same union there emerged a picture of a union that closely mirrored Hince’s (1991:10) stereotype of the archetypal "arbitration union".

For such a union the foremost priorities were maintaining the viability of the organisation and the integrity of the national award. Its affairs were generally well-managed (Hince et al. 1990) and the administrative requirements imposed by the legislation rigorously followed. Within the constraints imposed by its limited financial resources, it sought to respond promptly and thoroughly to enquiries from members. Nevertheless, as in the case of the Canterbury union, the emphasis on the orderly management of organisation was only achieved at some risk to the establishment of a closer relationship with members. As late as 1966, the primary purpose of its organisers in visiting worksites
was considered to be the collection of subscriptions and the signing up of new members.

Through the 1970s, as the introduction of award provisions for the automatic enrolment of new workers and the payment of subscriptions through employer-operated "check-off" systems became more common, significant changes occurred. Union officials were now able to devote time to organising members around work-related issues. Efforts were made to see job delegates established in major worksites. Closer relations were established between the regional unions and, in 1975, a newspaper style publication was adopted as a common communication mechanism for shop employees throughout New Zealand (Hince et al. 1990:71). The associated involvement of the various shop employees unions in major political issues of the day, such as the equal pay campaign and opposition to the extension of shop trading hours, also raised the profile of "service" unions and fostered member interest and support.

However, the actual impact on the bulk of the membership of such "specific campaigns and activism in the corridors of power" (Hince et al. 1990:80) seems to have been rather more problematic; as indicated by the consequences of the brief interlude of voluntary
unionism that took place between 1983 and 1985 - following the Muldoon government's amendment to the Industrial Relations Act. Although claiming that the Canterbury union had been able to hold on to some 80% of its membership, a former official from that region (Hilston interview 20 June 1995) acknowledged that member fall-out nationally was "massive".75

Thus, although a change of government in 1985 saw union preference provisions (subject to a form of balloting) returned to the legislation and membership numbers restored to previous levels, this interlude highlighted an inherent weakness in union strategy. Essentially the work of the union officials revolved around the ongoing task of maintaining and negotiating the various awards covering its members. At the negotiating level this involved seeking members' views on possible claims, preparing claims, liaising with other unions who might be involved (for example, the Clerical Workers Union) and going through the lengthy process of centralised negotiation. Alongside this primary task was the ongoing and often time-consuming task of dealing on a day to day

75. Confirmed by Hince et al. (1990) in their history of the Wellington Shop Employees Union.
basis with the problems of individual union members; of monitoring and enforcing the award. However, while providing a service for members and seeking to extend their involvement in running their union it was, as were many such "arbitration unions", essentially "top-driven". A feature of New Zealand's arbitration system was the emergence of a hierarchy of full-time "union officials", whose background and expertise lay in an understanding of the intricacies of the arbitration system rather than of any particular industry. Knowledgeable and influential they moved easily from one union to another; with the result that, while active and concerned for their members, union executives tended to set the agenda and then to enlist member support for their goals, rather than involve members in the formulation of the agenda in the first place.

That this tended to reinforce a common member perception of the union as an external organisation, as part of the system, rather than "their" representative voice, became apparent in many interviews. The "real" role of the union, as perceived by many supermarket workers was

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76. Between June and October 1973, for example, around $9,000 in underpayments of wages and allowances was recovered on behalf of various members.
summed up in the following comment by one young checkout operator (emphasis added):

The Union appears to make calls, but not on a regular basis. When I turn 18 I would join if I had a lot of problems, otherwise I would save money (confidential interview 24 January 1990)

and, from a fellow worker:

"I've never had the need for it. The Union is there to help and advise you if you have problems. I've been here four years and had no problems (confidential interview 24 January 1990).

Not surprisingly, these views were not shared by all members. There were those whose motivation for membership suggested an embryonic sense of loyalty.

Among these was another young checkout worker (confidential interview 22 January 1990) who joined the Union as soon as she turned 18 "...because, hey, it got me two wage rises!" With others the scepticism persisted: this from an operator from a rival group.

"...it (the union) seems to appear only when it needs support" (confidential interview 29 January 1990). The union's dilemma was, that however dedicated it might have been to its members' interests - as it saw them - in the eyes of its members the union's status was determined by the role it played. It was what it did: and what it mainly did was to administer a system which,
for most, lay well outside their day to day work experience.

6.5. Exit, Voice and Members: reshaping the equation.

Despite these reservations, it seemed, as the evidence of two surveys on membership attitudes to unions in the retail and distribution sectors suggests, that there was no great desire on the part of retail workers either to abolish compulsory unionism nor to abandon the national award system. To the contrary, if the evidence of these surveys is to be believed, there was a solid base of social acceptance and goodwill for the union that represented them.

The earlier of these, a nationwide survey among members of the Distribution Workers Federation\(^\text{77}\), was carried out under the auspices of the Labour Studies Centre of the Department of Sociology at Auckland University (Shaw and Crothers 1990). In this survey, 40% of the

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\(^{77}\) The Distribution Workers Federation - since disbanded - was an umbrella organisation comprising the majority of unions representing retail workers, drivers and stores workers. Although it is not possible to identify precisely which of the respondents worked in the retail grocery area, some 40% of the sample of 1500 identified themselves as working at sites or occupations that would now be covered by one or another of the industry's new enterprise-based agreements.
respondents expressed themselves as "satisfied" or "very satisfied" with the union. Only 18% were "dissatisfied", and a mere 4% claimed they were "very dissatisfied".

The second survey was undertaken with the support and assistance of the Department of Political Science at Canterbury University78, as a "fact-finding" preliminary to this research. Carried out towards the end of 1990 among members of the Canterbury/Westland/Nelson branch of the Distribution Workers Union it was, unlike the previous survey, directed quite specifically at retail employees. Although its purpose, and thus its format, differed from the Auckland study, its findings were similar in that they displayed a generally supportive attitude by members.

Asked to indicate preferences in a range of methods for establishing wage rates and working conditions, some 45% of respondents to the latter survey opted for the retention of national awards. Around 22% showed a preference for collective site bargaining and 23% for collective bargaining on an enterprise basis. Only just over 10% indicated a preference for individual

78 Under the direction of Dr Martin Holland, whose help and advice is gratefully acknowledged.
contracts. In addition, a substantial 69% agreed that workers needed strong unions and, while a significant number (46%) supported the concept of voluntary unionism, 63% claimed that it would make no difference to their union membership.

In both surveys, responses tended to be consistent across age groups. However, the responses also indicated the presence of some potentially significant obstacles to the continuance of this level of support. The most obvious lay in the age of respondents. It was apparent from both surveys that the majority of these came from the higher age brackets. Of the Auckland sample, 46% were between age 30 and age 49 while in the Canterbury survey 52% were between age 35 and age 54. Correspondingly, only 6% of the Auckland sample were aged below 20, with 19% of the Canterbury sample appearing in the age bracket 24 and under. Thus the findings were more indicative of the views of a cross-section of the union's membership rather than the industry workforce as a whole.

Added to this, some 45% of the respondents in Canterbury survey had been union members for over ten years and a further 27% from between five and ten years; only 1.5% had a period of membership of less than one year. In
other words, there was an over-representation of that section of the retail workforce whose longer work experience under the old industrial legislation had led them to see union membership as the norm.

Clearly the extent to which this element of "usage and custom" might translate into commitment was problematic. While it might be assumed that the union could rely on some degree of support from this older group of members, their loyalty was not guaranteed. Nor could the same assumption be made in the case of the increasing number of younger employees, who now make up a significant peak-time proportion of the supermarket workforce.

A second cause for concern, highlighted in the Auckland survey, concerned a perceived lack of membership contact. At 22% this represented the major source of dissatisfaction with the union. Such comments as:

> Seen union representative for area once in 18 months. Promised to come back but never did. (Shaw and Crothers 1990:7),

were reflected in similar comments appearing in the Christchurch survey, for example:

> In the five years of my employment I have only seen a union representative once - I think that's poor.

These views may, or may not, have accurately represented the facts. They certainly showed signs of a perception
of indifference on the part of the union that was to be repeated by many of the younger workers interviewed during the course of this study.

6.6. Organising in transition: deregulation and member attitudes.

Most of the NDU's current problems appear to stem from its inability to capitalise on this latent groundswell of support; to make an effective transition from its former "administrative and enforcement" role to an "organising" role that would have led to the development of the new ways of administering and enforcing necessary for survival in the new environment. Here, a major challenge has been how to make itself directly relevant to members in the way, for example, that the finance sector union Finsec has been able to do. In the past, the preservation of the national award was the union's main justification for its existence. Where a new generation of employers seek to make the union irrelevant, to argue that they can "provide at no cost what the union now charges them for" (NDU, Report to the Direct Contact Mission of the ILO 1994:4), it becomes hard for a union to offer a convincing response. With the national award gone so, in the eyes of many members, has its principal raison d'etre.
As Conway observed (interview 23 June 1994), without union preference, it is necessary to sell the union. This means not only demonstrating that it gives value for money but ensuring it is seen as something more than a provider of services. It requires members to be persuaded that only through the union can their collective interests be best represented. In this, the NDU faces two problems. The first is that these interests are far more diverse than before; the second that, through the discourse of human resource oriented work practices, employers have gained a competitive edge over unions.

A prime example of the growing diversity of member interests can be found in the issue of extended trading hours. In opposing extended hours, the union appears to have misjudged the extent of the sea-change in member attitudes that had taken place since the 1970s and 1980s. Whereas in its earlier opposition the union enjoyed substantial support from a membership culturally inclined to the notion of the eight hour day and five day week, the attitude of today's younger workers appears to have shifted significantly towards the acceptance of longer hours as an inevitable part of working in a supermarket. This view was typified in the comments from checkout staff at two different
owner/operated stores:

...its a sign of the times, something you've got to do if you want to keep the supermarket open (confidential interview 12 July 1993)

and:

This is a very competitive industry. Sunday opening is necessary to get our share of the market. (confidential interview 6 June 1993).

More to the point perhaps, support for opening hours is more than attitudinal. It is a pragmatic reflection of a new employment reality. For many supermarket workers, whether students or married women seeking a few hours evening work, extended hours means more employment opportunities. Hence, in many workers minds, union opposition to longer opening hours simply reinforced a belief that they may have a greater congruence of interest with their employer than with their union.

Even so, there is some evidence to suggest that four years on from the introduction of the ECA, employers have not yet managed to capture workers wholehearted loyalty. The rather anti-union attitude of one checkout operator, namely:

I would not join a union because I don't feel I have much in common with others on the staff and would prefer to fight my own battles...unions have had their day. (confidential interview 17 July 1994),

was not typical of most interviewees. Nevertheless,
while displaying no similar signs of animosity, many workers showed little awareness or understanding of the concept of unionism, nor did they appear to have a positive image of the NDU.

The following comments, again from checkout operators in owner/operated businesses, indicate how lack of contact has become a serious problem, particularly in areas where the union is no longer a bargaining agent and access to potential members has become increasingly difficult:

I'm not a union member. I was 18 under the old system so never became a member. I don't know anything about the union or anyone involved in it. (confidential interview 12 July 1993).

and, again:

I'm not aware of any union visits...I don't think I would join if I was asked (confidential interview 27 July 1994).

As the following comment, also from a former checkout operator, shows, at a time of high unemployment this lack of awareness can be compounded by a general reluctance to avoid putting one’s job at risk by "making too much fuss"

...just before I left, the new contract had to be signed and quite a few people weren't happy with the contract. I said 'Well there must be someone, a union member or someone you can go through', but they all said 'No! no!' (confidential interview 24 March 1995).
Not surprisingly, an established union foothold and a good employer/union relationship is also conducive to a closer union/member relationship; as indicated in the comment of one night-fill worker, that "the union keeps us informed" (confidential interview 17 September 1992). However, even with this worker, loyalty tended to be more a matter of pragmatism than of identification: a view of "the union" as an option, a form of personal insurance, persisted. This all-to-common perspective was summarised by a fellow worker in the same store:

...lots of people think there is no need to join the union as they won't have problems at work, but they do...I pay my fees and the union is my agent, this is why I stay with them (confidential interview 17 July 1993).

Perceptions of the union's ability to resolve issues also vary. Some members take a positive view:

...I have friends who work in other stores and I know what their wages are like without a union contract (confidential interview 20 July 1993).

Others seem more resigned to current realities:

Management are in the box seat at the moment. When we had a uniform change the union couldn't do anything about it. We used to wear jeans and sneakers but now we have to wear black shoes and dress trousers (confidential interview 17 September 1993).

The common thread is a perception of the union's externality: a perception of it as an organisation which offers services to individuals, rather than as the medium through which they are able to articulate common goals and mutual needs.
It would be wrong to assume such attitudes are a new phenomenon. They recall the earlier comment on member apathy and lack of commitment. But while of minimal significance where union membership was obligatory and the plurality of worker/employer interests was confirmed through legislation, they become a major problem for the union in an environment where membership is voluntary and the unitarist concept of the mutuality of employer/worker interests not only has the support of legislation, but appears as a social reality. Conways’s comment succinctly sums up the union’s new predicament:

Some unions have problems of contestability with other unions - our main contestability is with employers (interview 20 June 1994).

In context, Conway was referring not so much to the totally de-unionised workplace but to the more insidious circumstance where formal "good-faith" bargaining can be undermined through the intervention of direct employer/worker consultation, involving employer-initiated "alternative delegate" structures. He explains the process:

The two key things are to interact directly with the staff and not let the union be party to the contract...traditionally the union goes out (to its members) to get claims, then comes in and negotiates...(now) management presents the contract directly to staff. They put the contract up round the workplace, they flood people with information, they don’t allow any feedback through the union. They don’t want the union to be seen as delivering the
This practice presents the union with two major concerns. First, while continuing to retain its position as bargaining agent, regular interaction with the company-sponsored delegates who form part of the negotiating team is minimal. By dividing union from workers in this way, the employer is not only able to win concessions but also to foreclose on the union's options in promoting long term bargaining strategies. The union, as one such delegate observed in a recent confidential interview (25 July 1995): "speaks for us in negotiation, but it has its agenda and we have ours - and we can control it".

The second concern is that, through the use of such alternative structures, the notion of worker "empowerment" is bound up with being part of the company "team" rather than in membership of the union. This shift towards a company-oriented loyalty is highlighted in the following explanation of the difference between the roles and status of "employee representative" and union delegate, given by one employee representative who also combined this role with that of union delegate (emphasis added):
...the union delegate works for the union, the employee rep (sic) works for the company, trying to stop anything snowballing...to stop them getting as far as the union. They (employee representatives) have actually got quite a bit of power in the shops now. They've got the ability to make things happen" (confidential interview 19 July 1993).

6.7. Long-term strategy vs short-term tactics:

According to Lipsig-Mumme (1989) the symptoms that currently characterise unionism in retail grocery - a decline in union density, the erosion of traditional rights and a rise in concession bargaining - are all indicative either of an inadequacy in industrial strategies or the use of short-term, tactical responses to long-term environmental problems.

In defence of the NDU position, Conway (interview 20 June 1944) argues that the apparent failure of its key strategy of pattern bargaining should be seen as a realistic acknowledgement of the prevailing balance of power in the industry, rather than as a sign of any inadequacy in the strategy itself. In his view, the strategy itself was a realistic option, sound in concept and, given a more liberal bargaining gaining framework than that of the ECA and a stronger tradition of worker
"solidarity" within the industry, one that may well have been more successful. As it was:

...once the employer has agreed to protect existing staff (grand-parenting) you need a fairly advanced section of the working class to say 'we'll go on strike' for new people.

Clearly, the strategy has not so far been proof against the combination of factors currently arrayed against it; namely high unemployment, the exit option available to members and the new motivational strategies adopted by employers. As Conway ultimately concedes:

...three years down the track we haven't got anything near it. We've got elements of it but we haven't got up to the consistency of the original"79 (interview 20 June 1994.

Although the collapse of the national award system, extensive de-unionisation and the aggressive approach taken by many employers were all anticipated, it is apparent that the consequences, in terms of membership loss have severely inhibited the development of alternative, planned and coordinated responses to the broad, long-term problems facing the union. Despite these setbacks, Conway argues:

"...it's not necessarily the end of unionism if you lose penal rates, if you lose collective bargaining, if you lose contracts that have pay rates and hours of work. We are still able to go out to workers with basic fairness and

79. i.e. the Woolworths contract.
equity arguments to get them mobilised...we’re still out there and we’re visible (20 June 1994).

It seems clear that employer initiatives in the workplace have largely preempted the development of strategies involving extensive membership support. Nor is it enough simply to be visible - it is vital that visibility be accompanied by activity, and that activity should succeed in stressing the positive benefits of unionism. Currently, these tend to revolve around ways of presenting the fairness and equity argument to the wider public; and by tapping into a perceived historical and cultural tradition of a "fair go" for the worker to make the question of union contracts a community issue.

The most urgent issue is the prevention of further erosion of industry work conditions and the proliferation of de-unionised workplaces. In this area the focus has predominately been on the Foodstuffs group. Non-union sites at the Glenn Innes Pak’N Save and other Foodstuffs stores in the Auckland region, as well as at Island Bay in Wellington and in Kaikohe, have at various times been the target of union pickets engaged in an "informational exercise", designed to publicise the anti-union stance of the employer (NDU picket-line handout 1992a).
Another new development - in the New Zealand context - is the American-style "Buy Union" campaign (Appendix 7), urging members of the public to shop only at unionised stores. Launched by the NDU in early 1992, it represents an interesting combination of contemporary notions of the power of consumer choice and the traditional theme of worker solidarity. Described by the union as:

> a constructive way union members can both support each other and those companies who continue to recognise staff’s right to union representation (Supermarketing, 21 September 1992),

the campaign suggests an attempt to harness the potential support of the wider union movement to bring pressure on recalcitrant employers through the power of "Consumer Preference". At the same time, by showing that mutual cooperation can bring mutual benefits it contains a commercial inducement that it hopes will outweigh the attraction of cost saving by wage reduction.

Such tactics are innovative and indicate a desire on the part of the union to move beyond the traditional focus on the workplace - on the negotiation of wages and conditions - and, in the same way that management has moved into areas once perceived as the prerogative of the union, to insert itself more directly into the hitherto secluded realm of managerial choice. The level of success is, however, rather hard to assess. Indeed,
in a deregulated industry the invocation of the ethic of worker solidarity hints at an inherent structural inability to break with the paradigms of the past.

The problem with such tactics is that while they are primarily concerned with redressing the fundamental disparity in power that lies between worker and employer, they do not necessarily appear in that light. There is some evidence to suggest that, rather than appreciating the support of the union, workers in picketed sites can become alienated from it. Also, to the general public the union appears as acting in self-interest; more concerned with protecting its monopoly on bargaining rights than in representing the interests of workers (Herald 4 May 1992). Equally so, while union members and others sympathetic to the union's objectives may support the principle of "buying union", that support is qualified. They too benefit from convenience of extended opening hours and price competition and perceive the union's stance as one of self-interest.

6.8. Conclusion.

Many influences and agents have been involved in the current transformation of labour relations in New
Zealand. These include the actions and strategies of both unions and employers, changes in macro-economic circumstances, organisational and technological change and changes in the nature of public consensus. Over and above these factors, the most critical variable in any instance of fundamental change in labour relations is likely to be the attitude and behaviour of the state (Adams 1992). Whether through its legislation or by its behaviour and rhetoric, it is the state that provides clear indications "as to what managerial behaviour and attitudes will be tolerated or even encouraged" (Geare 1995:39).

In New Zealand's case the centrality of state action has been crucial to the periodic shaping and reshaping of industrial relations. The practices of unions, particularly the so-called "arbitration" unions, have traditionally relied heavily on the state for both institutional and legislative support and the withdrawal of that support, partly through the introduction of the Labour Relations Act of 1987 but principally through the introduction of the ECA, has proved to be the key determinant of contemporary change.
Clarke and Niland (1991:1) also raise the question of the extent to which history and culture may constitute a countervailing power to fundamental change in any individual system of labour relations. This may be a valid point at the macro-level of national systems - Lipsig-Mumme (1989), for example, highlights significant differences in the American and Canadian responses to economic crisis - but more significantly for the argument presented here is that their relevance is actually recorded at the instrumental level of individual unions. Thus, the many different histories and cultures found within different sectors and unions become more important than system theorising.

For the retail grocery industry, it may be that the new issue is not the relevance of unions but the relevance of unionism itself (Douglas 1993:209). The NDU’s dilemma is how to achieve this in the face of declining member density and support. To regain the support of members and potential members, it is necessary for the union to show it can deliver on members needs better than can the employer; that it represents their interests rather than following its own agenda. It would also help if it can demonstrate that it has relevance, not only in the
determination of working conditions but in such broader industry issues as training and health and safety. Given the highly competitive state of the industry at the moment, the possibility of union participation at that level seems unlikely. Nevertheless it is an area in which involvement could help avoid the tag of being an unwanted and unnecessary third-party.

Currently, the future role of organised labour in the retail grocery industry in New Zealand appears uncertain. The key to its survival lies in its ability to halt exit and to reinstate loyalty; to re-establish an acceptance of union membership and union-based collective bargaining as the norm, in the face of management strategies that attempt to make the union, at best, compliant and, at worst, irrelevant. In redefining its role to this end, it is crucial that it address the problems of falling membership; and this requires it to demonstrate its relevance to the working life of its current and potential membership.

Based on their on-going monitoring of membership statistics, Harbridge et al. (1994:180) suggest that the decline in union membership may have "bottomed out" in 1993 and that a resurgence in collective bargaining
would arrest this decline. The crucial question for the NDU must be how to capitalise on this trend.
CHAPTER SEVEN.
REVIEW AND CONCLUSION.

7.1. Re-visiting theory.

Locke and Kochan (1995:372) have argued that changes in industrial relations practices take place now in such diverse settings that a new approach is needed to understand what alternative forms and patterns are emerging. The question that these authors posit concerning diversity in industrial relations is, why is it that common international trends "are not in fact translated into common pressures in all national economies" (1995:343). This is the question that lies at the heart of a recurrent theme found in much of the contemporary debate on the study of industrial relations (see also Hyman 1995; Marchington 1992; Walsh 1994); namely that the subject can no longer be confined within a framework of institutions and systems. Rather, it is argued, the analysis of industrial relations should be contextually based and include changes to the political and economic environments as well as the impact of new technologies and changing product markets.
This argument recognises that the "real world" of industrial relations operates through both "formal" and "informal" arrangements. The former comprise the official institutional arrangements that, in every country, facilitate the development of "coherent and explicit" arrangements between workers and management (Batstone 1988:2). The latter comprise the myriad unofficial arrangements that arise from the actual use that parties in individual workplaces make of those formal arrangements.

This theme became the starting point for this study. The purpose was to examine the causes of intra-industry variations at a local level, a phenomenon already noted by both Lewis and Thomas (1990) and Marchington and Harrison (1991) in studies of the linkage of business strategies and industrial relations practices among leading food retailers in the United Kingdom. The particular contribution made by this study of the same industry in New Zealand, is to show that just as there are national variations in employment practices between different industries and sectors, so also there are variations in employment practices between individual firms in the same sector.
A frequently reiterated truism in the literature of industrial relations is that the formal institutions surrounding the employment relationship do not constitute a self-contained system (for example Hyman 1995:15). It is also a truism that changes in the rules governing employment conditions are pivotal to any form of work relationship. The rules set the limits of the game; between employer and employees they prescribe, provide and constrain the procedures for resolving differences of interest in the workplace and they structure and mediate the strategic interaction amongst these actors (Locke and Thelen 1995: 339).

Nevertheless, the real significance of such legal resources does not lie in the mere fact that they exist, but in the way in which they are used. While their goals are shaped and constrained by the rules governing business and employment relations, workers, unions and managers are not simply passive actors. They also resort to and utilise those same rules in pursuit of their respective goals, in ways that have the capacity to reconfigure that same environment.

Theorising rules as resources in this way means understanding that the employment relationship is more than a convenient transactional association, mediated
through national institutional arrangements. Rather, it constitutes a constantly changing, social and political relationship. Further, despite management rhetoric promoting a notion of a mutuality of interests, it is a relationship which incorporates fundamental and often irreconcilable differences of interest between worker and employer over "the distribution of rewards and the extent of participation in decision making" (Littler 1990:48; Thompson 1990:98; Perry, Davidson and Hill 1995:14).

While the actions of the state and its agencies may well be critical in accentuating and moderating "the advantage or disadvantage of particular groups in the labour market" (Brosnan, Rea and Wilson 1995:693), the regulation of employment relationships at the level of the enterprise or workplace is also subject to the claims of a diverse range of other actors. Generated by economic, environmental, organisational and institutional changes, these claims have specific effects on the industry in question.

80. An intriguing perspective on this argument can currently be found in New Zealand where, in a number of significant cases, the obvious intentions of the government of the day in introducing the ECA have been frustrated by subsequent legislative interpretations of a State agency, the Employment Court. See, for example, AECS4/95.
It is the negotiation and bargaining over the different claims made by these other actors that refracts broad similarities of approach by employers into divergent struggles over what Edwards (1979) describes as the "contested terrain" of control over the employment relationship. Hyman (1975:27), following Goodrich (1975), refers to this "contested terrain" as representing a struggle over "the frontier of control". My thesis has documented how that frontier has shifted since 1980.

7.2. Industrial relations in transition: a brief review.

In the study of industrial relations in New Zealand certain features have loomed large. First, a set of formal laws and institutions, comprising the compulsory conciliation and arbitration system, institutional unionism and a network of inter-industry wage relativities. Second, a clearly understood and widely accepted set of informal understandings about "what is done and not done" (Campbell and Kirk (1983:23)).

It has been alleged that these features combined to produce rigidity and uniformity, an argument that is open to question. For example, single sector
arrangements have long applied to some key sections of the workforce. These groups include agricultural workers, coal miners, seamen, workers in the fishing industry, waterfront workers and aircrew officers. Second-tier bargaining, too, has been a feature in some other industries. A typical instance can be found in the freezing industry, where for many years the national award stood as a "minimum rate" document; with "going-rate" wages and conditions being determined through locally negotiated, site-based "shed agreements".

The massive wage-drift of the 1970s provided further evidence of the extent to which industry-specific needs led to the payment of wage rates far in excess of those prescribed in the relevant award (Boston 1984: 97). Nevertheless, the argument should not be bent too far the other way. In the case of unions with limited negotiating power, the "rules" of arbitration were instrumental in ensuring that their members retained some parity of wages and conditions with workers in more powerful unions.

One of the most significant features of the introduction of the ECA in 1991 was the insertion of a critical

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element of discontinuity into the conditions under which such unions had operated. By making formal what had previously been informal and by removing blanket award coverage, compulsory union membership and legal and binding minimum standards, it effectively fabricated a shift in the "frontier of control" in favour of the employer.

The long term significance of such changes for specific industries has not featured strongly in seminal studies of bargaining under the ECA. The diversity of outcomes has been well documented, notably through the efforts of the Industrial Relations Centre of Victoria University (see: Harbridge 1993b; Harbridge, Hince and Honeybone 1994; Hince and Harbridge 1994; Harbridge and Honeybone 1995). To date however, few attempts have been made to uncover how these diverse consequences have been realised. For many research studies this does not become an issue. Systemic change is simply assumed as a logical and necessary part of an international trend towards the reorganisation of work to meet the challenge of increased competition and changing product markets (Perry et al. 1995; see also Mirkin 1990; Owen 1990; Enderwick 1992; Armitage and Dunbar 1993:95).
In fact, notwithstanding Ryan's timely warning of the potential dangers of generalisation (1992:144), many studies have been predisposed to assume an overriding convergence of employer interests. This was, perhaps, to be expected. In a period of recession the immediate priorities of employers across the board were those of cost containment and increased productivity (Enderwick 1992). To this end, their common goal was the removal of long-standing conditions that were now proclaimed as evidence of "entrenched attitudes and work practices" (Davidson and Hill 1992:1)\textsuperscript{82}, that stood in the way of necessary reform; and which, as employers, they clearly associated with the existing system of centralised bargaining.

An important point to emerge in my research, reinforced by the findings of Perry et al. (1995:38), is that where workplace reform is concerned not all employers have the same priorities; the nature and extent of their strategies will vary according to the circumstances of individual businesses. In other words, while there may be some degree of convergence in the rhetoric of managerial objectives, there is frequently far less

\textsuperscript{82} Davidson and Hill report that some 83% of respondents to a survey conducted at the 1992 Workplace New Zealand Conference saw the existence of such practices as the single most important barrier to reform initiatives. In fact, these so-called "restrictive practices" substantially comprised such long-standing and widely accepted provisions as the eight hour day, the five day week, overtime rates, limitations on the use of casual workers and senior/junior worker ratios.
unanimity about how it is to be achieved. It was anticipated that some variations were inevitable and it was anticipated they would be related to establishment size and industry sector (McAndrew and Hursthouse 1991; Ryan 1992; Whatman, Armitage and Dunbar 1994). However, more recent studies— for example, both Hunt's (1995) examination of the influence of HRM theory on employment practices in the clothing industry and McAndrew and Ballard's (1995) analysis of factors affecting contract formation—conclude that negotiation behaviours are also influenced by other, less obvious factors that need to be analysed in context.

Some of the assumptions implicit in these studies pose empirical problems. Much has been made, for instance, of the centrality of managerial strategic planning (Mirkin 1990; Enderwick 1992; Boxall 1993; Perry et al. 1995). No doubt, as Marchington and Parker (1990) point out, there are many managers who do act in conscious and predetermined ways. On the other hand, as my own research has shown, the assumption that all employers consistently act "in such a purposive and long-term manner"(:58) is questionable. Hunt too (1995:174), remarks on the apparent lack of explicit policies or coordination of approach in the application of HRM theories. All of this suggests that what purports to be
strategy may simply be a post-facto rationalisation of ad-hoc responses to immediate problems or, as suggested above, simply a matter of management rhetoric.

While there is little doubt, as both Hunt (1995) and McAndrew and Ballard (1995:124) attest, that the initiative in contract formation has now largely passed from unions to employers, the latter's reliance on union membership figures, particularly pre-ECA figures, as a measure of union strength is questionable. These figures could well constitute a general predictor of employee relations and negotiation processes (:139), in situations where union membership and bargaining coverage are closely allied. On the other hand, the experiences of the three unions cited in Chapter 6 leads inevitably to the conclusion that success or failure in maintaining an effective union presence in a deregulated environment is attributable more to the characteristics of the industry workforce and the union's strategies than to numerical density.

As far as retail grocery is concerned the empirical evidence clearly points to the conclusion that current variations in industrial relations practices are not evidence of a new consensus, but have developed through the removal of those legislative constraints that
previously limited managerial options in their relations with their labour force.

7.3. Retail grocery in New Zealand: local and international operators.

The centrality of consumption in contemporary economic thinking, coupled with the global expansion of the service sector, has led to the development of a literature focusing specifically on developments in grocery retailing (for example Ogbonna and Wilkinson 1988; Lewis and Thomas 1989; Marchington and Harrison 1991; Fine and Leopold 1993; Walsh 1993; Knox and Thompson 1994). Emanating mainly from the United States and Western Europe it displays an inclination to a kind of functional determinism, treating the industry very much as a generic entity, subject to the same external influences and patterns of development.

Such arguments do not apply in this New Zealand based study. As I argue in Chapters 2 and 3, the industry in New Zealand is characterised by two features not generally found to the same degree in other countries, including Australia. These features are, the durability

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83 Support for this argument can be found in the report of the Second New Zealand Sweating Commission (1990), also in Pringle (1993: 311-312).
of the independent, owner-operated establishment and a pronounced market convergence.

Survival, in New Zealand’s highly competitive retail grocery market, has motivated local grocery firms to adopt similar strategies of acquisition, mergers and strategic alliances as their counterparts in Australia, Britain and the United States. The difference is that, whereas in these other countries corporately owned multiples have been able to dominate the market at the expense of smaller competitors by virtue of their superior buying power (Fine and Leopold 1993:238-239; Walsh 1993:4; Knox and Thompson 1994:165), they have so far been unable to do the same in New Zealand.

The reason can be found in the particular structure adopted by the locally-owned independents. Linked together in collectively owned wholesale organisations, whose original establishment was to counter the otherwise dominant position of food manufacturers, they have themselves transmuted into a hybrid form of multiple. In this form, they collectively and consistently maintain around 50% or more share of the market and have constituted a significant impediment to the "cross-border" inroads and potential domination of
Australian and Asian based, corporately owned multiples.

Nevertheless, although slow to establish themselves, the arrival of these international corporate operators has proved to be transformational; introducing a new and aggressive element of competition for market share into an industry that had, until their arrival, been operated by local firms in a cartel-like fashion. In the larger markets of Europe and the United States, the problem of an over-abundance of supermarkets has been partly offset by the polarisation of the retail food market into two distinct segments; embodying firms which operate smaller units and sell on the basis of cheap prices, on the one hand, and those who compete on the basis of quality and choice (Marchington and Harrison (1991:291) on the other. However, while similar attempts at niche marketing were attempted in New Zealand in the early 1980s, the limited population market made them unsustainable in the longer term.

Given the intense competition for market share and cash flow, necessitated by the industry’s traditional narrow profit margins, the only alternative way for the new international retailers to expand their businesses was to take market share from the local operators. The principal method of achieving this was the adoption of
ruthless price competition and, in a labour intensive
industry, the trump cards for maintaining profitability
were economies of scale and reduction of labour costs.

The simplest means to achieving these objectives, the
use of wage-cutting and extended opening as an
instrument of competitive edge, were initially
restricted by the national award system and statutory
limitations on trading hours, which effectively
constituted an averaging arrangement in this otherwise
intense rivalry. The effect of subsequent deregulatory
legislation, first of trading hours and then (with the
introduction of the ECA) of the labour market was to
overturn this arrangement; placing the undercapitalised
local owner-operator at a considerable disadvantage in
relation to the internationally owned corporate operator
who was better equipped to trim profit margins in the
interests of competition.

This combination of circumstances contained two
significant influences that would impact on future
patterns of industrial relations in the industry. First,
it significantly altered the composition and character
of the workforce. The new opportunity for stores to
extend their opening hours led to a significant increase
in the number of part-time workers; frequently working
for shorter periods than had been possible under the provisions of the old national award. For the unions, this new part-time workforce, substantially female and predominately comprised of students or married women seeking to supplement the family income by working at hours allowed by family commitments, proved difficult to organise. These difficulties were compounded by managerial strategies designed at promoting a "culture of individualism".

Second, the tendency of personally involved and financially-committed owner-operators to seek to run "their" businesses as they saw fit was now given full rein with the introduction of the ECA. The result was a process of rapid de-unionisation in an area of the industry workforce where it might have been least expected; namely among those local, owner-operated stores whose representatives had earlier expressed considerable reservations at the potential for disorder in the removal of the national award system\textsuperscript{84}.

\textsuperscript{84} See Pringle (1993: 307).
7.4. Managerial dilemmas: conflict and consent.

The shift to enterprise bargaining in New Zealand has focused attention on the extent of and the methods used by different employers to alter their existing employment relations practices. Although changes to provisions pertaining to hours of work and penalty rates are widespread, it seemed that the majority of employers have been slow to make significant changes to the basic pattern of employment relations that existed in their various industries\textsuperscript{85}. Of the remainder, the relatively small group categorised variously as "pattern-breakers" (Boxall and Haynes 1992:226-227), or "cutters" and "reformers" (Whatman et al. 1994:70), who had used the ECA to make widespread cuts to wages and conditions, to reduce union rights and, in some cases to engage in overt anti-union practices, were over-represented in the retail industry.

As the main purpose of the studies referred to above was to measure the extent of labour market adjustment under the ECA, they did not pursue the reasons for this over-representation. In fact, the evidence found in my own research strongly suggests that, although heavily

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\textsuperscript{85} Whatman et al. (1994: 70) report this group as representing 51\% of their survey sample.
overlaid with the rhetoric of HRM theory, the varying styles adopted by industry employers contain elements of continuity as well as discontinuity. That is, while the introduction of the ECA removed most legislative constraints to the exercise of greater control of the workplace, their options continued to be constrained by other contextual features.

A major problem that retail grocery shares with the service sector as a whole is the need to reconcile the creation of a culture of customer concern with improved internal labour market flexibility. The difficulty for the employer is that improved internal labour market flexibility implies an extension of managerial control and a greater subordination of the worker to the competitive needs of the enterprise. At the same time, their competitive needs in the style of service delivery require that staff should internalise and manifest the norms and values of a new consumer-orientated culture. But these norms and values sit uneasily with coercive or dictatorial styles of management. Ogbonna and Wilkinson (1988:13) nicely sum up the problem, "if you want your staff to be loving and caring towards the customers, you have to show that you really care for them". In other words, staff have to be persuaded, or at the least not

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86. The significance of this is discussed in more detail in Chapter 4.
dissuaded, from the notion that they are a valued part of the "team". In Burawoy’s terms, the consent of staff has to be won.

The resolution of this dilemma imposes a common managerial end, but the means adopted have varied according to the existing organisational cultures and practices, levels of union density and activity and the degree of need to legitimise changes to policy and employer attitudes. At one end of the spectrum, the overseas-owned Woolworths group has made relatively few changes to past practices. Its official attitude to union involvement in the employment relationship could be described as carefully neutral. However, very much a centrally controlled operation itself, as well as being the site of the industry’s highest levels of union density and activity, it has exhibited a clear preference for a collective bargaining structure and its bargaining style has been one of compromise. In return for concessions towards greater workplace flexibility, the union has been assured of sole bargaining rights and an on-going and fully representative role.87

87. Contrary to general trends, both within and outside the industry, the NDU remains a party to the Woolworths (NZ) Collective Contract
By contrast, in local owner-operated establishments where union density and activity have usually been low - for example, those of the Foodstuffs and Supervalue chains - employer styles and practices have tended to be hostile towards both collective bargaining and union involvement alike. This group of employers tend to perceive unions very much as third-parties, with a tendency to interpose themselves between the employer and "his" or "her" workers, constituting an unnecessary and disruptive influence over the employer's "right to manage".

Little direct evidence could be found among this group of employers to support the NDU's claim that coercion was widespread in the industry (National Distribution Union 1994:2); but many practices could certainly be described as paternalistic. Generally speaking, relations with staff are characterised not so much by the exercise of overt power as by the exercise of unobtrusive power (Gaventa 1980), in which the general lack of a union presence, the individualisation of workplace relationships and the insecurity of work at a time of high unemployment all reinforce the managerial prerogative.
The style of industrial relations adopted by these owner-operators is a hybrid combination of collective and individual negotiation. The terms and conditions offered to workers are divided into "standard terms of employment" - technically negotiable but in practice determined collectively by employers acting in concert - to which are added wage rates and hours of work\textsuperscript{88} that are theoretically negotiable on an individual basis, but tend to follow employer-established scales. While many such employers appear to pride themselves on their approachability - the phrase "my door is always open" was met frequently in interviews with owner-operators - the comment itself leaves little doubt where control ultimately resides. Nevertheless, there seems to be a very real desire on the part of these employers to present the relationship as one of partnership, rather than as one of power\textsuperscript{89}.

The current practices of the Progressive Enterprises group, a merger of companies, fall between these two extremes. Apart from the Supervalue stores, discussed above, the various enterprises that comprise the group

\textsuperscript{88} Legally, there is some doubt whether these contracts are "individual" or collective. This has yet to be tested.

\textsuperscript{89} See, for example, "Retailer Strategy", in Supermarketing, August, 1992 and December 1992/January 1993b).
display a cross-section of attitudes, ranging from the largely anti-union stance of the 3Guys chain, to the more paternalistic approach of Foodtown and the officially union-neutral attitude of Countdown.

Currently, although retaining collective bargaining, the group appears to be moving towards a style of "direct relationship", a pattern of employment relations described by Streeck as "the preempting of much of the role of traditional unionism by a combination of benevolent human resource management and enterprise specific participation schemes" (1987:300). At the moment, levels of union membership and activity are sufficient to ensure that the organisation is tolerated by management, rather than opposed. However, given the introduction of a system of dual representation, involving company-trained and company-resourced "employee representatives" as optional alternatives to official union delegates, the prospects for future of union involvement in this group must be seen as problematic. This will inevitably impact on the boundaries of control.
7.5. Union quandary: future problems and problematic future.

Despite the falling off in numbers and the decline in the overall coverage of collective bargaining, traditional unions continue to represent between 84% and 85% of those New Zealand workers still covered by collective employment contracts. Only around 7% of the same group are represented by other forms of employee organisations (Hince and Harbridge 1994; Department of Labour November 1995).

Unfortunately, as this study has shown, the retention of bargaining rights is one thing; the ability to adapt to the new challenges of a deregulated environment is another. In many enterprises, unions now have to compete with employers for the loyalty of the workforce. In this contest, the successful unions - by which we mean those that have retained their relevance, enhanced the loyalty of their members and stemmed the incidence of "exit" - appear to be those that have been able to make the transition from the so-called "service model" - reactive and transactional in its member relationships - to the
"organising model" - proactive and transformational in member relationships (see Appendix 8)\textsuperscript{90}

While enterprise bargaining need not necessarily result in a diminished union presence\textsuperscript{91} it provides greater opportunity for direct dialogue between worker and employer. In such circumstances, workers are more open to a view of the employment relationship that places unions outside this exchange; and this is the dilemma that unions in grocery retailing in New Zealand face now for the first time. In this context, it would be correct to say that the reality of a decline in the influence of institutional unionism in supermarkets is now publicly accepted by union officials in the industry. It is probably less correct, however, for them to attribute the decline solely to the introduction of the ECA (National Distribution Union 1994). What seems more likely is that the NDU has so far been unable to adapt to the new environment created by the ECA.

Sustained by blanket coverage and compulsory unionism the NDU in the past operated very much as a service

\textsuperscript{90} Based on current United States experience (Conrow circa 1991; Laluz circa 1991, pp.61-68) the "organizing model" is currently being promoted by the New Zealand Council of Trade Unions. See the discussion on Finsec in Chapter 6 for an illustration of a union now operating along organizing principles.

\textsuperscript{91} As evidenced by the experience of British and American unions.
organisation. Increasingly marginalised by the new environment its most pressing problem is that of instilling a fresh sense of its relevance in the minds of the industry's workforce and employers. This, it seems, requires it at least to make the transition to an organising model and this, both philosophically and organisationally, it appears to find some difficulty in doing. Interviews with union officials frequently left an impression that they still perceived their fundamental role to be that of representing members rather than organising them. With the advent of enterprise bargaining the means may have changed but their view of the end, it seems, has not.

The evidence presented here suggests that trade union organisation in retailing generally has been traditionally weak (Ogbonna and Wilkinson 1988:13) and less likely to provide an alternative point of reference to counter determined management strategies than the stronger union cultures normally found in productive industries. This weakness has been exacerbated among supermarket workers by the task-routinisation of point-of-sale technology, the individualisation of the workforce consequent on increased part-time work, the de-skilling of pockets of traditionally union-oriented craft occupations such as butchers and bakers, and their
amalgamation into a lower-skilled, multi-tasked workforce. In this sense, retail unions are not necessarily typical of the realities of unions more generally.

An alternative future for workers' collective organisation or collective voice, works councils for example, has been mooted by Locke and Kochan (1995:377). However, the examples cited are of industrial or blue-collar workers, not of the typically disaggregated and differentiated workforce of the supermarket; and the evidence suggests that this practice is unlikely to develop in this industry. For workers in this industry the choice seems threefold; a revitalised union, within a more balanced legislative framework; collective bargaining based on company sponsored representatives; or an alternative form of collective, more directly controlled by workers and standing outside the direct influence of management. Given the lack of collective organisation within this diverse group of workers, the latter event seems unlikely.

The effective choice appears to be between unions or management-influenced "representatives". Whether institutionalised unions, in New Zealand or elsewhere, will have the capacity to do this inside the retail
grovrey industry is a question yet to be answered. Within New Zealand, as in most other countries, unionism in retail grocery is still in a state of decline, as it is in retailing generally. It is not possible to argue, however, that this decline will continue. As Haworth observes, "the opposition between labour and management mediated through the wage-effort bargain" cannot be conjured away (1990b:230), either by legislative fiat or by managerial rhetoric. Moreover, the industry is one characterised by that most fundamental of pre-requisites to successful union organisation, the presence of relatively large numbers of workers on single sites.

The problem for the NDU, one shared by many other unions, is how to make itself relevant to these potential members. In the case of the NDU, its main goal must be to re-establish itself as the major representative voice of the workforce in the industry - and by so doing to attract member loyalty back from employer-directed substitutes to the union.

The current strategy of "bargaining off model contracts" is sound in concept and would fit neatly into the workings of the organising model of unionism, which involves assisting members to resolve their own problems by collective action in the workplace. At this point,
the image and role of the union ceases to be that of an agent that acts for its members. Its function becomes one of promoting the notion of member involvement in the resolution of disputes and the negotiation of contracts; and of supplying the necessary training and the technical and advocacy support for members to undertake this new role.

For the concept to operate successfully in practice however, it is crucial that the grass roots organisation be developed to a point where members actually become capable of doing these things. Paradoxically, while the shift from national award to enterprise bargaining has severely reduced the numerical density of unions such as the NDU, it has also provided them with a strategic window of opportunity to meet this challenge. A union's resources, instead of having to be spread over many sites can now be concentrated on those where it has a foothold. Organising techniques can thus be developed in sites with an established and recognised union presence. In this way, a solid membership base can be established, forming a springboard for expansion into non-unionised sites.
Given such a shift in strategy and some minor adjustments to the current legislation, such as the restoration of a legal right of access to the workplace and a formal system of "union recognition", the emergence of a revitalised and effective union presence in the industry must be seen as a strong possibility.

7.6. Industry trends: forward to the past or back to the future?

So far, the analysis has centred on the processes involved in the current reworking of employment relations practices in the retail grocery industry. The introduction of specific legislation that might effectively alter or reverse present trends hangs on the outcome of the 1996 general election and the possibility of a change of government\(^2\). Nevertheless, competition seems set to intensify, with all firms seeking to maximise market share in whatever ways they can. While it is difficult to discern a clear pattern in contemporary industry developments, they appear to

\(^{92}\) This will be the first election to be held under the MMP system of proportional representation. Of the three major parties most likely to be influential in framing future legislation, the policy of the currently governing National Party is to maintain the ECA, which it claims as one of the main cornerstones of its economic policy. The policy of both the Labour Party and the Alliance is similar, based on repeal of the ECA and its replacement by legislation that will promote collective agreements, good faith bargaining and recognition of trade unions. At the time of writing, the fourth party likely to hold a significant number of seats in the new Parliament, the New Zealand First Party, has not yet formulated an employment relations policy, but seems definitely to be considering some major amendments to the current legislation.
contain elements of divergence as well as convergence. The ensuing effects on labour control strategies may well be contradictory and add, not only to the diversity, but to the complexity of industrial relations in the industry. In this concluding chapter it seems appropriate to look briefly at some of these developments, overseas as well as local, and to consider their potential effect for the direction of future change.

Probably the most dramatic change in retail grocery since the advent of the supermarket concept has been in store size. This trend seems set to continue: the major area of expansion in New Zealand, as in the United Kingdom (Fine and Leopold 1993:239) is in the field of superstores and hyperstores. However, the supermarket is also changing conceptually. While still, as Fuller (1994:243) describes it, "a marketplace under one roof", with the introduction of serviced departments such as delicatessen, butchery, health food and bakery and prepared foods, it is increasingly coming to resemble a collection of food boutiques.\footnote{At the time of writing, the Countdown chain is jointly trialling a scheme involving a major bank and pharmacy, which would extend the "mall" concept to include the provision of in-store banking and pharmacy facilities. Although new to New Zealand, such relationships are common in the United States where it is reported that there are now in the order of 21,000 "bank branches" in supermarkets (Carlson Report cited in Shopping Centre News, 12(4) :56).}
Herein, as Fuller also notes (:243), lies the potential for the supermarket to reduce operational costs by leasing or franchising parts of its operation to private operators. To date, franchising in New Zealand has largely been confined to the takeaway food industry or non-food retailing. However, the recent opening of the Progressive Group's prototype franchise supermarket, "Fresh Choice", in an affluent Christchurch suburb suggests it is likely to take its place in food retailing as well.

This, as yet, tentative move hints at the arrival of that potential threat to the future of the large grocery retail outlet that Knox and Thompson (1994:168) label "substitute services". The use of this term reflects their view of certain European trends that, when combined, suggest that the needs of a significant proportion of customers may be more effectively satisfied by alternative retail methods. Many of these trends are already evident in New Zealand and include:

* An ageing and potentially less mobile population,

* The trend towards more working women, who look for faster, more convenient ways of buying groceries,
* A growing preference for a "greener" system of buying goods,
* A growth in inner city living.

Such trends could be indicative of a qualitative shift in shopping patterns, including the possibility of a reversion to daily shopping in preference to the present weekly shop. This, in turn, could herald a revival of the fortunes of smaller, neighbourhood supermarkets of the type epitomised by the "New World" and "Supervalue" chains94. In New Zealand, a combination of the "green" concept - the desire for genuine "fresh" foods instead of processed and packaged foods - and the cost-saving of bulk buying, has already seen the emergence of the "Bin Inn" franchise, currently represented by some forty stores in centres around the country (News Advertiser 1992:14).

The full implications of these developments for the structuring of work and industrial relations in the industry in New Zealand depends substantially on whether they lead to further concentration, or to greater fragmentation of ownership. A significant increase in the numbers of small, genuinely independent operators

94. This is typical of shopping patterns in most major Japanese cities, although the widespread use of public transport by the Japanese commuter adds a dimension that is not present in New Zealand (Dodwell Marketing Consultants, 1988).
would almost certainly lead to the segmentation of the workforce between large and small employers and the creation of different labour-markets within the industry. Franchising, on the other hand, while increasing the number of theoretically independent operators, would tend towards greater convergence, increasing corporate control of all areas of the business, including the standardisation of wages and conditions of employment throughout the franchise operation. In this case an increase in collective contracts over individual contracts might be expected: whether with, or without union participation remains an open question.

7.7. Conclusion.

A major finding of this study has been the conclusion that industrial relations practices in any workplace are shaped by many factors, both external and internal. The former include the influence of legislation and product markets. The latter include management goals and strategies and the nature and strength of labour force resistance. Moreover, the processes through which the practices are worked out are rarely straightforward and

95. This is the situation in, for example, the McDonald's chain.
mono-directional. Change is both complex and contextual and contains elements of continuity as well as discontinuity.

Within New Zealand it seems highly likely that further legislative change will take place following the first MMP election in October of this year. Three of the four major political parties - Alliance, Labour and New Zealand First - are committed either to replacing or to amending the ECA, thus removing what has been a major factor of discontinuity in industrial relations. Changes likely to be made include the restoration of legal recognition to unions, together with a form of "certified" bargaining agent status that will oblige employers not just to "recognise" unions but to actually bargain with them in good faith. Such changes would go a long way to restore a degree of continuity and uniformity to the configuration of industrial relations practices in New Zealand.

On the other hand, a return to national awards and compulsory unionism seems equally unlikely. Such measures form no part of the policy of any of the major parties; nor are they favoured by the CTU. Thus,

96. Confirmed by Ken Douglas, CTU Secretary, in a meeting with members of the Association of University Staff held at Canterbury University, 21 August 1996.
despite some equalisation of the present power imbalance between employers and workers, enterprise bargaining seems set to continue. We may therefore expect a continuation of the current diversity in industrial relations practices. Ongoing research in this area will, of necessity, find a focus in events and circumstances taking place at the level of the workplace.

A key concern of analysis at this level is with struggle over the control of the workplace. This concern is with issues of control and the rearrangement of power relations; and with those strategies by which employers strive to maintain their power and the "subordinates of public and private organizations try to turn the tables on power holders" (Jermier et al. 1994:255). As I argue earlier, analysis of the nature and exercise of power is critical to obtaining an understanding of such strategies.

Reference has previously been made to the "political" context of the exercise of power in the industrial relations context; an arena where the right of owners and managers to run their businesses in whatever way they see fit has historically been constrained, not only by the actions of the state and the law but also by the countervailing power of those who work for them.
Managerial strategies must therefore operate at two levels and must be analysed in this way. At one level they constitute an exogenously focused response to the demands of legislation, to the pressures of product markets and to competition. At another level the focus is endogenous and concerned with overcoming or minimising potential worker opposition that might stand in the way of achieving the goals sought at the first level. These latter strategies are primarily concerned with what Foucault (1982:225) calls the "choice of winning solutions"; that is, with determining the most effective ways to extend the range of managerial control.

A key point in my findings concerning our knowledge and understanding of the use of power in this context, is that this control has always to be filtered through worker resistance. As Foucault describes it:

Between a relationship of power and a strategy of struggle there is a perpetual linking and a perpetual reversal (1982:226).

In other words, the exercise of power and the operation of resistance to power are interlinked. They constitute a constantly shifting nexus in which the actions of each set of actors constantly shapes and limits the actions of the other.
To fully understand how power works it is therefore necessary not only to study its manifestations but also the means through which it is exercised (Foucault 1982:217). The means are constructed out of the social interaction between employer and worker; their origins lying in the "system of social networks" (Foucault :224) that exists within each enterprise or establishment. An understanding of the way power is used in industrial relations cannot therefore be found solely in the study of the institutional configurations through which power operates. To understand power in this context it is necessary to incorporate and analyse all the linking elements that make up that system of networks.

Industrial relations practices in any workplace are shaped by many factors, both external and internal. The former include the influences of legislation and product markets. The latter include management goals and strategies and the nature and strength of labour force resistance. The processes through which the practices are worked out are rarely straightforward and monodirectional. Change is both complex and contextual and contains elements of continuity as well as discontinuity.
The study of industrial relations is also concerned with struggles over control of the workplace. The issues discussed have to do with control and with the rearrangement of power relations in the workplace; and with those strategies by which employers strive to maintain their power and "subordinates of public and private organizations try to turn the tables on power holders" (Jermier et al. 1994:255). This study has sought to explain these linkages by analysing relationships between institutional, organisational and environmental change and strategies of control and resistance within a specific industry.

The components of this research agenda have included theoretical and methodological insights from more than one discipline. These have been used to bring together a number of normally divergent theoretical traditions, including those concerned with management strategies as well as those concerned with the frequently neglected phenomenon of worker resistance. This multi-disciplinary approach, I argue, affords a way of overcoming the separation of the traditional concerns of the study of institutional employment relations from those wider issues that, in Walsh's terms, have previously been thought of as "lying outside the concern of those
researching the employment relationship in New Zealand" (1994:172).
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Peter Bray, Director, Airborne Honey Ltd, Leeston, Christchurch.

Peter Conway, National Industrial Officer, Distribution Workers Union.

David Coulter, Human Resources and Training Supervisor, Foodstuffs (South Island) Ltd.

David Freeman, Retail Marketing Manager, GUS Ltd, Christchurch.

David Freeman, Support Group Manager, Rattrays Ltd.

Paul Goulter, Secretary, Finsec (The Finance Sector Union).


Chris Ketter, First Assistant Secretary, Queensland Branch, Australian Shop, Distributive and Allied Employees Association.

Doug McCallum, Organiser, Northern Distribution Union (telephone interview).

Peter Monteith, Retail Division Secretary, Northern Distribution Union.

Ray Morris, Mall Manager, Riccarton Mall, Christchurch.

Brenda Paterson, General Manager Human Resources, Progressive Group of Companies.
Paul Piesse, Secretary, Canterbury, Westland and Nelson Distribution Union.

Lew Stribling, Organiser, Southern Distribution Workers Union.

Paul Walsh, Director Human Resources, Woolworths (N.Z.) Ltd.

David Wise, Retail Marketing Manager, Foodstuffs (South Island) Ltd.

Confidential Interviews.

35 other interviews were conducted between January 1991 and December 1995. Those interviewed included check-out operators, night-fillers, supervisors, bakers and butchers; supermarket owners and managers; union secretaries and officials, union delegates and company representatives; as well as three local suppliers of speciality foods. In deference to requests for confidentiality, these individuals have not been identified by name in the text.
APPENDIX 1: METHODOLOGY.

Introduction.

As Hardy (1985:114) observes, there is no perfect methodology. Different approaches perform different functions and produce different kinds of data; the task of the researcher being to select the most appropriate strategy for the study in hand. In this instance, the problem was to find a strategy that would provide for an in-depth examination of the unfolding of a number of congruent and interactive political, economic and social processes - often intangible and frequently overlaid by other concepts and rhetoric (Haworth 1990b; Keenoy 1990; Ogbonna and Wilkinson 1988) - in a developing theoretical field and relatively unstudied substantive area with few pre-existing and clearly defined concepts to guide the direction of the research.

Certain criteria were fundamental: for example, the strategy should be systematic and it should have a well-defined focus (Mintzberg 1979:585-587). It should also strike a realistic balance between intensive and extensive research and between methodological rigour and
the inductive interpretation of the processes it is examining.

In this instance the aim of the study was to uncover and explain variations in employment relations practices between different enterprises. To discover precisely what particular combinations of internal and external influences accounted for what Pettigrew (1989 p.2) described as "the rate, pace and timing of strategic changes" in each case, these criteria had to be applied in a situation which called for the collection of wide and diverse information, over a relatively prolonged period of time and from both inside and outside the organisations to be studied. The three elements essential to such a strategy were seen to be: a contextualist framework of research; multiple-method analysis; and the availability of representative and reasonably accessible data sites and data sources.

The case for a contextualist framework.

Contextual analysis, a research style much used by ethnographers of business management (for example: Lucas 1987; Mintzberg 1979; Pettigrew 1979 and 1989; Whipp, Rosenfeld and Pettigrew 1987), starts from the
assumption that organisational change is rarely an orderly and processed sequence but develops in ways that are "complex, haphazard and often contradictory" (Pettigrew 1989:24). The process of change is seen as multi-faceted:

- involving, political, cultural, incremental, environmental and structural dimensions...its causation...neither linear nor singular...and the directions of change follow multiple paths" (:24-27).

The essence of this approach is that context is more than mere descriptive background but the medium that links organisation, environment and process. By placing the origins, processes and circumstances of change in historical setting, organisations can be explored as continuing systems, with "a past, a present and a future" (Pettigrew 1979:570). It is this longitudinal dimension that facilitates what Pettigrew (1989:42) also depicts as the "exploration of change through time by means of the interconnected analysis of "context, content and process".

Hence, despite its occasional association with rational-choice analysis, contextual analysis seemed particularly appropriate for a study of industrial relations, a field notorious as "a crossroads where a number of disciplines meet" (Dunlop 1993) Certainly, as a means of unravelling the web of continuities and discontinuities
so clearly evident in changing industrial relations practices, this paradigm offered four clear advantages. First, it would allow for multi-level research; second, it would facilitate the linkage of retrospective and real-time data; third, as an analytical model not tied to any particular theory of change, it would be capable of assimilating concepts from a variety of disciplines (Pettigrew 1989:27); finally it would encourage a focus that was essentially thematic and comparative, rather than descriptive or chronological.

Contextual analysis is not, of course, without some defects. Streeck (1986:92), for example, voices misgivings over what he perceives as a serious methodological weakness. Not only, he argues, does a contextual approach require:

...a degree of intimacy with an organisations's internal functioning which outsiders can achieve only in exceptional cases. It also requires an unprecedented degree of cooperation....Organisations studied in this way may not be representative of the universe.

While Streeck's comment constitutes a timely warning against the dangers of extrapolating from inadequate data, Mintzberg (1979:583) argues that while research needs to be systematic, descriptive and intensive, over-obsession with methodological rigour can equally affect the value of the results. In complex situations, he
contends, there is a valid place for inductive or "exploratory" research, particularly in the use of the "creative leap" (:584), to establish the precise relationship between one phenomenon and another. Both these views had to be borne in mind in selecting the survey method and data sites.

**Survey method.**

Three possibilities were initially considered: a quantitative analysis, a typological comparison and a qualitative study. The experience of the exploratory (pre-ECA) survey of retail workers on attitudes towards proposed changes to industrial relations legislation\(^{97}\) led to the rejection of the first alternative. The results of the survey strongly suggested that quantitative analysis was likely to prove inadequate, under conditions where it was called upon to go beyond the measurement of abstract statistical variables and to synthesise and integrate the diverse and complex elements involved in ongoing and interactive relationships.

\(^{97}\) For more information on this survey, see Chapter 6.
The option of a typological comparison was also rejected, for somewhat similar reasons. Such studies, as Gospel (1983:12) cautions, can easily become overschematic and deterministic; and thus not always capable of providing adequately for variety. Nor do they always transfer easily from one context to another, a factor compounded in New Zealand's case by the somewhat unique aspects of its labour relations system and culture (Enderwick 1992:201).

Of the three initial options the preferred choice was for an interview-based qualitative study. Mindful of Streeck's caveat however, it was decided that such an approach could be open to potential criticism of subjective interpretation. It was also important to ensure internal and external consistency of the data. To overcome these possible pitfalls, the style of research finally adopted was the multiple-method, exploratory approach, described variously as "direct" (Mintzberg 1979) or "unobtrusive" (Webb and Weick 1979), that combines qualitative and quantitative methods in the study of the same phenomenon.

The great merit of this approach is that it meets three important research principles. First it ensures that theory is grounded in the data (Glaser and Strauss
1967), rather than being imposed upon it. Second, a close relationship is established between data collection and analysis, which thus become closely linked, not only at the interview stage but throughout the subsequent processing. This allows the researcher to follow up any new issues or concepts, either as they arise from the literature or during the course of an interview; a feature that was crucial in view of the currently volatile nature of this field of study. Third, it allows for a process of triangulation (Jick 1979: 602), the opportunity to validate data by regularly cross-checking one source and kind of information against another.

**Data sites.**

In selecting the area of study, the first consideration was to ensure, as far as possible, that the available data sites were adequately representative of their industry and capable of being studied intensively. Again, three options were considered: a case study of an individual firm; an inter-industry comparison between samples of firms operating in different industry sectors; and an intra-industry, or sector-based study.
The first option was obviously the best for intensive study. On the other hand, it provided little scope for comparative analysis. Given the aim of the study, it seemed crucial that an element of comparison be incorporated if meaningful causal relationships were to be established. In contrast, the major attraction of an inter-industry study lay in its potential for extensive and comparative analysis. However this advantage was offset by two other important factors. First, the style did not allow for the degree of intensive research sought by the study. Second, it was open to the possibility of unrepresentative sample selection. The option finally chosen, that of an intra-industry study involving the examination of different enterprises carrying out the same activity was seen as the method most likely to combine the opportunity for intensive research and the gathering of genuinely comparative data.

The subsequent selection of retail grocery - generally accepted as comprising that section of the retail sector involved in the sale of both dry and fresh grocery items to the general public - as the industry to be studied was influenced by three factors. The first was its unique degree of homogeneity. Supermarkets, as Walsh (1993:32) points out, are growing and dynamic
institutions. Not only have they become cultural icons of the consumer society, but they contribute significantly to the gross domestic products and employment levels of all developed countries. Grocery retailing, at one time seen only as a sub-category of general retailing, is now recognised as a distinct industry and a separate field of study, with its own emerging literature (for example: Ogbonna and Wilkinson 1988; Lewis and Thomas 1990; Fine and Leopold 1993; Walsh 1993). Conveniently for the purpose of this study, the industry in New Zealand is dominated by three major multiples whose interests, severally and collectively, span the entire range of retail food outlets. Thus, with this industry, it was possible not only to focus on a relatively narrow "universe", but to do so in a way that would effectively cover all facets of the industry.

The second factor was the rather unique combination of extensive and intensive change that has taken place in the industry's operating environment in the past decade and a half. A consequence of financial deregulation has been that some 50% of an industry, once wholly New Zealand owned, is now in the hands of two overseas owned multiples. More than most other industries, including general retailing, food retailers have been affected by other aspects of the deregulatory process, particularly
those concerned with the freeing up of trading hours and the labour market\textsuperscript{98}. The result of these changes is that an industry once characterised by broadly similar patterns of employment relations now displays a polar cross-section of enterprise-specific attitudes and practices.

The third factor was essentially pragmatic, reflecting the new difficulty of data gathering in the face of the lack of public record and the confidentiality of contract bargaining found under the Employment Contracts Act (N.Z. Employers Federation, 1991). The high concentration of ownership and close similarity of market strategies found in this industry meant that the phenomena to be observed were contained within a relatively small number of cases and the processes more clearly observable than in most other business sectors. This provided better opportunities for the systematic collation of information and greater \textit{confluence} of research than would a more fragmented industry.

\textsuperscript{98} Evidence for this statement is regularly found in the industry based, quarterly publication, \textit{Supermarketing.}
Data sources and data gathering.

To provide against the possibility of error and bias arising from those interviewed having different perspectives and perceptions of the same events, it was necessary to ensure that all relevant interest groups were included in the data sources for the primary research. This was substantially based on an interview programme involving a cross-section of managers, independent owner-operators and workers from all the major enterprises represented in the industry, as well as union officials at both national and local levels. Respondents came from many different roles in the industry, and included Human Resource Managers from each of the three major groups.

In all, some 45 interviews were held, each averaging approximately 45 minutes. The interview format was built round an open-ended checklist of questions and issues. While ensuring consistence and continuity, this format also allowed ample flexibility for the development and exploration of new material that might appear during the course of the interview. Wherever possible interviews were tape-recorded, enabling the material to be reviewed and analysed at leisure.
These formal interviews were supplemented by informal discussions, either in the form of face to face contact or by telephone conversations, wherever clarification or additional information was needed; and by observational investigation, such as attendance at formal meetings, informal and chance meetings and conversations. Although most workers preferred to be interviewed off-site, interviews with owners and managers normally took place in the store itself. This also allowed for the observation of actual work practices.

In an effort to maximise both internal and external consistency, interview data was supported and cross-checked, wherever possible, by documentary material. In many cases, the joint constraints of contract confidentiality and commercial sensitivity tended to inhibit employers, who generally preferred to talk informally. Nevertheless, a number of employers willingly provided current and archival material; as did many union officials and individual employees.

Useful archival data was also obtained from back issues of "The New Zealand Grocergram", the house magazine of the Foodstuffs group,99 while "Supermarketing", a leading trade journal for the industry in New Zealand,

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99. Courtesy of the Christchurch office of Foodstuffs (South Island) Ltd.
proved a major source of contemporary information. Other reference material included general business publications, academic journals and research articles - from inside and outside New Zealand - as well as official statistics and the news media.

One of the main benefits of the longitudinal approach is that it imposes no periodic restriction on the extent of the research, but allows for "the present to be explored in relation to the past and the emerging future" (Pettigrew 1989:30). It does, however, present the problem of deciding at what point the data collection should begin and at what point it should stop. There are no absolute answers to this question; the decision will obviously be different in every situation.

In this instance, the collection of retrospective data was open-ended. Time limits were determined on a case by case basis in response to need and relevance. In the case of real time analysis, the time frame was more precise. Real-time data collection began in 1990, the year before the introduction of the ECA, with the main interview programme commencing at the beginning of 1991 and continuing until late 1995. This on-going research was necessary to keep up with ongoing change and to fill gaps in the existing data. Data collection effectively
ceased at the end of 1995, by which time the negotiation of the industry's "second generation" of employment contracts had been completed and clear patterns of employer behaviours were starting to emerge.


Table A.1

APPENDIX 2

Contract Distribution by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>No: of Contracts</th>
<th>No: of Employees Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>30</td>
<td>4,347</td>
</tr>
<tr>
<td>Mining</td>
<td>15</td>
<td>905</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>712</td>
<td>74,205</td>
</tr>
<tr>
<td>Electricity</td>
<td>61</td>
<td>6,767</td>
</tr>
<tr>
<td>Construction</td>
<td>57</td>
<td>4,433</td>
</tr>
<tr>
<td>Wholesale</td>
<td>35</td>
<td>2,081</td>
</tr>
<tr>
<td>Retail</td>
<td>102</td>
<td>35,155</td>
</tr>
<tr>
<td>Accommodation/Cafes/Restaurants</td>
<td>54</td>
<td>6,646</td>
</tr>
<tr>
<td>Transport</td>
<td>102</td>
<td>18,886</td>
</tr>
<tr>
<td>Communication Services</td>
<td>9</td>
<td>22,892</td>
</tr>
<tr>
<td>Finance/Insurance</td>
<td>47</td>
<td>24,689</td>
</tr>
<tr>
<td>Business &amp; Property</td>
<td>37</td>
<td>12,584</td>
</tr>
<tr>
<td>Govt: Administration</td>
<td>180</td>
<td>43,104</td>
</tr>
<tr>
<td>Education</td>
<td>97</td>
<td>59,073</td>
</tr>
<tr>
<td>Health &amp; Community Services</td>
<td>204</td>
<td>39,621</td>
</tr>
<tr>
<td>Cultural,Recreational</td>
<td>42</td>
<td>3,321</td>
</tr>
<tr>
<td>Personal &amp; other services</td>
<td>38</td>
<td>7,432</td>
</tr>
</tbody>
</table>

Source: Department of Labour, November 1995.

(Based on analysis of 1822 'active' contracts covering 20 or more employees, lodged with the Dept: at 30 September 1995)
### Table A.2

APPENDIX 3

**Average Minimum Adult Weekly Rates - by Industry**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Weekly Rate ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>306</td>
</tr>
<tr>
<td>Mining</td>
<td>434</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>357</td>
</tr>
<tr>
<td>Electricity</td>
<td>355</td>
</tr>
<tr>
<td>Construction</td>
<td>349</td>
</tr>
<tr>
<td>Wholesale</td>
<td>351</td>
</tr>
<tr>
<td>Retail</td>
<td>304</td>
</tr>
<tr>
<td>Accommodation/Cafes/Restaurants</td>
<td>321</td>
</tr>
<tr>
<td>Transport</td>
<td>445</td>
</tr>
<tr>
<td>Communication Services</td>
<td>352</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>349</td>
</tr>
<tr>
<td>Business &amp; Property</td>
<td>355</td>
</tr>
<tr>
<td>Govt: Administration</td>
<td>342</td>
</tr>
<tr>
<td>Education</td>
<td>385</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>438</td>
</tr>
<tr>
<td>Cultural and Recreational</td>
<td>336</td>
</tr>
<tr>
<td>Personal and other Services</td>
<td>407</td>
</tr>
</tbody>
</table>

**Source:** Department of Labour, November 1995.

(Based on analysis of 1822 'active' contracts covering 20 or more employees, lodged with the Department at 30 September 1995).
Table A.3

APPENDIX 4

Average Hourly Rates - Industrial Sector/Age ($)

<table>
<thead>
<tr>
<th>Industrial Sector</th>
<th>Under 16</th>
<th>16 years</th>
<th>17 years</th>
<th>18 years</th>
<th>19 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>4.55</td>
<td>5.16</td>
<td>5.90</td>
<td>6.92</td>
<td>7.17</td>
</tr>
<tr>
<td>Mining &amp; Quarrying</td>
<td>7.97</td>
<td>7.97</td>
<td>8.02</td>
<td>9.14</td>
<td>9.59</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5.42</td>
<td>5.54</td>
<td>6.23</td>
<td>7.20</td>
<td>7.61</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>5.98</td>
<td>6.03</td>
<td>6.78</td>
<td>7.07</td>
<td>7.20</td>
</tr>
<tr>
<td>Construction</td>
<td>5.79</td>
<td>6.02</td>
<td>6.66</td>
<td>7.12</td>
<td>7.74</td>
</tr>
<tr>
<td>Wholesale &amp; Retail etc</td>
<td>4.95</td>
<td>5.06</td>
<td>5.47</td>
<td>6.22</td>
<td>6.56</td>
</tr>
<tr>
<td>Transport, Storage etc</td>
<td>5.65</td>
<td>5.68</td>
<td>5.91</td>
<td>6.33</td>
<td>6.72</td>
</tr>
<tr>
<td>Business &amp; Finance</td>
<td>6.05</td>
<td>6.06</td>
<td>6.48</td>
<td>7.21</td>
<td>7.69</td>
</tr>
<tr>
<td>Community, Social etc</td>
<td>5.90</td>
<td>5.98</td>
<td>6.14</td>
<td>6.34</td>
<td>6.54</td>
</tr>
</tbody>
</table>

Source: Department of Labour, August 1994.

(Based on analysis of 1449 contracts covering 20 or more employees, lodged with the Department at 30 June 1994).
Table A.4

APPENDIX 5

Average annualised base wage rate movements by industry, 1991 -1995 *

<table>
<thead>
<tr>
<th>Industry</th>
<th>Increase % by contract</th>
<th>Increase % weighted per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Mining</td>
<td>1.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Electricity</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Construction</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Wholesale</td>
<td>1.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Retail</td>
<td>1.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Accomodation,Cafes and Restaurants</td>
<td>1.8</td>
<td>2.2</td>
</tr>
<tr>
<td>Transport</td>
<td>1.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Communication Services</td>
<td>1.1</td>
<td>0.04</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>1.6</td>
<td>0.3</td>
</tr>
<tr>
<td>Business and Property</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Govt: Administration</td>
<td>1.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Education</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Health &amp; Community Services</td>
<td>2.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Cultural and Recreational</td>
<td>0.9</td>
<td>1.2</td>
</tr>
<tr>
<td>Personal and other Services</td>
<td>2.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: Department of Labour, November 1995

(Based on analysis of 1822 ‘active’ contracts covering 20 or more employees, lodged with the Department at 30 September 1995).

* Reported movements in wages are not intended to be viewed as actual pay movements. Flat rate payments, and one-off lump sum payments are not included in this analysis, nor does it measure the impact of performance pay mechanisms.
APPENDIX 6

SCHEDULE C

WOOLWORTHS (NZ) LIMITED
SUPERMARKET
EMPLOYEE ORGANISATIONS PARTY
TO THIS CONTRACT

NATIONAL DISTRIBUTION UNION

COMPASS (A Division of the SERVICE WORKERS UNION OF AOTEAROA)

NEW ZEALAND BAKING, PASTRYCOOKING AND RELATED INDUSTRIES
EMPLOYEES UNION.
The following stores employ their staff under a collective employment contract negotiated with the National Distribution Union. They deserve your support, because they give you a fair deal, and their employees a fair deal as well.

**Shop where they give a fair deal**

**BUY UNION**

**SUPERMARKET/GROCERY/MEAT**
- AFFCO Ments, Wanganui
- Anchor Mart (all 23 stores)
- Big Fresh (all 6 stores)
- Countdown (all 18 stores)
- Eves Pantry, Auckland
- Foodtown (all 26 stores)
- Gourmet Ments, Auckland
- Hillaby & Proctor Ments, Auckland
- Hillaby Meats (South Island)
- Hutt Wholesale Ments
- Long Meats, Masterton
- New World, Centre City, Dunedin
- New World, Island Bay
- New World, Kelmrdale
- New World, Masterton
- New World, Morrisville
- New World, Newton
- New World, Papakonuku
- New World, Tokorua
- New World, Wairinomata

New World, Westend, Rotorua
Melbourne Cash, Gisborne
Mark & Pak, Gisborne
Openshaws, Knit
Openshaws, Te Hapuna
Price Chopper (all 6 stores)
Price Cutter, Te Anau
Price Cutter, Whitianga
Pak 'N Save, Mt Albert
Pak 'N Save, New Plymouth
Pak 'N Save, Upper Hutt
3 Guys (all 33 stores)
WeddeIl Butcher, Knit
WeddeIl Butcher, Westfield
Woolworths (all 53 stores)

**NON FOOD STORES**
- Arthur Barnett (all 4 stores)
- Barker and Philbrick (all 21 stores)
- Bennett's (Bankshop (all 4 stores)
- Briscoes (all 19 stores)
- DEKA (all 81 stores)
- Duty Free Stores, Wellington
- Farmers (all 47 stores)
- Hugh Wrights (all 32 stores)
- Hurst and Drake (all 6 stores)
- James Smiths (all 4 stores)
- John Edmond (all 6 stores)
- Kirkaldies and Stains, Wellington
- K Mart (all 7 stores)
- Levenes (all 31 stores)
- Mitre 10, Wanganui
- Orchard Gardens, Rotorua
- Penroses, Dunedin
- Plumbing World (all 35 stores)
- UFS Pharmacy, Porirua
- PSIS (all 21 stores)
- Rendells (all 5 stores)
- Roger Prebble Pharmacy, Christchurch
- Rotorua Arts and Crafts Centre
- The Body Shop (all 6 stores)
- Three Brothers, Auckland
- Town and Country (all 9 stores)
- University Bookshop (Auckland)
- Wholesale Tree Company, Auckland
## APPENDIX 8

### A SERVICING UNION OR AN ORGANIZING UNION?

(Note: this is not to say that a union is all one or all the other, or that the servicing functions that unions perform are not valuable. It is intended to provoke discussion about union goals and methods.)

#### Servicing

1. Negotiations are secretive, members have little say about priorities, and know little about what happens at the bargaining table.

2. Members are asked either to ratify the contract or to strike. No action in support of bargaining team; strike is only form of pressure.

3. Ground rules in negotiations prohibit press releases unless and until impasse; little contact with the public, defensive attitude toward the press.

4. Problems dealt with by union leadership on behalf of the members on the basis of complaints or requests, using the grievance process, or working things out through private discussions with management.

5. Reliance on experts and union staff to handle research of the company, arbitrations, etc.


7. Members complain that they pay dues and union does nothing for them. Leaders resent members for not coming to meetings.

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#### Organizing

1. Members surveyed one-on-one, ratify contract proposals, kept constantly informed about what is happening at the table.

2. Members engage in pressure tactics while negotiations in progress; prepare to carry on pressure campaign while working without a contract.

3. Seeks out media in advance, explains position to the public, seeks coalition with community organizations and other unions, sets up public hearings and other media events.

4. Involves members in solving own problems through collective action in the workplace. Grievance process is only one tool; attitude is that contract violations are everyone's concern; uses group grievances with lots of signatures.

5. Members are educated and trained to do as much as possible themselves. Part of researching the company is asking members what they know.

6. Union has its own agenda--members involved; looks good to the public, keeps management off balance.

7. Members make a real contribution to union struggles and identify with the union. An attack on the union is attack on themselves. The union's image is positive, activist.

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1. [Rundle, NYSSLI 11/II/02]. Adapted from Andy Banks.