

An Unusual Shade of Green: Greenfield Cases and Greenfield Agreements in Australia 2006 -2012

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Published

2016

Thesis Type

Thesis (PhD Doctorate)

School

Griffith Business School

DOI

[10.25904/1912/2216](https://doi.org/10.25904/1912/2216)

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Management

An Unusual Shade of Green

Greenfield Cases and Greenfield Agreements in
Australia 2006 -2012

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2-1-2016

Abstract

Greenfield Agreements are a small but interesting segment of collective agreement making in Australia. The developers of any new undertaking may make a Greenfield agreement with a union as long as no employees are yet employed on the site. This research project utilises multi – method approach, starting from an examination of the greenfield case literature, then moving to an analysis of the Workplace Agreements Database held in the Department of Employment and categorisation of the Greenfield agreements made in the research period. A series of interviews was then conducted with managers, employees and union officials to answer the research questions.

Examination of Greenfield agreements made between 2006 and 2012 reveals three broad segments of industry who use this form of agreement, large projects in construction, third party labour service providers and new ventures. This demonstrates that the situation in Australia is different to the enterprises defined in the literature on greenfield sites which only focuses on new ventures.

While the literature posits that there is significant transformational potential in Greenfield sites, this thesis finds that the evidence for Greenfield agreements being used for innovative employment relations is limited. Study of the largest segment of Greenfield agreements in large construction projects reveals that these agreements were used by actors to create consistency in wages and conditions on construction project sites. Third party labour service providers used Greenfield agreements to minimise wages and conditions in a bid to win contracts for new work. There is some evidence of managers seeking new forms of work organisation and human resource management in new ventures but the Greenfield agreements on for these sites have not been the vehicle for this transformation.

Power relations between employers and unions have been the source of political interest in Greenfield agreements. As there are no employees with whom to bargain, employers must negotiate with unions and ideological differences between the parties are most apparent during negotiations. Agreement outcomes are contested without the ability to use the direct power of workers to support either parties' position. In this situation power capacity becomes relevant. Where the union has the support of a membership with demonstrated capacity for militancy, Greenfield agreements made are more likely to reflect the unions goals. This is tempered by the political and regulatory environment. If employment regulation suppresses the capacity for unions to exercise some tactics, employers achieve more of their objectives from Greenfield agreements. Competition between unions for access to workers in Greenfield agreement sites has also been an influence on employment relations strategies of both managers and union leaders. This research has found that Greenfield agreements in large projects in construction are most likely to reflect union power through high wages and conditions, while third party labour service suppliers agreements were most likely to contain minimum wages and conditions and entrench managerial prerogative. The limited evidence of new ventures was that managers want to incorporate inclusive human resource management policies but only within strictly defined parameters controlled by them.

Declaration:

"This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself."

Acknowledgements

I would like to acknowledge the guidance and assistance provided by my supervisors, which was invaluable in undertaking the research for this thesis and in its final preparation.

Dedication and Thanks

In memory of my father, Gregory May, who always believed in me and supported me in all my wild projects, and who once said in frustration with yet another change of interest "Why don't you finish what you start?" Well, Dad, I finished it.

I would also like to acknowledge and thank my family who have supported me throughout this project, and colleagues who have both supported and commiserated with me throughout the long dark days when I wondered if this thesis would ever be finished.

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LIST OF ABBREVIATIONS

ABC – Australian Broadcasting Corporation

ABCC – Australian Building and Construction Commission

ABS – Australian Bureau of Statistics

ACTU – Australian Council of Trade Unions

AMWU – Australian Manufacturing Workers Union

AWU – Australian Workers Union

CEPU – Communication, Electrical and Plumbing Union

CFMEU – Construction, Forestry, Mining and Energy Union

DEEWR – Department of Education, Employment and Workplace Relations

DEWR – Department of Workplace Relations

ETU – Electrical Trades Union (a division of the CEPU)

FWA – Fair Work Act

FWC – Fair Work Commission

LHMU – Liquor, Hospitality and Miscellaneous Workers Union (now known as United Voice)

MUA – Maritime Union of Australia

WRA – Workplace Relations Act

CHAPTER ONE: INTRODUCTION

Greenfield agreements have received privileged treatment by Australian industrial legislation for over a quarter of a century, but have been the focus of little systematic scrutiny over that time. Under Australian legislation, Greenfield agreements may be made for workplaces that have not yet substantially begun operation and are negotiated by an employer and union before any employees have been recruited to the site. Greenfield agreements on first view would appear to align with greenfield sites¹ more generally, however this is not the case. A Greenfield agreement may be made to regulate employment conditions for work sites that would not usually be considered a greenfield site under the typical definitions within the scholarly literature. This research project sets out to analyse greenfield agreements made between 2006 and 2012 and determine the features of these agreements with a focus on the main uses of these agreements, the reasons that parties choose to make this type of agreement and the potential these agreements may have for introducing new strategies into the workplace. The approach taken includes several elements; to firstly review the literature and establish the parameters of what is considered a greenfield site and the ideal typical model developed by research to date, then to examine and categorise Australian Greenfield agreements held in a central database held by the Department of Employment, followed by several case studies focussed on the segment and workplace categories identified in order to answer the research questions.

The greenfield enterprise is a place which offers “exceptional opportunities for change, particularly in adopting human resource management policies and establishing good employee relations” (Newell 1993 p.20). It allows management to delineate work organisation to achieve maximum efficiency and production without the restrictions of

¹ For the purposes of this research, a Greenfield agreement made under Australian law will be represented as a proper noun with a capital letter, while a greenfield site, as defined by previous research, will be represented as a common noun without capitalisation.

existing practice and traditions (Baird & Leopold 2001). Whilst the overall picture of the greenfield site is one of positive relations between employers and employees there is also evidence that the level of commitment necessary to ensure success in the start up phase can lead to stress, disenchantment and high labour turnover in both management and workers (Leopold & Hallier 1997; McKinlay & Taylor 1996). This view of greenfield sites has been widely cited in other research (Baird 2002; Jenkins & Delbridge 2007; Wu et al. 2015) and this thesis explores whether these claims are also true of Australian Greenfield agreements.

The capacity for employers and unions to enter into certified agreements first appeared with the implementation of enterprise collective bargaining in the Industrial Relations Act 1988. A decision under section 118, the Southern Aluminium decision, provided for the Australian Industrial Relations Commission to make orders that allowed a single union to represent all workers at a workplace, creating a demarcation that prevented other unions from becoming parties to the agreement (Hamilton, RJ 1991). This was one of the earliest decisions involving what had become known as a ‘greenfield’ site in Australia and demonstrated a preference by some employers to negotiate with a single union to streamline employment relations.

Employment relations in Australia are a highly scrutinised area within the public discourse. Employer associations, unions and other interested parties lobby government on their preferences for employment regulation and this debate occupies a significant portion of the public debate in Australia (Sutherland & Riley 2010). This thesis examines Greenfield agreements through a period of legislative change to determine what effect external factors within the environment of workplace bargaining has on the strategies of parties to Greenfield agreements.

1. Research Focus and Research Questions

The purpose of this research project is to investigate current employment relations practices in Australian worksites with Greenfield agreements to determine how management, workers and unions perceive the workplace and act within the opportunities and constraints in these sites. Management and union strategy will be examined and the experience of workers who work with the outcomes of this strategy will be explored. Extensive changes in the regulatory environment since 2006 have provided employers with opportunities to remake employment relations and exert more managerial control in the workplace, however unions and workers can and do resist these efforts resulting in outcomes that are in constant renegotiation.

The research questions for this project permit a broad enquiry into the current employment relations strategies of employers, employees and unions in greenfield workplaces. Based on the changing nature of workplace regulation and the capacity of greenfield workplaces to influence employment relations, the following research questions have been developed.

Research Question

- **What are the features, causes and transformational potential of Australian Greenfield agreements?**

Sub Questions

- **In what situations do actors make use of Greenfield agreements?**
- **Do actors use Greenfield agreements to remake employment relations?**
- **What are the influences on employment relations strategies for actors who are parties to Greenfield agreements?**

Whilst much information is available on the incidence of wages and conditions clauses in collective agreements, the various reports on agreement making produced by the then Department of Education, Employment and Workplace Relations (DEEWR)² do not provide data on how these conditions are negotiated by the parties or how they are implemented in the workplace. This thesis sets out to contribute knowledge by asking why particular strategies are adopted by employers and unions in negotiating Greenfield agreements and how these strategies play out in the workplace as it moves from establishment to maturity.

In particular, there is no research on how Australian unions approach collective agreement negotiations for greenfield sites. This thesis has sought to remedy this by interviewing union officials about their approach to working with employers in establishing greenfield sites and subsequent organising strategies once the workforce is employed.

The capacity for both employers and unions to achieve their strategic objectives is influenced by the external environment within which they operate (Bacon 2008). A focus of this research has been on an analysis of how changes in regulation and other factors in the external environment influence the decisions of employers and unions in making Greenfield agreements and the operation of employment relations in greenfield workplaces.

² Now known as the Department of Employment, Australian Government www.employment.gov.au.

As greenfield sites mature new issues emerge that challenge the initial workplace strategy. Directives from the parent company, market fluctuations and changes in management orientation all contribute to the “browning” of a new workplace (Leopold & Hallier 1997; Townsend 2005). An important aspect of this study is the capturing of changes in the perspectives of the key actors over time as they move from the more challenging set up phase of the business into the routine work of the organisation. At this stage workers and managers may become disillusioned when optimistic forecasts of employment satisfaction are not realised (Glover 2001).

1.1. The acquisition of bargaining power

Negotiations for Greenfield agreements occur many months prior to the opening of a new site and so are held in the peculiar position of bargaining in a “virtual” space about a potential workplace. At this point the workplace is largely the conception of managers charged with developing the site, there may be a location and a building identified in which the work will take place. When negotiations commence with the union that will represent future employees there will likely be little else of substance to the workplace other than the information that employers provide in their initial discussions with the union negotiators.

The lack of objective evidence to inform the union’s bargaining position leads to a reliance on existing norms and expectations for the industry in which the greenfield site is located to develop minimum outcomes in the agreement. Along with the conditions of the industry comes the bargaining power of the workers in that industry who are represented, in absentia, by the union. There is a general view that employers have the upper hand in bargaining for Greenfield agreements due to the lack of a workforce to supply bargaining power to the union through the threat of industrial action to support their claims (Guest, D & Rosenthal 1993; Van den Broek 2004). This thesis develops an argument that this supposition is not entirely the case: in industries where workers are well organised and have a history of taking strike action, Greenfield agreement negotiations are undertaken with the knowledge of this power firmly in the minds of negotiators on both sides of the table. Workers are the ‘elephants in the room’ in Greenfield agreement negotiations; and whom managers seek to bring under their control and therefore reduce the risk of the potential disputation that may otherwise occur.

This potential for workers to destabilise or even destroy the venture through not being under the control of management is the underlying rationale in a manager's desire to make a Greenfield agreement. The concept of 'power capacity' as developed by Marchington (1979) and further discussed by Silver (2003) explains how workers who are central to the business's critical outputs have the capacity to disrupt the workplace and therefore exert influence over the employers human resource management strategy. This need to ensure control is the central interest of managers in greenfield sites in order to take the risk of developing a new site and the costs involved. The purpose of undertaking any business venture is profit maximisation and shareholder value. Regulatory frameworks in Australia ensure that firms must consider employees' interests in terms of wages and conditions and these regulations can be used by employers to create control over workers (Budd & Bhavie 2008). Where workers demonstrate a high power capacity, the making of a Greenfield agreement may mitigate the possibility of early disruption to the new workplace through industrial action. Unions and their members who are bound by the agreement gain the benefit of clear conditions and pay outcomes in return for some risk mitigation for the employer against early disruption to the site due to disputation and industrial action.

Employers hope to use the regulatory force of a certified agreement to ensure that the workplace begins operations with a structure of rules in place that precludes employees from making claims that may impact on the capacity of the employer to bring the project in on budget and to make a profit. Strategic choice theory posits that employers develop long term strategies regarding investment and human resource management and attempt to implement those strategies at the level of collective bargaining. Creating a binding agreement forms part of the overall strategy that also includes workplace level relationships and work organisation (Kochan, Katz & McKersie 1994). Where employers are unable to fully ensure control via systems and rules they many seek to incorporate workers' cooperation by consent through implementing a workplace culture of engagement and autonomy.

Strategic human resource management attempts to bind the creative potential of labour in productive service to the workplace. Workers' commitment is contingent on the belief that their effort bargain is reciprocated by the employer in the form of an investment in the employment relationship that rewards performance with a level of autonomy and involvement in the decisions that affect their working lives (Procter 2008). High performance work systems (HPWS) have been the subject of a number of studies where it has been noted

that although these systems can be highly effective in increasing productivity, they can lead to dissatisfaction among employees subjected to work intensification without mediating factors such as employee voice (Barnes 2007; Becker, WS 2013; Boxall & Macky 2014). Managers who manage workers in these organisations must give up some control to their employees. Those employees involved in HPWS are under pressure to continually improve processes and engage with change. The intensity of the workplace, particularly in the early greenfield stage, can result in a high level of turnover as staff are unable to maintain the necessary focus (Baird 2002).

Oliver and Wilkinson (1992) established a theoretical framework to understand the development of high performance work systems that drew on the organisational design theories established by Galbraith (1974), in combination with Marchington's (1979) analysis of power and Pfeffer's (1981) ideas on power and conflict in organisations. Organisations when faced with uncertainty develop strategies to control the risk of disruption. Some of the elements of control strategies may be the implementation of systems of control based on rules and technology that ensures conformity to the employer's standard of performance. However these normative systems of control result in low performance through having layers of hierarchy to control information.

In order to contemplate a lower level of hierarchical control in an organisation to increase performance, managers must be sure that the workers support the goals of the organisation to the extent that they will perform at a high level of productivity without the need for close surveillance (Oliver & Wilkinson 1992). This support may be induced by giving workers more control over the day to day work they perform and by creating flat communication structures between workers and managers (Procter 2008). Employers may decide to implement a high commitment strategy in response to the view that workers have a high potential to disrupt production when they no longer support organisational goals. Successful implementation of high commitment work systems ensures that the uncertainty created by workers' capacity for disruption is minimised (Oliver & Wilkinson 1992). So there are two key phases in the employer bargaining strategy:

- a) The bargaining phase, where the employer negotiates a collective agreement with a union or unions, before the greenfield site is established.
- b) The employee management phase, where managers engage with employees and/or their union directly, once the site is established and employees recruited.

To the extent that literature has investigated greenfields, it has focussed on b), and hence on the HPWS often used, or at least attempted in that period. However this largely ignores a) and in many instances the initial relationship built in the first phase with the union is critically important, as the workplace might only exist for a defined, relatively short, period of time (such as in the case of construction projects or shows in the performing arts). There might be major differences in approach between a) and b) and major differences between industries. As well, period a) has a potentially much higher level of uncertainty attached to it, in the case that the firm is not negotiating with or managing any of the employees that will be covered by the agreement. So firms will seek to reduce uncertainty about the future during the initial bargaining period.

The strategy employed by actors when making a Greenfield agreement is influenced by a number of factors. These include their perception of the level of uncertainty through the exposure to risk, the power capacity of workers in the industry to disrupt the organisation, the potential for high commitment work systems to gain workers' commitment and the bargaining power of the union in greenfield negotiations. The influence of these varies according to the style of management strategy. In phase a), uncertainty about the future is especially important, and if worker commitment to management goals is important, this will heighten the issue of uncertainty because management at that time will have no employees. Similarly, at the time of the negotiation, in a) it is the potential power capacity of future workers that will shape union bargaining power. This thesis will examine the greenfield sector in Australia to determine how actors use Greenfield agreements to address these issues.

It will look at both phases of the management strategy process – the negotiation of Greenfield agreements and the implementation of employment relations strategy in greenfield sites. It will show that the vast majority of Greenfield agreements are for projects that have a fixed term, often quite short, and that the emphasis is on reducing uncertainty and the responding to the presence (or absence) of union bargaining power, that in turn reflects the potential future power capacity of workers in that industry. Only a very small minority of these new sites proceed to the second b) phase in which the 'ideal typical' model of a greenfield site is an accurate depiction. Nonetheless, this thesis also looks at potential ideal typical sites in phase b) and addresses to what extent that model applies.

1.2. Australian Greenfield Sites and Greenfield Agreements

Australian examples of greenfield workplaces offer insight into the challenges of creating a successful enterprise in a globalised economy. Companies who choose to establish a new operation must expend large amounts of capital and therefore there is great pressure to succeed. Despite this pressure, or perhaps because of it, managers charged with establishing a new operation often take considerable risks in attempting to implement innovative production and human resource management practices in a bid to create an enterprise where efficient work organisation is married with employee satisfaction to maximise productivity (Baird 2002).

A Greenfield agreement may be made for the purposes of determining the framework of employment conditions in a greenfield site that seeks to implement innovative methods of organisation but there is no automatic correlation between the making of a Greenfield agreement and innovation. Greenfield agreements can be made for a range of purposes and this research has been undertaken to establish how likely it is that workplaces using Greenfield agreements will also be seeking innovative work practises that represent the ‘ideal typical’ conception of greenfield sites.

Baird (2001) analysed the establishment of several manufacturing greenfield sites in the 1990s, whilst Van Den Broek (2004) studied the establishment of greenfield call centres in the telecommunications’ sector. These studies found that a high level of commitment is required from employees in the start up phase. This expectation of commitment could be coupled with a promise of high involvement in the development of work practices and autonomy over individual work. However this was tempered by employee experience which largely found the promised autonomy illusory (Baird 2002). In a study of a new enterprise in the food service industry, Townsend (2005) found that workers experienced the promised freedom through innovative work organisation to be more manipulative than liberating. This research, undertaken more than ten years ago, offers some insight into the strategies utilised in the greenfield workplaces studied. More recently there have been studies by Gahan (2007), Becker (2007; 2013), Slangen and Hennart (2008) and Simms (2007, 2015). Some of these studies have a particular focus on an element of the greenfield typology, such as Slangen and Hennart on multinational corporations or Gahan on employer greenfield agreements under Workchoices, and so are outside the scope of this thesis. Becker’s (2007;

2013) focus on knowledge transfer and offers some useful insights into the challenges of establishing new teams and the capacity of greenfield sites to influence overall organisational change.

However, as there have been significant changes in workplace regulation in Australia since that time, there is now a need to address the research gap on employment strategies in greenfield workplaces in Australia. New opportunities exist for employers, employees and unions to implement changes in employment relations strategies as a result of these regulatory changes and the emergence of new trends in collective agreement making (DEEWR 2010). To appreciate the scope of regulatory change that has occurred in Australia over the last five years, a brief overview is provided in the next section.

1.3. Changes to Workplace Regulation in Australia

The regulatory arena of employment relations in Australia is a site where governments have expressed their ideology on relations between employers and workers in the workplace. Over the past thirty years, successive governments have enacted sweeping changes to workplace regulation. Amendments to the *Industrial Relations Act 1988* introduced in 1992 by the Keating Labor government changed the principles under which wages were determined from the industry level to the workplace and provided the framework for collective bargaining (Gahan & Pekarek 2012). Early collective agreements were negotiated with unions in the context of a national award system that determined wages and conditions and which had been in operation since 1904. Collective agreements were required to comply with award minimum pay conditions and once made, were read in context with the relevant award, overriding it where minimum conditions were met (Dabscheck 2001).

The *Workplace Relations Act 1996* was introduced by the Liberal National coalition government of John Howard to replace the previous Labor government's *Industrial Relations Act 1988* (Sablok et al. 2013). The *Workplace Relations Act 1996* introduced Australian Workplace Agreements (AWAs), a statutory contract between an individual worker and their employer, that negated any collective agreement or award relevant to the workplace. The introduction of AWAs signalled a general desire by the Howard government to reduce collective bargaining and reduce the influence of the employment regulator, the Australian Industrial Relations Commission (AIRC) (Peetz 2006).

The *Workplace Relations Act 1996* introduced new forms of collective bargaining that provided for non-union collective agreements to be made between an employer and their employees without representation from a union, known as 170LK agreements. The Act weakened the minimum conditions of employment contained in industrial awards through a process of award stripping, intended to standardise awards to twenty minimum conditions, known as ‘allowable matters’. Collective agreements made with a union, designated 170LJ agreements, continued to be made between an employer and the union that represented workers.

Greenfield agreements introduced in the *Workplace Relations Act 1996* were designated as Section 170LL agreements. These could be made where an employer proposed to start a new enterprise in negotiation with a union or unions that could validly represent the workers likely to be covered by the agreement.

The *Workplace Relations Amendment (Workchoices) Act 2005(Cth)* was passed on 7 December 2005 and came into operation on 27 March 2006 (O'Brien et al. 2007). This amendment to the *Workplace Relations Act 1996* created a number of changes to employment regulation and collective agreement making in Australia. One of the most significant changes was the introduction of minimum employment standards into the Act. This Australian Fair Pay and Conditions Standard (AFPCS) incorporated a minimum wage, hours of work, annual and personal leave arrangements, public holidays and parental leave to become the benchmark against which new individual contracts and collective agreements could be assessed (Crozier 2005). This was a significant change to previous practice in which a collective agreement or individual contract was required to be assessed in a “no disadvantage test” to ensure it met or improved the award pay and conditions relevant to the industry. In most cases, this resulted in lower standards than had previously been the case.

The minimum standards, known as the Australian Fair Pay and Conditions Standard, created an opportunity for employers to change the way work was organised and remunerated by allowing for hours of work to be annualised and penalty payments absorbed into a single rate, opening up a greater range of working hours that could be paid at normal pay rates (Department of Employment 2005). Unfair dismissal laws were also removed for businesses of less than 101 employees, effectively allowing dismissal at employers’ discretion for more

than 90% of firms. Larger firms could claim broad ‘operational reasons’ for dismissal without penalty for unfair dismissal (Isaac 2007). This allowed employers to exercise far greater control of work than was previously possible.

“Workchoices has effectively lowered the transaction costs for employers seeking to reduce labour costs by enhancing managerial prerogative to impose conditions of employment and establishing a near ‘employment at will’ environment” (O'Brien et al. 2007 p.323)

The most significant change to collective bargaining provisions for this study was the creation of a new type of greenfield instrument called an employer greenfield agreement (EGA) which allowed companies commencing a new enterprise to register an agreement without negotiation with another party (Hall 2006). The John Holland Group made early use of these instruments in a number of construction projects by engaging a small number of workers on each site and making an employer greenfield agreement prior to the work commencing. The general manager of human resources and organisational strategy claimed that “the agreement allowed the company to go into an area, assess what rate the market was paying, then mobilise fairly quickly without having to stuff around with a union with a raft of new claims” (Mackinnon 2007 , p404). The use of these instruments was widespread and analysis by Gahan (2007) revealed that most removed at least one award entitlement from employees. EGA’s have not been included in the analysis of greenfield agreements in this research as they failed to meet the definition of an agreement as an agreed outcome of negotiation between at least two parties. They were abolished by the introduction of the *Fair Work Act 2009*.

An interesting element of the Workchoices’ greenfield bargaining environment was that despite having a means to make an employment instrument without reference to any other party, many employers continued to use union greenfield agreements (known as UGAs). As will be discussed in Chapter 4, union greenfield agreements continued to be negotiated in similar numbers to previous years (DEEWR 2010; Employment, Department of 2006). Interviews with participants in this research project investigated employers’ rationale for continuing to negotiate with unions during the Workchoices’ period.

Union organising activity was further hampered by restrictions to right of entry and penalties for unions and officials who defied the new laws (Barnes 2006). Despite the expectation that unions would launch massive industrial campaigns against the new legislation, union leaders

determined an alternative strategy of public shaming, membership mobilisation and political campaigning. This campaign, dubbed ‘Your Rights at Work’, successfully mobilised the union movement in Australia to challenge the legitimacy of Workchoices at the 2007 Federal election, resulting in the defeat of the Liberal National Coalition government (Muir 2008). The Labor Government was elected in November 2007 and introduced the *Fair Work Act 2009* to replace Workchoices (Sutherland & Riley 2010). The main changes relevant to this study were the introduction of National Employment Standards (NES) to replace the Australian Fair Pay and Conditions Standards (AFPCS). Ten minimum conditions were contained in the NES which cover hours of work, leave, public holidays, the right to request flexible working arrangements for workers with children, the right to information on employment conditions and a minimum termination and redundancy provision (Hall 2008). In addition to these minimum requirements, the award system was reinstated as the underpinning safety net for most employees. In 2009, all awards were reviewed and rationalised to produce modern awards that incorporated 3500 industry and enterprise awards into a single set of 122 national industry awards (Brigden 2010). These awards were the basis for a new ‘better off overall’ test (known as the BOOT test) by which collective agreements could be assessed (Sutherland & Riley 2010).

The Fair Work Commission (FWC) replaced a number of government agencies including the AFPC, taking over the role of reviewing the minimum wage and reviewing collective agreements. The Fair Work Commission replaced the AIRC and its functions included undertaking hearings, tribunals and reviews into employment relations matters (Cooper 2010). Collective agreements have been reasserted as the primary means of tailoring employment conditions to the needs of individual firms (Cooper 2010). Distinctions between union and non-union collective agreements have been removed; agreements are designated as single or multi-enterprise greenfield or non-greenfield enterprise agreements (O'Neill 2012). Non-greenfield enterprise agreements can be negotiated with a union or with employees, however a union may become covered by an enterprise agreement at any stage (Brigden 2010). All parties are required to bargain in good faith and FWC can oversee negotiations in the event of a dispute. All greenfield agreements must be made with a union and may operate for up to five years (Sutherland & Riley 2010).

One of objectives of this research project was to evaluate how the change to regulatory systems has affected the employment relations strategies of employers and unions in

greenfield sites. Have the changes to regulation changed employers and unions choice of collective bargaining instrument for greenfield sites? Has the new workplace climate resulted in more cooperative relationships between actors or have new tactics emerged as each player attempts to assert power over the other? The transition from Workchoices to Fair Work provided a unique opportunity to study how changes in public policy and regulation play out from a perspective of new workplaces with no previous workplace history. The capacity of greenfield agreements to transform employment relations and create organisational change in the workplace more broadly is assessed in this context.

It has been argued that greenfield businesses are often early adopters of innovative working arrangements so examination of the current situation in greenfield sites may provide indicators of changes in the workplace more generally. It has been demonstrated that parent companies often see greenfield sites as laboratories for practices that they seek to implement more widely within the organisation (Sherman 1994). The following section outlines how this thesis has addressed the research questions, describing the content and approach of each Chapter.

2. Outline of Thesis Chapters

Chapter 2 reviews the literature on greenfield sites that spans more than three decades of development of this type of workplace. In this chapter, there is further examination of the assertion that greenfield workplaces are sites for implementation of innovative work practices, the literature explored includes workplaces established from the early 1970s to 2012. The thirty-seven year period reviewed covers vast changes in the way work is performed as technology and computerisation proliferated throughout every facet of the workplace and jobs changed to address the requirements of technology.

In this chapter, strategic choice theory is discussed as one lens through which organisational development might be viewed and key concepts relevant to greenfield sites are examined. Strategic choice theory puts the actions of management in the central position in the workplace and de-emphasises the capacity of workers to influence workplace decision making; this is countered by labour process theory that posits that employees remain capable of resisting management change strategies. As a result, one of the central questions of this thesis is whether workers remain active agents in greenfield sites.

The literature review also integrates a theoretical analysis of why employers choose to use Greenfield agreements to implement change strategies with the least risk from the perspective of Galbraith's (1974) organisational design theory. The ability of organisations to implement innovations such as high performance work systems and high commitment strategies is enhanced by the absence of any existing workplace culture in the new workplace. New employees can be groomed into the human resource units best suited to optimal productivity. Marchington (1979) warns that workers retain the ability to discern when management's efforts to integrate them are insincere and may use their power capacity against the interests of employers when they become disillusioned.

In Australia, a Greenfield agreement may be made for workplaces prior to the engagement of workers; many of these sites would not fall within the scope of greenfield workplaces that have been the subject of previous studies. These instruments form part of an overall strategy for employers and unions to determine workplace conditions for short term projects or limited contracts where the workplace may not continue past the expiry date of the agreement. They have become an integral part of the workplace framework in Australia, which is discussed in the literature review on the rationale for the workplace regulatory system. Detailed discussion of Greenfield agreement making occurs in Chapter 4.

This thesis uses a multi methodology; three different approaches of data collection and analysis are further elaborated on in Chapter 3. To address the research questions, it was first necessary to examine Greenfield agreements made in the research period (2006 - 2012) and evaluate their use and the situations where actors used them. This resulted in a categorisation of Greenfield agreements into several broad segments based on the type of workplace they covered. Content analysis of the agreements was undertaken to determine the main features of these agreements and the main parties involved.

The next level of analysis was to take each segment and consider them in terms of the key research question, to determine the strategies of the actors in making the agreements and whether any transformational potential existed within workplaces utilising Greenfield agreements. Semi-structured interviews with managers, employer association and union officials were carried out in each segment. These focussed on the strategies and aims of Greenfield agreement sites. The impact of regulatory change was also an important topic of discussion.

The third section was designed to determine if greenfield workplaces continue to be sites where managers can introduce innovative and transformational work practices. An analysis of the segment of Greenfield agreements that were made for new ventures was undertaken and two workplaces were identified which had implemented some of the innovative work systems identified in previous studies. Case studies were conducted in the workplaces where managers and workers had been previously interviewed to determine the impact and outcome of these practices.

Chapter 4 begins the examination of the workplace agreement data and develops a sectoral analysis of current Greenfield agreements, dividing them into several segments. This sectoral analysis seeks to identify the main industries in which the agreement was made and the key unions and employers who operate in the greenfield sphere. It elaborates on the changes to industrial relations regulation and how this has influenced Greenfield agreement making. The findings in this chapter demonstrate that Greenfield agreements have continued to be a significant part of agreement making in Australia but the vast majority of these agreements are made for short term projects. The evidence for the use of this agreement in new start-up ventures is limited during the period of this research project.

Chapter 5 is the first greenfield segment analysis chapter and focusses on the largest user of greenfield agreements, the project construction segment. This sector occupies most of the attention given to greenfield agreements in public discourse, employer groups in particular have been very critical of the changes to regulation that have opened up greenfield negotiations to multi-union agreements. Claims have been made that the actions of unions in negotiations amount to industrial sabotage of the project sector (Sheldon & Thornthwaite 2013) through protracted negotiations and the high wage premium paid in these agreements. This chapter reports on interviews conducted with the major construction unions, managers and employer representatives to establish the motivations and objectives in making Greenfield agreements and test the claims made by the employers' lobby. The implementation of these agreements in the workplace can become a source of dispute as the complexities of managing a large number of subcontractors and their employees under a single set of working conditions continues over the lifespan of the project. Relationships between the unions in the agreements have also been noted as a source of potential disruption onsite.

Chapter 6 examines Greenfield agreements for third party labour service which provide a distinctly different rationale for making a Greenfield agreement. These agreements are made to provide an employment instrument for third party service providers and workers who work on sites where non-core functions have been outsourced by a client organisation. This form of agreement is used by Federal and State government to outsource functions such as cleaning, catering and security. In many cases the only new aspect of the workplace is the employer; the work and site are ongoing. Even the employees are often the same people who have continued to perform the same work through a succession of new labour service providers. Interviews with key unions and employers demonstrate the limited nature of bargaining in this sector. The client organisation holds all the power when outsourcing some of their requirements, the use of open tenders leads to a race to the bottom among service providers who compete to win work (Tattersall 2008).

Chapter 7 offers two case studies of workplaces that conform to the definition of a greenfield workplace most usually utilised by previous research, that is, a new venture of an existing company. These case studies offer the opportunity to examine whether current Australian greenfield sites bear resemblance to those written about in previous studies. The concept of shades of green (Leopold & Hallier 1999) is an important distinction in analysing new venture greenfield sites and allows comparisons to be drawn based on the new workplace's adherence or otherwise to the parent companies policies. The two case study sites are good examples of Leopold and Hallier's concept. The first site, House Co, based its human resource management policies on the parent company ideology while implementing a limited employee involvement program. The second site, Metal Co, sought to completely overturn the culture of the parent company and institute a high level of employee involvement and teamwork in a high performance work system.

Chapter 8 discusses the findings of the research and offers some conclusions about the nature of the Greenfield agreement and its place in the industrial relations toolbox of employers and unions in Australia. A discussion of the impact of the changes to regulation is made and suggestions for future research advanced. The Greenfield agreement segments are compared in terms of actors' strategy and bargaining power, which leads to findings that integrate the key theoretical frameworks to the question of strategic choice.

3. Conclusion

This thesis proposes that, far from being insignificant pawns in the strategies of managers, workers occupy the key position in the deliberations of employers who make Greenfield agreements. The use of a Greenfield agreement provides employers with the benefit of having an agreement that contains much of the risk of disruption in the early stages of a new site and provides some reassurance to investors and business partners that the workplace has a coherent employment strategy. However, the power of workers to disrupt the operations of workplaces is the key reason that employers choose to make Greenfield agreements and provides bargaining power to unions who negotiate these agreements. Workplaces in industries where workers have skills in demand, coupled with the demonstrated capacity to act in their own interests, provide the unions negotiating greenfield agreements on their behalf with a high level of bargaining power. A premium in wages and conditions is paid where workers are well organised and militant. Despite the fact that they may not be present in the workplace for many months after the agreement was finalised, they remain the ‘elephants in the room’ in negotiations for Greenfield agreements. The next section will examine the literature that contributes to the body of knowledge about greenfield sites and integrates the key attributes of these sites with theoretical analyses.

CHAPTER TWO: LITERATURE REVIEW

1. The Greenfield Site, Cases, Analysis and Theoretical Perspectives

The first conception of a greenfield site was as in the context of a manufacturing company establishing a new plant in an area not previously utilised by industry, most often in a rural area, and therefore built on a 'green field' (Guest, D & Rosenthal 1993). The primary objective of these greenfield workplaces was to achieve greater productivity and profit through implementing new policies that would provide management with the tools to remove perceived restrictions in work practices. Over time, this emphasis has changed to encompass service as well as manufacturing (Richbell & Watts 2001), however a greenfield establishment is a new entity of an existing company, new start up companies being excluded from the greenfield category on the basis of 'an interest in the extent to which the development of a new site enables an existing firm to introduce working practices which differ from those found in some or all of its older sites (Richbell & Watts 2001, p499)'. Historically, the earliest greenfield workplaces were designed as a social experiment to remove workers from the corruption and decay of the city to 'green fields' where they would enjoy good health and a more moral environment. The Cadbury chocolate factories in the late nineteenth and early twentieth century are a well known example (Baird 2001). The focus of employers' strategies for change no longer uses this form of social engineering, at least in developed economies. The objective of managers in modern greenfield workplaces turned to creating an ideal work environment for high performance and production with maximum managerial control (Hallier 2001).

Human resource management strategy in greenfield workplaces demonstrates a consistency in management determination to implement what is perceived as the most modern work

organisation available at the time, whether that is new to the organisation or a continuation of existing practice (Leopold & Hallier 1997; Richbell & Watts 2001). Immense changes in technology have dramatically altered the way work is performed and a focus on flexibility rather than skills or qualifications has persisted throughout the decades of greenfield development. A genuine desire by management to work more closely in partnership with the workforce is evident, however in many cases this was much harder to achieve than expected, requiring at least as much flexibility in managers as was required in workers (Baird 2002).

Greenfield sites are often characterised as the ultimate example of management strategic choice in action to recreate work organisation or implement new methods with new technologies to improve performance (Kochan, Katz & McKersie 1994). However, whether such strategies actually do improve performance or remake workplace organisation is open to conjecture. An examination of the relevant empirical and theoretical material and its relation to greenfield sites is essential to determine if it is possible for actors to implement their preferred strategy. A range of theoretical perspectives are analysed for relevance to the relationship between actors in greenfield sites, particularly from the perspective of the use of power and influence in the making of greenfield agreements and the subsequent relationships between managers, unions and workers in greenfield workplaces. Case studies on early greenfield sites are discussed in this chapter to demonstrate the application of the ideal typical model developed by Newell(1991). Examination of later cases in the literature discuss the differences between greenfield sites that support Leopold and Halliers (1999) discussion of the ‘shades of green’ concept in greenfield sites, where some ideal typical characteristics may not be present, despite the characterisation of the site as a greenfield site. This further supports the assertion that organisations exercise a range of options when determining the initial configuration of a new site. The existence of choice however, may be illusory, as possible choices are constrained by economic, social and political factors both inside and outside the organisation.

This thesis proposes that whilst greenfield sites appear to be the essence of strategic choice in action, this is illusory as the essential contradictions inherent in the capitalist production process intrude into the ‘field of dreams’ (Newell 1991). Hyman (1987) notes that management’s capacity for choice can be understood as a “programmatic choice among alternatives none of which can prove satisfactory” (p30) given the contradictory nature of forces and relations of production imposed by the capitalist system. Individual employers can

only manage these contradictions not overcome them, therefore all strategic decisions are routes to partial failure. Regarding possible choices open to management, unions and workers, Galbraith's (1974) theory of organisational design provides a basis for analysing strategies management adopt to achieve greater production and limit uncertainty, whilst theories of power and dependency offered by Pfeffer (1981), Clegg (1989) Lukes (2014) and Marchington (1979) explain why management strategies may be disrupted by the resistance of workers and their unions to managerial directives. Market based systems theories (Konzelmann & Farrant 2003) regard the position of the firm in the market to be an integral influence on the range of options open to actors in organisations. Instead, Clegg (2014) notes that the external social and political environment influences the ability of actors to determine the direction within the internal environment of the workplace. Almond and Ferner (2006) demonstrate this extensively in the case of US enterprises developed across a range of nations and jurisdictions, multinationals are pragmatic in adjusting to the conditions in host countries, working with unions and implementing collective bargaining where necessary. This Chapter considers these theoretical perspectives to develop a framework for understanding how the interplay of internal and external factors influence the actors' abilities to implement their preferred strategy.

Following this, frameworks that were developed to understand which characteristics are common in greenfield sites are discussed. Newell (1991) studied greenfield sites in the United Kingdom (UK); the ideal typical framework she developed was highly influential in studies that followed (Baird 2001; Demirbag et al. 2014; Glover 2001; Gunnigle, Patrick 1995; Gunnigle, Patrick, MacCurtain & Morley 2001; Simms 2015). The ideal typical concept has informed this thesis's analysis of studies on greenfield sites and is central to the analysis of the case studies discussed later in Chapter Seven.

2. The Ideal Typical Concept in Greenfields

Newell (1991) developed the concept of the 'ideal typical' greenfield workplace to provide some reference points against which greenfield sites can be measured; this has been useful for many studies that followed (Baird 2001; Hursthouse & Kolb 2001; Leopold & Hallier 1997; Macinnes & Sproull 1989; Richbell & Watts 2001). Management strategy in the ideal typical greenfield workplace focuses on developing a new management philosophy, new location and layout, new work organisation and new employees (Newell 1991). Baird (2001) added

new relations with unions as a fifth element to the ideal typical analysis as a result of her work in greenfield sites in Australia.

In terms of the 'ideal typical' greenfield and union recognition, some Australian examples that approximate this model are available. In particular, the Fisher and Paykel site study by Leopold and Hallier (1999) show how teamwork and consultation mechanisms were combined with extensive training and development of an overwhelmingly young and inexperienced workforce. The following section provides a detailed discussion of the characteristics of the ideal typical greenfield site and further offers a framework for understanding the greenfield sites in this research project.

2.1. Ideal Typical Greenfield Workplaces

Newell (1991) places primary importance on the explicit decision by management to implement new human resource management strategies in the greenfield workplace. A new location, consideration of the type of employees and work organisation are also required (Newell 1993; Richbell & Watts 2001). Further, unionisation is a key consideration for management when considering options for establishing employment relations. However, greenfield sites may be completely union free or utilise control mechanisms to reduce union influence (Baird 2001; Guest, D & Rosenthal 1993; Kochan, Katz & McKersie 1994; Townsend 2005). It should be noted here, as discussed in Chapter One, that in Australia a greenfield site is considered to be a site where a greenfield agreement is in place and a union is a necessary signatory to the greenfield agreement. This does not mean however that they have an active role in the development of workplace relations in the workplace once the agreement has been certified.

This 'ideal typical' greenfield site utilises a deliberate strategy of high performance and high commitment human resource management (HRM) policy where management attempts to remove all hierarchical and technical barriers to production to create a work environment that enhances the employees' commitment and provides optimum conditions for high performance outcomes (Newell 2000). Under this schema, the new site is located in an area with no previous history within the company, usually in a new industrial estate and ideally in an area of high unemployment and low unionisation. The layout of the workplace provides maximum opportunity for management to observe work flow and to reduce segregation of

different work streams thus allowing workers to feel integrated within the organisation (Baird 2001).

New employees are preferred over existing employees from other sites within the company and the focus is typically on personal attributes and the ability to fit into the new workplace culture. Employees who demonstrate high commitment and are capable of applying knowledge and skills to a range of workplace issues are preferred (Hursthouse & Kolb 2001). Experience and skills are typically not required, particularly when there is a high tendency for unionisation in the existing workforce. This usually leads to the recruitment of a predominantly young or inexperienced workforce (Hallier 2001).

Commonly, one of the highest priorities for management is to change the relationship with unions in the new workplace, particularly if existing brownfield sites are organised (Kochan & Dyer 1993). In particular, there is a desire to reduce the number of unions representing the workforce leading management to negotiate a single union agreement where complete exclusion is not possible (Wickens 1987). In Australia, the ability to make a single union Greenfield agreement was one of the criteria in the 1991 reforms to the *Industrial Relations Act* 1988. These changes established formal greenfield enterprise agreements to avoid disruption arising from demarcation disputes between unions (Hamilton, R 1991). The characteristics of the ideal typical greenfield site are presented in Table 1 below (Newell 1991, Baird 2001).

Table 1: Ideal Typical Greenfield Workplace Characteristics

Managerial Philosophy and Practice	<ul style="list-style-type: none"> • Flat Hierarchy • High Commitment • High Performance
Location and Layout	<ul style="list-style-type: none"> • New Location usually distant from existing industrial sites • Soft labour market • Layout designed to minimise hierarchy, maximise production • Clear line of sight on shop floor
Work Organisation	<ul style="list-style-type: none"> • Team working • High Commitment/High performance

	<ul style="list-style-type: none"> • Lean Production • Extensive inhouse training
Employees	<ul style="list-style-type: none"> • Person centred recruitment over skills and experience • Often young and new to workforce
Unions	<ul style="list-style-type: none"> • Non union or single union • Limitations on union involvement • Deunionisation

Newell's (1991) work developed an 'ideal type' template for the measurement of greenfield sites for researchers undertaking further studies in new workplaces. These studies furthered the concept of measuring a greenfield site against the ideal concept. In saying this, Leopold and Hallier's (1999) research in Australia and New Zealand found that it was not necessary for a greenfield site to have all of the ideal typical characteristics to be defined as a greenfield site. This led to the development of a matrix demonstrating variation in strategy among greenfield types and came to be known as 'shades of green'. This concept is discussed in the next section.

2.2. Variation in Greenfield Types

Whilst Newell's (1991) ideal typical descriptors are useful as an initial determinant of the greenfield workplace, subsequent work has identified many variations in the way managers implement these changes. Leopold and Hallier's (1997) recognition of the variation in management approaches led to their analysis of 'shades of green' which attempted to understand greenfield enterprises in a more nuanced way. They developed a matrix to further understand of how managers in greenfield operations conceived and executed their plans. The matrix recognises that firms can adopt a number of variations when determining the approach to setting up a new site; management may be heavily influenced by the experience of the parent company, both positively and negatively. The relative success of the parent company in dealing with the complexities of their industry and market significantly influence the management's decision to attempt to break completely with past practice or replicate successful strategies from the parent company. Leopold and Hallier's (1997) matrix, replicated below in Figure 2, also recognises that there is a range of employment relations strategies possible within this continuum, including embracing high commitment, high

performance work systems and imposing a more rigid regulatory style that has been traditionally associated with personnel management.

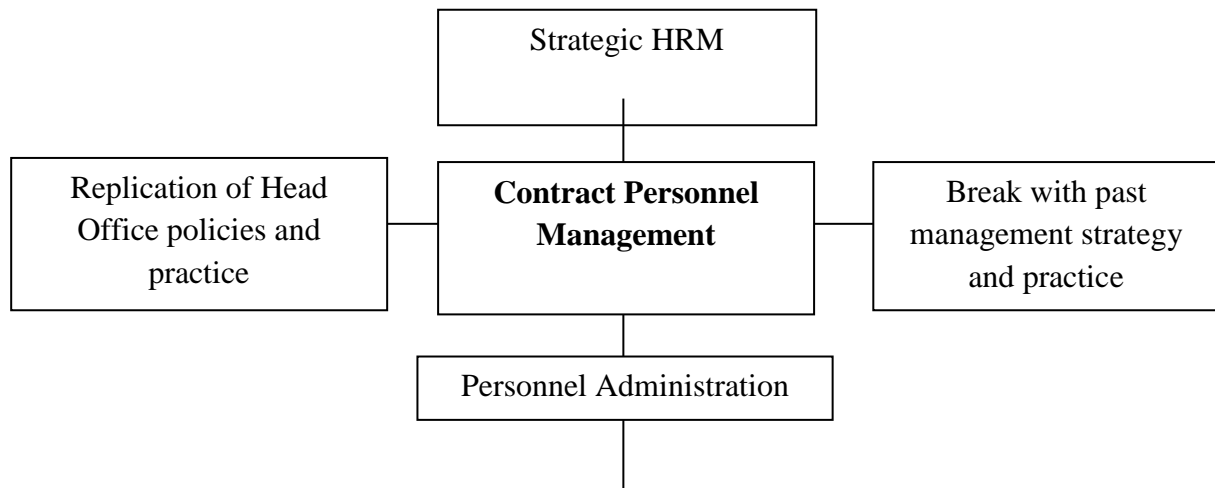


Figure 2: Variations in the greenfield matrix (Leopold & Hallier 1997).

Greenfield workplaces were plotted on the matrix to indicate how far the workplace varied from the parent firms' practices and in relation to the extent in which strategic HRM practices have been implemented. To further explain, personnel administration is defined as a contract manager function or a clerk of works model (Palmer 2013), and HRM as the conscious implementation of management techniques to engage employees and to increase productivity through training and a focus on quality (Guest, David & Hoque 1994). A range of common HRM strategies are discussed in the next section.

2.3. Human Resource Management in Greenfield Sites

Human resource management (HRM) has been considered one of the most significant innovations in the management of employees and is central to the analysis of a greenfield site. Huselid (1995) asserts that HRM policies and practices can "help to create a source of sustained competitive advantage, especially when they are aligned with a firm's competitive strategy" (p. 636). He further found that implementing HRM practices such as high performance work systems (HPWS) had a substantially positive effect on performance. Human resource management practices, such as HPWS, are typified by a unitarist management philosophy that prioritises selection of employees who embody and support

company goals so that there is no divergence between management and employee understanding of work and commitment to the company objectives (Baird & Leopold 2001). In HRM, employees are considered an asset to be developed rather than a cost to be managed, therefore this form of people management places a large focus on training and development and employee engagement (Bailey, J & Peetz 2015). Lawler (1991) predicted that new workplaces would develop more autonomous teams across all functions of the business as sociotechnical work practices were increasingly supported by information technology. This has not eventuated to the level foreshadowed, however the focus on performance based rewards has grown. Performance management systems and rewards based on individual and firm performance are used to motivate employees to greater levels of achievement and align the goals of employees with those of shareholders (Todd 2015). The use of bonuses and performance pay systems was found to be more prevalent in greenfield sites where white and blue collar classification structures had been merged and unions were weak (Gunnigle et al, 1998). This is consistent with a focus on individualisation of employment relations and sociotechnical forms of control (Collings et al, 2008).

HRM in greenfield sites can be implemented as either a replication of, or reaction against, the parent company's existing practice (Leopold & Hallier 1999). This dynamic can be further complicated by a consideration of an integration between the parent company's organisational culture and strategy and the new enterprise, particularly in a multinational context. The interplay between head office strategy and the political and social expectations of the host culture require continual negotiation between local management and parent company management that results in unique organisation at the local level (Almond et al, 2005) When recruiting new employees, preference is usually given to applicants who demonstrate the ability to be open to change, adaptability and positive attitudes to authority. This preference has resulted in employees who are young and relatively inexperienced being recruited over older workers (Hallier 2001) who are considered less compliant. Younger workers are also less likely to be union members.

Other practices associated with HRM and commonly associated with greenfield sites are also aligned with HPWS and include flexible work systems, a limited range of classifications and teamwork (Guest, D & Hoque 1996). Formal communication with employees in the form of team briefings on company performance and consultative forums encourage workers to consider firm interests to be attuned with their own interests (Baird 2002).

There are numerous examples of HRM practises that either replicates or rejects the head office position (Leopold and Hallier 1997; 1999), however whilst there may be a strong commitment for a new HRM focus in the start up phase of a greenfield operation, there is great difficulty in maintaining this commitment over time. Changes in management at both local and head office level, changes in market conditions and employee expectations all place pressure on the new enterprise and it appears that many greenfields gradually return to more typical forms of management and abandon many of the progressive policies and practices as competing pressures impact on the business (Becker, WS 2013; Rubinstein & Kochan 2001). Some studies point to lack of management training or lack of commitment to the new style of management from the parent company (Kochan, Katz & McKersie 1994; Leopold & Hallier 1999) whilst in other cases market fluctuations lead to downsizing or closure of the operation (Konzelmann & Farrant 2003; Rinehart, Huxley & Robertson 1997). Redundancies or diminished benefits are seen as a sign of a management's lack of commitment to upholding their side of the high commitment partnership and result in a reduction in employees' commitment to management values (Hursthouse & Kolb 2001).

Management's attitude to union recognition and involvement demonstrates development over time, largely as a result of changing social and political expectations. During the early 70s and 80s, particularly in the production sector, there was an acceptance that the union was an inevitable and even desirable partner in developing the new workplace (Sherman 1994; Whitaker 1986). However from the early 90s onwards, management took a harder line towards union recognition (Kochan & Dyer 1993). If the union was unwilling to accept the restrictions another more compliant partner could be found (Gunnigle, 1995). Companies with a greater exposure to international markets and intense competition, such as the electronics industry were more likely to adopt individualist employment relations practices (Gunnigle et al, 1997) The refusal of management to recognise the role of an independent union seems contradictory to a philosophy of respect and collaboration and workers have been quick to note inconsistencies in management rhetoric and action (Garrahan & Stewart 1992b).

Ultimately, this leads to the question of managements' purpose in creating greenfield workplaces. The statements regarding capacity of HRM practices to deliver workplace harmony, empowerment and fulfilment through work cannot be taken at face value. Critics of

HRM practices respond that this is merely a more sophisticated mechanism to control workers and extract more profit from labour (Godard 2004; Waddington & Whitston 1996) and disempower workers through atomisation by restricting their engagement with unionism (Beaumont, 1985). The next section examines the attitude of managers in greenfield sites to union representation.

2.4. Union Avoidance

Redefining relationships with unions has been cited as a key element of management strategy in greenfield sites (Baird 2001). A number of studies have demonstrated that greenfield sites are used by managers to develop more direct relationships with employees, marginalising if not excluding union involvement (Beaumont, 1985). Many greenfield sites are located far from older industrial areas where unions are an integral part of the workplace. Guest and Rosenthal (1993) observed the preference for a single union in their study of greenfield workplaces in the UK. Gunnigle (1995) noted that new workplaces in Ireland, particularly those developed by foreign multinationals, preferred to develop their workplace relations systems without union involvement. In Australia, union involvement has been a necessary feature of making a greenfield agreement for a new site under most regulatory frameworks with the exception of the period under the *Workplace Relations Act 1996* (WRA). Baird (2001) found that single union agreements were considered an optimal solution for remaking union relationships in greenfield sites. Van Den Broek (2003) and Waring (2001) looked at workplaces that used Australian Workplace Agreements under the WRA as a method to exclude unions from telecommunication and coal mining greenfield sites, respectively.

Kochan *et al.* (1994) identified that the risk of union incursion is a significant factor in management determining where to site a greenfield operation. In the United States of America (USA), rural areas not usually associated with union activity and some US States that have few regulations to recognise unions, have been deliberately chosen for greenfield sites.

One of the best guarantees for keeping a plant unorganised was to locate it in a southern state. It was not the right to work legislation found in most of these states per se that made the difference, but rather the area's generally antiunion social and political climate as well as the lower labour costs that made the location attractive (Kochan, Katz & McKersie 1994 p.70).

However, unions take a keen interest in the activities of large companies in their sector (Simms 2007). Union members in brownfield sites view new greenfield sites as possible threats to their job security and conditions, whilst union officials regard new sites as legitimate areas for membership expansion and incorporation into the union (Lamare et al. 2013).

In recent years there has been movement amongst some union leaders to adopt a 'partnership' approach with employers, a strategy which may be consistent with the philosophy of inclusive human resource management at some greenfield sites whereupon employees involvement is formalised in decision making structures of the company (Kelly, J 2004). The General Motors Ltd Saturn site in the US is an example of this approach; the United Automobile Workers (UAW) were involved in all decisions about employment strategy from inception of the Saturn project (Sherman 1994). The decision of a union to enter into a formal greenfield agreement can be significant as it poses both benefits and threats to the ability of the union to create a viable union structure within the firm (Baird 2002). If the management practices adopted at the new site are seen as disadvantageous by workers, the union can be seen as complicit and union membership becomes difficult to establish and maintain, particularly if there is an attempt by management to keep the union at arm's length (Macinnes & Sproull 1989).

Guest and Rosenthal (1993) noted that employer's attitude to collective representation in greenfield sites ranges from antagonistic to any union presence, limited tolerance of union activity to acceptance and social partnership. Studies of management strategy in the UK and Ireland have found that the decision to locate a new site was not primarily made to isolate the workforce from union incursion however this became a significant factor in decisions relating to human resource management strategy once the initial location was determined (Guest, D & Rosenthal 1993; Gunnigle, Patrick, MacCurtain & Morley 2001). Whilst it is possible for HPWS to be combined with a high level of union presence, it appears that this is not the approach most commonly adopted. This is even evident in contexts when companies from countries where social partnership is the norm choose to establish a greenfield site in an Anglo country (Guest, D & Hoque 1996; Gunnigle, Patrick et al. 2015).

The literature indicates that when planning to establish a greenfield site, managers have considered a range of factors when determining the level of union involvement they

preferred. The important factors for consideration were the depth of union culture and involvement at their existing sites, the capacity of the local trade union organisation to disrupt establishment of the greenfield site and the attitude of the government and its policies of union recognition. This has been elaborated in case studies conducted in greenfield sites, further discussed in the next section.

3. Greenfield Case Studies

This section discusses the features of case study research and examines the most significant cases in some detail. First, two major companies, Cadbury and Nissan, which epitomise the union incorporation approach, are examined. Secondly, the Saturn Motor Corporation and the UAW, who developed a full partnership model in the development of the site, are then discussed. During this period of research in the 1980's, Japanese work organisation and teamwork were closely studied and applied in the automobile sites at Nissan and Saturn. Many companies sought to emulate the lean production methods and teamwork typified by Japanese firms (Oliver, Delbridge & Lowe 1998). Thirdly, greenfield sites established in the last twenty years that embraced HRM and formalised person centred recruitment are considered. Finally a discussion of greenfield studies in Australia examines innovative employment relations strategies that have been utilised in large companies. These studies note that remaking employment relations was considered critical to the companies' competitiveness (Baird 2001; Townsend 2005).

3.1. Cadbury and Nissan – Keeping the Union at Arm's Length

The Cadbury plant relocation to North Wales in the mid 1970s was undertaken primarily to reconstruct relationships with employees and their unions (Whitaker 1986). The existing plants, particularly at Bourneville and Somerdale in England, were multi union sites with strong steward networks and in the light of the Donovan report³ (Clegg, HA 1979; Marsh & Evans 1973), management determined that a new site was essential to initiate the changes required. New production machinery and technology were required to update the company's operations, however management felt that the cost could not be justified without new work organisation to improve production. Government subsidies and a readily available pool of

³ *Royal Commission on Trade Unions and Employer Associations 1968* conducted in the UK and known as the Donovan Report. Conducted by Lord Donovan and influenced by the work of Hugh Clegg

suitable new employees were an important factor in settling on the final site at Chirk in North Wales (Whitaker 1986).

Management aims for the new site were the harmonisation of terms and conditions of employment for all employees, single union status, the avoidance of piecework and bonus payments and the encouragement of employee participation in flexible work practices (Whitaker 1986). These were largely achieved through the careful selection of a new workforce, open plant layout and flat management structures with little distinction between management and employees. The all-encompassing pay structure ultimately became an issue of discontent amongst workers as they came to realise that rates at the new site were lower than other existing facilities. This was particularly galling as they were extolled as being more flexible and efficient than other sites; work practices at the greenfield site became the 'model' for other brownfield sites (Whitaker 1986).

Cadbury deliberately chose to employ a new workforce from the pool of unemployed miners recently made redundant as a result of closed mines in the district. Although these workers were from a traditionally militant union background, it was determined that they had the characteristics required for work in the new plant, particularly a strong team orientation through the need for safety and were accustomed to continuous shiftwork. The industrial relations strategy was completed by a single union agreement with the Transport and General Workers Union (TGWU) which all new employees were required to join, thus excluding any other union from seeking recognition (Whitaker 1986). This determination was made through negotiations with the Trade Union Congress (TUC) to ensure that the union movement would support the process.

The goals of employee participation and flexible work practices had only limited success due to limitations in the ability of the existing workforce to maintain production and skill levels across all functions. This was compounded by a shortage of suitably skilled potential recruits in the region leading to the promotion of unskilled employees to supervisory positions. Workers at the plant became dissatisfied with the increase in workload and developed union structures to give voice to these concerns (Whitaker 1986). Prior to this, the union had had limited success in developing active involvement in the plant; the workers were content to work within management's preferred system until the dispute over work intensification could not be resolved.

3.2. Nissan Motors UK Plant

Two major studies of the Nissan Motors plant in the UK offered contrasting views of workplace organisation and employment strategies at the greenfield site; the first by Wickens (1987), and the second by Garrahan and Stewart (1992b).

It was uncontested that the Nissan Motor's prime motivation in developing a greenfield site was to achieve a single status for all employees, implement Japanese lean production methods and reduce union influence on the shop floor (Wickens 1987). The company implemented these strategies in 1984 and found an accommodating regulatory environment and a readily available workforce in the depressed economic conditions at that time in the UK (Garrahan & Stewart 1992b). Single status and flexibility were achieved with only two categories of employment: manufacturing staff and technicians. All staff were required to undergo company specific training to enable workers to undertake as many functions as possible within their work area. To demonstrate commitment to reducing the distance of management to employee, the managing director was only five seniority levels from the manufacturing employee (Wickens 1987).

Nissan UK adopted the Japanese work practice of *kaizen* or continuous improvement as a key factor in their human resource management strategy. Training in both work practices and working culture were equally important to the development of *kaizen* in the workplace (Oliver, Delbridge & Lowe 1998). Further, workers were encouraged to contribute their ideas for improving work practices and empowered to implement new ideas within the work area (Oliver, Delbridge & Lowe 1998). The stated objective of the Nissan work organisation – called the 'Nissan Way' – was to achieve the most efficient production process possible whilst also providing employees with a greater level of job satisfaction through having more control over their workplace (Wickens 1987). This was challenged by Garrahan and Stewart (1992b) as a strategy that created new forms of surveillance and control over employees, who had little opportunity to exercise any real preference in tasks. Ultimately, whilst "Wickens saw quality, flexibility and teamwork, Garrahan and Stewart saw control, exploitation and surveillance" (Oliver, Delbridge & Lowe 1998, p. 219 p.219).

Union avoidance was considered inadvisable by Nissan management as the new plant was located in a region of high union membership amongst blue collar workers and a decision not

to recognise any union would provoke immediate action by trade union leadership. Nissan management recognised the Amalgamated Engineer Union (AEU) for bargaining purposes however other activity was limited.

The AEU is secondary to the...company council which is the real forum for involvement. Half the members of the company council are management nominees; therefore the role of the union is dependent on patronage by the company. There is no sense in which an independent union operates within Nissan. The company council delivers participation without power, whilst the union achieves recognition but is marginalised from any participation in procedures (Garrahan & Stewart 1992a p.223).

Nissan UK was able to implement its vision as expressed in the Nissan Way without industrial disruption, however it became clear as the facility moved into a consolidation phase that the empowerment of employees through teamwork and *kaizen* was overstated. Many employees felt that the commitment of management to power sharing was shallow and the Nissan Way more manipulative than empowering (Garrahan & Stewart 1992b).

3.3. Saturn – Union / Management Partnership

Management at the General Motors Ltd (GM) Saturn automobile plant in Tennessee determined that the best way to implement its vision of lean production was through a partnership approach with the United Autoworkers (UAW). This approach had the advantage of full union cooperation in the development and implementation of the new greenfield plant, developing a labour contract that was described by Bob Ephlin of the UAW as the “most advanced human relations system GM and UAW had ever come up with” (Sherman 1994, p235). Conditions at the new plant such as leave, health insurance and pensions would be similar to existing employment conditions however wages were twenty per cent lower. The UAW retained the right to strike, grievance procedures and binding arbitration. The contract also developed systems for worker involvement in decision making and committed the Saturn plant to invest five per cent of every working week in training and development.

The purpose of the plant was to challenge the increasing dominance of Japanese small cars in the US market, leading to falling profits and market share of General Motors. Senior management at GM determined after many failed attempts that the only way to compete with the Japanese small car was to adopt Japanese production methods. This required a complete break with the past in a new location that was free from the constraints of General Motors bureaucracy, resistance to change and slow decision making processes (Sherman 1994).

The shop floor work unit became the primary unit of organisation within the plant and all other ancillary departments were required to accommodate the shop floor. The work units were organised in teams of 10-15 members who were responsible for coordinating all aspects of their work from budgeting, job rotations and training to minor maintenance and quality control. Each unit was to operate as if it were a single business and develop a customer relationship with the units around them. Ultimately this organisational form was designed to promote ownership and commitment to producing top quality cars in the most cost efficient way (Rubinstein & Kochan 2001; Sherman 1994).

Eighteen months after plant start up, it became apparent that despite extensive investment in the recruitment and training of workers with proven aptitude for team work and a strong desire to work in the new plant, full implementation of team working had not been possible. Managers at the plant gradually took more control over production and despite consensus, decision making being nominally still in place, workers' votes were viewed by many as merely an endorsement of management initiatives. Workers in the plant found it difficult to integrate the extensive cultural training into workplace behaviour and preferred to defer to a supervisor rather than take on full responsibility for the team's performance. New employees who joined the team were not trained as extensively as the initial employees due to the parent company's increasing reliance on Saturn production to alleviate its financial problems. Whilst at start up, teams had complete control over developing and implementing production processes for their team, this was gradually withdrawn as management sought more control and faster production (Sherman 1994).

Performance management through team mechanisms was also problematic, as most teams did not want to discipline each other. Workers who did not display sufficient commitment were disciplined by way of three stages of performance counselling, ultimately leading to a stand down whilst they "rethought the decision to work at Saturn" (p267). This seemingly soft discipline was underpinned by the employees' knowledge of a declining industry and lack of job opportunities, coupled with endorsement by the UAW that exerted greater pressure for conformity than would otherwise have been the case (Sherman 1994).

Production intensified as General Motors' management demanded more from the Saturn plant; this led to the introduction of an extra day into the work cycle and production teams working in excess of 50 hours per week. The increase in hours of work led to more injuries

being reported in the Saturn plant than in other comparable GM plants, however as the UAW Local were in management partnership, this did not result in union resistance (Cornette 1999).

The perceived co-option of the local union was a source of confrontation with the UAW International leadership, who over time sought to take more central control over collective bargaining and withdrew from the Saturn partnership contract in 2004. The relationships developed at the local level were not sustainable over time as senior leaders in both GM and the UAW did not support the ideals embodied in the partnership approach (Cornette 1999). Despite these reservations, UAW surveys consistently demonstrated that workers at Saturn supported the teamwork model of work organisation albeit with some reservations regarding the shift structure. Whilst General Motors' Managing Director Roger Smith saw Saturn as a "learning laboratory" that would "transfer knowledge, technology and experience throughout General Motors" (Sherman 1994, p124) this did not ultimately prove to be the case. The Spring Hill plant closed and the Saturn model was discontinued in 2009 (AP 2009).

3.4. Greenfield Sites: The influence of neoliberalism in human resource management.

The advent of neoliberalism as the dominant political perspective in the UK, Australia and the United States marked a turning point in the attitude of business managers to unions. Where before there had been an acceptance of the inevitability of a union presence in many industries, successful deunionisation campaigns began to show business leaders an alternative to pluralism in employment relations (Kochan, Katz & McKersie 1994). Supportive governments in the UK and US encouraged deregulation and supported the establishment of greenfield sites by multinationals without union recognition. In Australia, a Labor government began the process of uncoupling industrial regulation from the national arbitration system with the introduction of enterprise bargaining (Dabscheck 2001). New industries established greenfield sites in the UK and were significantly less likely to recognise or collectively bargain with a union in the 1980s (Macinnes & Sproull 1989). In further studies of greenfield sites which did not recognise unions, the majority had a fully developed strategic human resource management policy and had implemented policies regarding quality and commitment (Guest, David & Hoque 1994; Gunnigle, Patrick 1995). The majority also used attribute focussed recruitment and selection policies to identify

suitable employees (Guest, David & Hoque 1994) and did not report any significant level of disputation, which may indicate that employees were relatively satisfied with their situation. The country of origin of the parent company in a greenfield site had a varied impact on the type of HRM strategies adopted. Where the parent company was US based, the site maintained a non union status, however it was also likely that companies from Europe and Japan would maintain their new greenfield site as union free, even whilst the parent company practiced social partnership at home (Guest, D & Hoque 1996; Sablok et al. 2013). It appears that multinational companies tend to take an integrated approach to HRM in host countries, implementing some but not all of the work organisation practiced at home, a practice that has come to be known as ‘double-breasting’ (Lamare et al. 2013).

In a study of greenfield start ups in Ireland, Gunnigle *et al.* (2001) found that managers did not enter into collective agreements with unions and cited the relatively low levels of industrial regulation as a positive factor when selecting Ireland for a greenfield site. This is a significant shift from a decade earlier when most large companies entered into some form of recognition arrangement with a union at start up to avoid unexpected disruption in the early stages of start up (Guest, D & Rosenthal 1993; Gunnigle, Patrick 1995).

The desire to remain union free may be the impetus to introduce a consultation and communication with staff, as evidenced by a study of a Korean MNC located in the UK (Glover 2001). The parent company expressly rejected any possibility of union recognition, leading local UK management to devise consultative mechanisms to address issues of poor morale and monotonous work on production lines and so avoid employees seeking the representation of a union. Team meetings and a formal consultative committee were established, however most employees reported distrust in the formal communication mechanisms and the veracity of information supplied by management. Employees utilised informal mechanisms such “the grapevine” (Glover 2001, p. 307 p. 307) to establish the accuracy of management reports.

This is in accord with views expressed in Gunnigle *et al.*’s (2001) study of Irish greenfields. Personnel managers confirmed that consultative mechanisms were an important aspect of creating a culture of direct communication with employees and as a mechanism to head off any union activity. It was also clear that managers viewed such mechanisms exclusively for

information and consultation; there was no possibility of negotiation with staff through these processes.

Recruitment is critical in the establishment of a greenfield site. Managers usually expressed the desire to ensure that the new employees had good 'fit' with the planned work organisation and culture (van den Broek 2003). This was particularly the case where there was a history of industrial disharmony within the plant as demonstrated by the Cadbury case in early days (Whitaker 1986) and was also a factor in a number of greenfield sites established in the 1990s. In the case of Heinz-Watties in New Zealand (Hursthouse & Kolb 2001), the company's decision to implement a new employment relations strategy at the greenfield site was facilitated by a radical restructure of state employment regulation which allowed the company to create employment conditions without reference to any previous standard conditions. This was accompanied by a recruitment strategy that sought out employees who would accept these new conditions and who could demonstrate a willingness to work in a team (Hursthouse & Kolb 2001). The ability of applicants to demonstrate a commitment to flexibility and teamwork is a common element in many greenfield sites; this leads to the recruitment of a younger than average workforce who are less likely to have experience in a wide range of organisations and more likely to accept management direction without question (Hallier 2001). The downside of this strategy is high turnover and lack of motivation as workers experience an 'induction crisis' a short time after commencing at the plant as their expectations of the work are not met (Baird 2001). The issue of high turnover was noted in many case studies and a number of firms adjusted their recruitment strategies to employ older and more experienced staff (Elger & Smith 1998; Newell 1993; Smith & Elger 1998). Many managers of greenfield sites expressed a view that recruiting staff from within the industry or from a brownfield site within the company was considered undesirable and a factor in determining where to site the new plant (Guest, D & Rosenthal 1993; Newell 2000).

4. Greenfield from Start Up to Maturity

The majority of greenfield firms studied are only examined in the development and start up phase. Subsequent analysis of a maturing greenfield site found that new employment practices such as team working and quality circles have positive outcomes and there is very little conflict within the new plant. Leopold and Hallier (1997) conducted a study of a number of greenfield sites in Scotland five to ten years after start up to assess the sustainability of

new work methods and human resource management once the plant entered a consolidation phase. They found that the start up phase of the new site created a feeling of involvement and commitment that could not be sustained over a long period, particularly when the new work practices had been bedded down and a routine was established. This resulted in a period of turnover of staff as their ability to contribute to the new plants' establishment gave way to the expectation by management that they would focus to the production process and leave the managing to the managers. Staff however perceived this as a lack of commitment to shared values and a return to a hierarchal management style. In some cases, change at the top level of management resulted in a return to an authoritarian management style or the introduction of changes to the work organisation to increase production (Ackers & Payne 1998; Leopold & Hallier 1997).

The need to increase production and output under pressure from the parent organisation seemed a common issue for greenfield sites in the consolidation phase, this appears to often be the result of a lack of shared understanding of the new management philosophy between senior managers or due to changes in the market situation of the company (Konzelmann & Farrant 2003). Lack of control over external events leading to reversals in firm employment relations strategy is described as "disconnected capitalism" caused by "employer objectives in the labour process and the employment relationship are frequently at odds ... in the shift to shareholder value in capital markets and the systemic rationalisation across the whole value chain of firms" (Thompson 2003 p.371).

5. Australian Greenfield Sites

In the Australian context, there has been some advantage in locating operations in areas not traditionally seen as industrial hubs, usually regional areas where local authorities offer subsidies to attract business and employment opportunities (Leopold & Hallier 1999; van den Broek 2003). The changing regulatory environment has increasingly marginalised pluralist concepts of employment relations and created more sympathetic conditions for HRM to flourish in greenfield operations (Baird 2001; Gunnigle, Patrick, MacCurtain & Morley 2001; Waring 2001). The implementation of statutory workplace agreements (AWAs) in 1997 created a system which greatly enhanced companies' abilities to change their relationship with employees and their unions. Waring's (2001) study of the Bengalla coal mine provides evidence of the ability of a US multinational company (MNC) to remain union

free within a traditionally strongly unionised mining region and demonstrates the importance of regulation in providing the conditions that allowed the MNC to maintain this position despite the union directing resources at gaining a union foothold in the enterprise.

A number of Australia studies found that HRM strategies were a significant factor in developing employment practices at Greenfield sites. Baird (2001) notes that achieving a single union status was seen as an important factor in management strategy. The opportunity to completely change relationships with unions at the firm was a decisive factor in the establishment of a number of greenfield sites in Australia over the last two decades (Baird 2001; Townsend 2005). A new site may facilitate new layout where production lines can be streamlined, state of the art technology introduced and flat organisational structures implemented. The ability to design the work space around the new philosophy for work organisation is an advantage for greenfield sites, allowing the physical workspace to represent the culture that management wish to establish (Barnes 2007). Open plan workspaces, shared facilities and management areas located within the production area, are commonly cited as demonstrating a flat structure and shared vision (Townsend 2005). The vision often fails to materialise to workers who note once operations begin that the lack of hierarchy is more a rhetorical device than reality (Garrahan & Stewart 1992a).

Whilst there is a strong commitment made to communication, consultation and training and development made on start up, many studies note that in Australia, as in other countries, this is particularly difficult for management to maintain as the new operation struggles to meet multiple objectives such as production targets, quality management and budgetary constraints (Baird 2001; Townsend 2005). Baird (2002) notes that many employees become disillusioned as the initial expectation of the employment relationship are not realised.

6. Theoretical Perspectives

Several theoretical perspectives have been examined to inform this research. In the early stages of research, strategic choice theory (SCT) was the focus as it appeared that this would offer the most support for the initial research questions about the use of greenfield agreements by managers. As the research progressed, consideration of employee resistance and agency led to labour process theory (LPT) to consider the impact of employees on the decision to use greenfields. While both of these theoretical perspectives have contributed to

the research, ultimately neither SCT or LPT were able to understand the issues in greenfields. The most useful approaches were found in a development of Marchington's (1979) theories of power developed by Garrahan and Stewart (1992) and further elaborated using theories developed on power in organisations (Clegg, S 2014; Pfeffer 1981). The next section covers a discussion of the theoretical perspectives that have informed this thesis.

6.1. Strategic Choice Theory

Claims regarding a new form of employment relations overturning the old order must be closely examined to determine if indeed there has been a transformation of industrial relations. Strategic choice theory (Kochan, Katz & McKersie 1994) is grounded in the view that employers and managers have become the driving force in employment and work organisation, creating a new form of workforce management most typically called Human Resource Management (HRM) which has replaced personnel managers and created new layers of people managers from team leaders to human resource specialists (Keenoy 1990).

These new HRM specialists have brought new ideas regarding work organisation and gaining employee commitment which claim to increase productivity and ultimately profit. High performance work systems and work flexibility are key areas of focus to create jobs that feature a high level of variety, autonomy and challenge with increased learning and development opportunities and feedback (Wickens 1987). Team or group based work organisation builds high commitment and a high level of participation and involvement in key decisions about the team and the organisation (Becker, W 2007). Work flexibility may be both functional in encouraging few demarcation points between tasks or functions and in work organisation so that workers can vary their schedule or work in flexible settings to improve quality of work life (Kochan & Dyer 1993).

Bacon (2008) observed that managers may have a preferred approach to managing the workplace and reviewed earlier research that investigated managers' philosophy on a range of issues that informed their workplace employment strategy. The preferred approaches of managers are constrained by a range of factors such as the external economic environment, the overall corporate direction and employment regulation, among others. The capacity of a manager to make strategic choices should be considered in the context of these constraints.

Resistance to implementation of high performance or quality of work life systems is diagnosed as a result of a history of low trust between management, workers and their unions with many fearing that firm specific classifications and skill sets will be less transferrable in the event of a downturn. Redundancies or work intensification may result without sufficient payback (Boxall & Macky 2014). Those firms who express a preference for creating localised and specific skill sets may need to provide increased job security in order to gain workers' commitment. If this is not available, increased resistance is likely and management may examine their options for reorganisation, including the establishment of a greenfield site (Baird 2001).

Strategic choice theorists note that employers since the 1960s have sought to reclaim control from unionised workforces through re-deploying resources to greenfield sites (Kochan, Katz & McKersie 1994). Where a greenfield site had been opened without a union it has usually remained so, however there seems to have been little investigation regarding why this was so, other than management preference or lack of a union's ability to organise. The relative inexperience of young workers preferred by managers in greenfield sites offers some further explanation (Hallier 2001; Smith & Elger 1998).

6.2. Creative and Destructive Markets

Schumpeter's (2010) theories on the creative chaos of capitalism have influenced theory relevant to the development of new workplaces. This concept of 'creative destruction (p 82)' focuses on the tendency towards boom and bust in the economic cycle and the influence this has on employers' choices located in these markets. Employers in destructive markets use greenfield sites to achieve cost reductions through relocation of the firm to low cost environment, unilaterally change working conditions and replacing high cost workers. It has been noted that destructive work systems may use highly skilled workers in existing plants to improve processes and optimise production before moving operations to greenfield location, thus betraying the trust of those workers used to optimise the business before being dismissed (Burchell 2003; Konzelmann & Farrant 2003).

Creative work systems use greenfield sites to implement high involvement work systems but they are especially vulnerable to market forces and the push for 'shareholder value'. Changes in corporate ownership, management and competitive pressures undermine creative work

systems over time, leading to breakdown and destructive competition (Konzelmann & Farrant 2003).

6.3. US and Australian employment relations systems compared

Ultimately the ability of strategic choice theory to illuminate issues in employment relations in Australia is constrained by the differences in IR systems and social relations between the United States and Australia. The US situation is often described as exceptional in its tendency for the State to take a largely 'hands off' approach to regulation, limiting actors' abilities to broaden the field of collective bargaining from the level of the enterprise to that of the industry, thereby leaving the market as primary determinant of minimum wages and conditions (Kochan & Dyer 1993).

This contrasts with the Australian IR system in which the State and governments have played a very active role in reshaping workplace relations, particularly over the last 25 years. Dabscheck (2001) notes that despite pressure from the Labor government (at that time) to implement enterprise level bargaining in the 1980s, there was resistance from regulators, IR specialists and employers, who were wary of moving away from the stable system that had been in place since the beginning of the twentieth century. This contrasts with the US experience which only saw limited regulation imposed with the New Deal in the wake of the Great Depression and some revisions as a result of the *Taft Hartley* Act. It appears that American firms and managers never gained a deep commitment to pluralism and began to decollectivise from the early 70s (Kaufman, International Labour Office & International Industrial Relations Association 2004).

7. Political Ideologies

The field of employment relations in Australia has been profoundly influenced by changes in political views on the nature of relations between employers, employees and in particular, unions. Many analysts (such as Bailey, J & Peetz 2015; Cooper 2010; Peetz 2006) ascribe the changes in regulatory framework as an effect of a neoliberal ideology that dominates both social and political ideology and has determined the direction in which policies at the political and workplace level are developed. Despite this development, Greenfield collective

agreements are an example of the continued existence of a pluralist attitude in Australia. The next section discusses evidence of neoliberal and pluralist influences in collective bargaining.

7.1. Neoliberalism

According to Gall, Hurd and Wilkinson (2009), neoliberalism is an ideology in which the market is the dominant organising principle of society on the basis that an unfettered market provides the most efficient distribution of resources while also ensuring the maximum amount of freedom for the individual and growth for the economy.

The focus of the neoliberal is on efficiency, flexibility and choice for individuals without interference from government regulation. The individual will reach their creative zenith through being free of the restraints of coercive regulation on their relationships with others in the market place, thereby increasing social good by working to their capacity within a free market. To this end, liberalisation and deregulation of business should be accompanied by the reduction of the size and influence of the state through privatisation of public assets and utilities.

Furthermore, this deregulation should extend to the interactions of employers and workers in the labour market, and the price of labour should be regulated solely by market mechanisms without regard to the concept of a living wage or the labour theory of value (Mohan 1994). To this end, activists from the Right political spectrum, who are the main champions of neoliberal values have worked to implement policies to dismantle regulatory frameworks that put boundaries on managerial prerogative to set the conditions under which workers will be employed. Evidence from Australia, the US and the UK amply demonstrates the overall success that proponents of market liberalisation purportedly had over the last three decades (Gall et al 2011).

The development of the neoliberal program in Australia can be traced to the Hawke-Keating Labor government of 1980s and 90s, whose policies of economic rationalism and deregulation of centralised wage fixing led to the implementation of collective bargaining (Dabscheck 2001), albeit within a tight framework of regulation and oversight by an independent Conciliation and Arbitration Commission. This ‘constrained’ neoliberalism was released by the election of the Howard Liberal National coalition government in the mid

1990s. A swift move to implement a range of industrial relations policies that privileged employers over workers followed. Peetz and Bailey (2007) referred to this as ‘Stalinist neo liberalism’, a particular variant that introduced a range of regulations for the benefit of capital over labour, in particular constraining the activities of unions. This culminated in the implementation of the ‘Workchoices’ amendments to employment regulation, widely seen as an opportunistic step too far taken when a Federal election gave control to the government of both Houses of Parliament. The resulting electoral backlash saw the election of the Rudd Labour government in 2007 and a further rewriting of employment regulation in the *Fair Work Act* (2009). Although overall the *Fair Work Act* was considered a retraction of many of the worst elements of Workchoices, it remains largely focussed on the liberalisation of relations between employers and workers notwithstanding with a central role for unions and collective bargaining (Gahan & Pekarek 2012).

The existing focus on neoliberal tenets has ensured that collective bargaining occurs at the level of the workplace, therefore satisfying some of the prescription for direct negotiation between employers and employees. Wage setting is dominated by the ideology of market supply and demand, which has led to large differentials between pay outcomes for workers. Workers in the resource sector and those on greenfield project sites are the winners in this schema as they consistently lead in wage outcome statistics, while workers in service based industries are the losers, leading to what many economists now refer to as a ‘two-speed economy’ (Garton 2008).

Despite the all encompassing neoliberal mindset evident in political and civil society, the framework on which the Australian industrial relations system rests is essentially pluralist. The next section turns to a consideration of this system and its pluralist underpinnings.

7.2. Pluralism

Greenfield agreements made under the Australian industrial relations system demonstrate the underlying pluralist philosophy upon which the system relies for functionality. Formal recognition of the role of trade unions in agreement making is more explicit than in other forms of agreement making, where employers can bargain directly with their employees and reach a collective agreement (Bailey, J & Peetz 2015). The greenfield agreement may place employers in a superior bargaining position, however regulation provides some

counterbalance, particularly provisions requiring good faith bargaining between the parties (Bacon 2008) that unions in some industries can turn to their advantage.

Three basic assumptions underlie the concept of pluralism in industrial relations. First, there is a diffusion of economic power among a large group of actors, where there are large and powerful corporations; unions of equal power have the capacity to challenge their authority. Secondly, the concept of national interest is a widely held social constraint on the all actors' behaviour in asserting their power. Thirdly, the state has a fundamental role to play as the custodian and regulator and ensures that the public interest is upheld and provides independent arbitration where necessary to enforce industrial peace (Hyman 1989).

Collective bargaining outcomes may diverge from the national interest if the specific interests of one group prevails over all others, the role of the state is to ensure that the framework in which collective bargaining takes place contains checks and balances to the power of single groups (Sablok et al. 2013). However, the state should not take a direct and coercive role in the making of collective agreements; its main role is to develop a normative framework within which employers and unions can develop employment relations within the workplace according to their own agendas. Pluralism, in this conceptualisation, is the maintenance of a shared view of the importance of social cohesion and public interest that checks the actions of individual groups to attain their own interests at the expense of all others.

Trade unions' role within a pluralist regulatory framework of formal recognition is to defend the interests and rights of their members and to maintain independence from the state and employer (Clegg, HA 1979). Collective bargaining is the primary vehicle for obtaining benefits for members through negotiations with employers over wages and conditions (Fox 1975); engagement on other in forms of participation are limited to consultation and dispute resolution. New forms of employee participation and engagement, such as teamwork and high commitment work practices, threaten trade unions and are seen as forms of incorporation into a unitarist management framework (Demirbag et al. 2014; Palmer 2013).

7.3. Collective Agreement Making in Australia

In Australia, collective agreement making has been heavily regulated (Bailey, J & Peetz 2015), and the making of greenfield agreements closely scrutinised by Industrial Relations

Commissions. This is to ensure that the site complies with the requirements of undertaking a new business venture and having no employees with which to negotiate, and that it is in the public interest for a greenfield agreement to be made. Greenfield agreements must be negotiated with a trade union which can represent the future employees on the site, however not all unions with such coverage may be party to the agreement. In the event that the employer offers terms that are not sufficient, the union must determine whether to accept the agreement offered or find points of pressure to exert on the employer to gain improvements. The most significant point of pressure, industrial action, is not available, as employees may not be recruited for many months. Other possible negotiating tactics include putting pressure on the employers' existing sites, media campaigns or making challenges through the industrial relations commission. The success of these tactics depends on the employer's vulnerability to external pressures or social approbation; unless the site is of high social significance it is unlikely to attract sufficient media attention to achieve changes.

This then calls into consideration questions of power and influence, in some greenfield sites it has been shown that unions can exert significant influence over the development of the site and the collective agreement that determines wages and conditions, such as the Saturn plant in the US (Cornette 1999), whilst in other cases, the union acts as a conveyor to implement the employers' will or is excluded entirely (van den Broek 2003).

8. Power, Control and Influence

Power has been the source of much debate throughout the twentieth century, not least as the definition of power remains contentious; at its most basic definition power is "the ability that A has to get B to do something that they would otherwise not do, despite any resistance" (Dahl 1968 in Lukes 2005, p. 119, p119). This definition draws on the concepts of power developed by Weber (1978). However, this has been criticised for failing to recognise power relations that are not the result of a direct use of power on one entity by another, such as instances where the relative power of individuals or organisations is such that no direct action is required. This form of power is the recognised capacity of the agent to exercise power without the actual display, otherwise known as 'dispositional' power, or power capacity, which is contrasted with 'episodic' power, that is, the overt demonstration of power by one entity over another. A further development of this argument is made by Hindess (1982) who observes that having an abstract power capacity does not provide any guarantee to the actor

that the exercise of that power will be successful; the outcome of a power struggle strongly depends on the environmental conditions and resources available.

Lukes (2005) provides a further development in the analysis of power. He contends that a third dimension of power exists alongside episodic and dispositional power that determines whose interests will dominate in social and political agendas. In this model, powerful elites have the capacity to determine what is considered important or legitimate areas of control. The potential capacity for individuals or groups to exert power cannot be realised however, unless external factors are aligned in their favour. The development of a favourable environment in which to exert power must be addressed for power capacity to be realised.

Clegg (1989) identifies several necessary elements that must coalesce to provide conditions for the successful deployment of power through the theory of circuits of power. The three distinct circuits of power are identified as episodic, facilitative and dispositional, and require the effective organisation of resources, and social and political influence to be successful. Episodic power conforms to Lukes' (2005) first dimension of power as the direct and observed exercise of power by one agent over another. Within this, circuit control of resources and the ability to influence rules and overcome resistance are necessary.

Dispositional power draws on the successful use of episodic power to entrench rules within social relations to determine who is perceived as empowered or disempowered. Facilitative power circuits integrate the recognition of power into the techniques of discipline and production which then determine the shape of social relations.

Clegg (1989) further describes how agents translate their agenda into action by successfully negotiating 'obligatory passage points' within the circuit of power. These passage points or nodes are defined as problematisation: the capacity to enrol others into acceptance of the existence of a problem and an agreement with the proffered solution. This is followed by enrolment of others to the cause of implementing the solution to the defined problem and building alliances and coalitions of support. Finally, mobilisation is necessary to ensure that those groups enrolled to support an agreed solution develop an identity around a process of mobilisation, that in turn provides ongoing commitment to the agents and the outcomes. This is remarkably similar to Kelly's (1998) mobilisation theory which will be further discussed later in this chapter.

These fundamental definitional contentions contribute to a range of conceptions of power in employment relations, from organisational design to theories of union power. The discussion that follows is based on the definitions of forms of power and relevant literature to illustrate the use of power in greenfield sites.

8.1. Organisational Bases of Power

The bases of power that managers hold in organisations have been defined in terms of rational, formal and legitimate power that stems from their role within the organisation or as a result of their personal attributes. In this conception of power, the capacity for managers to exert control over subordinates in the organisation derives from the shared values held by individuals within society and the legitimate right of those who hold managerial positions to direct others to then ensure that organisational goals are met. Five bases of power are available to organisations and their managers, further divided into those derived from one's position or personal power (French and Raven, 1959).

Table 2: Organisational Bases of Power

Source	Power Base	Capacity
Position	Reward	To award money, promotions and recognition.
	Coercive	To enforce disciplinary action and punishment.
	Legitimate	Derived from recognition of subordinates.
Personal	Expert	Knowledge and expertise recognised by others.
	Referent	Personal characteristics that command respect and identification from others. Charismatic leadership.

French and Raven's (1959) bases of power assume a unitarist philosophy inherent in much of the management literature; the concept of a divergence in agreement on the use of resources

or organisational goals is not recognised. A further development of the power capacity of individuals is made by Pfeffer (1981) in determining that the significance of the individual in the organisation and their specialist knowledge or skills will determine how much influence they can exert over decision making. This is further enhanced by the individual's ability to work in coalitions or networks to obtain desired outcomes. This analysis paints a more realistic picture of the inherent competition between conflicting interests and the ubiquitous political manoeuvring that can take place in organisations (Clegg 1989).

Within the sphere of organisational power is the concept of managerial prerogative. As noted by Purcell (1979) through an early discussion of managerial rights, as the employer bore the responsibility for the outcome of the enterprise, they must have unfettered rights to deploy labour according to their assessment of the requirements of the business. Scientific management, as formulated by Taylor (1914), claimed to have determined the most efficient form of production to maximise both output and profit, with managers as the sole arbiters of the requirements of production efficiency. Under this conception, only employers' views are valid; workers who organise unions and seek to impose limitations on this right are illegitimate (Purcell 1979).

There is opposition to the concept of managerial prerogative by those who point out the competing goals and interests of all the actors who make up the workplace (Hyman 1989). There is no single purpose, therefore there are competing claims for the rights of prerogative decision making at all levels of the organisation. Under this view there is no rationality in privileging some actors over others as legitimate holders of decision making prerogative. Workers and their representatives have valid interests in the objects and activities of the workplace and will exert what influence they can. The next section discusses how workers develop and exert power within the workplace and through unions.

8.2. Power Capacity of Labour

Silver (2011) draws on the work of Wright (1989) to differentiate between sources of workers' power in the form of associated and structural power. Associated power is derived from the formation of unions and the use of collective voice to struggle for change. Structural power is workers' capacity to influence change through their skills, knowledge and position in the economic system.

Structural power is further elaborated in two subtypes, marketplace bargaining power and workplace bargaining power. Marketplace bargaining power is the power that results from market conditions when there is a shortage of particular workers' skills, a low level of overall unemployment or where workers can leave the marketplace altogether and rely on other sources of income. Workplace bargaining power is a capacity derived from workers' particular position in the production process, particularly where lean production methods are utilised in an integrated supply chain. Under these circumstances, workers in key areas can cause widespread disruption if they stop work (Marchington 1979).

8.3. Organisational Design

Galbraith's (1974) organisational design theory becomes relevant; he discusses the imperative for organisations to reduce uncertainty and locates much organisational strategy as a search for mechanisms which enhance organisations' abilities to anticipate or adapt to changing circumstances. Under situations of uncertainty, organisations may choose from a range of alternative strategies, ranging from mechanistic systems which utilise rules and procedures, to hierarchical supervision and targets. The system may become unworkable under conditions of rapid change resulting in the organisation seeking alternatives that may include the development of a greenfield site.

Design systems may create a buffer to uncertain conditions by the creation of slack resources which allow more processing time for adjustment to new conditions. However, they create risks for the organisation in having lower efficiency and utilisation of resources. An alternative to creating redundant or slack resources is to allow for faster processing times at the level of production by creating lateral relationships between production elements. This can be directly between production managers, team leaders, work groups or in specialist problem solving groups (Galbraith 1974). High performance work systems epitomised by greenfield workplaces utilise the advantages of lateral relationships by creating teams and attempt to limit their exposure to changing conditions by creating systems where workers have the capacity to adapt flexibly to changing conditions (Oliver, Delbridge & Lowe 1998).

The changes in labour process in these systems focus on creating worker consent and cooperation in supporting and creating normative work ideals, ethics and behaviours and

often seek to marginalise workers from mechanisms of collective organised trade union action (Smith & Elger 1998). By creating and maintaining cooperation and consent, organisations can contemplate the implementation of lean production, which removes the buffer of slack resources in the event of disruption. This requires the organisation to tolerate a high level of dependency on technological reliability and also on shared commitment of workers to organisational goals (Oliver, Delbridge & Lowe 1998; Pfeffer 1981). This in turn, imparts a degree of power to workers that was largely removed in conventional production utilising stockpiling and redundant resources.

8.4. Marchington's path model of power and dependence

Marchington (1979) identifies the relationship between management and individual workgroups as an exchange relationship of power and dependence where an awareness develops of the dependant position of one party on the other. This relationship is conceptualised as “as realisation of B's need for the thing A possesses. This therefore suggests that A's power over B is a function of:

1. B's need of the thing,
2. B's ability to acquire the thing outside the A-B relation,
3. A's awareness of the degree to which B desires the thing, and,
4. B's perception of A's awareness.” (Kirkbride 1985, p48)

When workers become aware of management's need for their cooperation and the provision of their skills to achieve their objectives they derive power from this knowledge. This knowledge of their potential power over the employer is called their ‘power capacity’ (Clegg, S 1989). Marchington takes this premise and develops a ‘path model’ of workgroup power. The level to which an organisation is dependent on a workgroup to provide critical services provides the measure of their power capacity. The more pervasive and immediate the impact of any disruption the greater the workers' power capacity (Pfeffer 1981). Developing an idea of the workgroup's power capacity is the first phase of the path model. The next step in the path model is the phase of ‘power realisation’. A key element of the capacity to realise power is the level to which the workgroup's role is substitutable. Where the work performed can be easily replaced, then the power capacity may be considered low. However, where the workforce do have the capacity to disrupt the workplace in a pervasive and immediate way and this disruption will not easily be bypassed by the employer, subsequent action taken by the workgroup will demonstrate a high power capacity. This results in the final phase of the

model, which is a 'power outcome' of either an unsuccessful or successful nature (Marchington 1979).

Marchington (1979) suggests that the capacity of the work group to create immediate disruption to production is a measure of their 'power capacity' which renders the organisation dependant on their cooperation. Should these workers determine that they no longer support the goals of management, they have the capacity to rapidly disrupt or halt production. Oliver and Wilkinson (1998) note that this is a key concern of lean production systems which impose on management the need to implement strategies to avoid any perceived goal confliction being acted upon by workers. These strategies include alternate employee voice mechanisms, team based work organisations, ongoing training and the sharing of company information with employees. Ironically, these mechanisms can trigger discontent in workers if they are implemented in a shallow fashion and if little real involvement in decision making by employees is apparent. This is particularly the case where work intensification is a product of the new work organisation (Godard 2004).

8.5. Union Power

Silver (2003) discusses the development of workers' power into union power as a form of associational power and also in the formation of workplace bargaining power. The ongoing effects of neoliberalism and globalisation have weakened union power through the use of outsourcing to lower wages and conditions and through the continued diminution of the State's role in regulating the conduct of the market.

Market theory supports this contention by identifying deregulation of capital markets as a source of the ongoing decline in manufacturing in Western economies as multinational companies move their production to developing nations such as China. This has been followed in recent years by other industries such as IT and finance as new technologies allow for real time communications on a global scale. The threat of job losses through offshoring leads to an ongoing trend of concession bargaining in exposed industries and a generalised sense of insecurity among workers in developed economies (Kelly 2011).

These conditions are coupled with the decline in union membership and overall union density in many developed countries, including Australia, that has impacted on unions' resources to

exert influence politically and in the workplace. Kelly (1998) countered this with the evidence that unions still maintain institutional power through the continued agency of unions in collective bargaining and in their ability to mobilise resources to challenge the agenda of neoliberalism. The successful campaign against the Howard governments' Workchoices legislation in Australia (Muir 2008) and the ongoing resistance of European unions to the austerity measures implemented since 2009, are evidence of unions' capacity to mobilise support (Kelly 2011).

A capacity to mobilise workers remains the most potent power capacity of unions throughout the world. The demonstrated willingness of workers to act collectively through formalised union structures is a potent force against capital. This recognised capacity provides the necessary conditions for unions to hold dispositional power (Clegg, S 1989) which is an element of the associated power of labour identified by Wright (1989) and further developed by Silver (2003) in the concept of workplace bargaining power. Mobilisation of workers into agents of collective action occurs through the shared identification of values and perceived injustice by workers, which in turn coalesce to form a collective identity. Change agents in the form of union activists or officials channel this sense of shared grievance towards its perceived source, for example, an employer or a government, for resolution. Successful mobilisation relies on workers' convictions that they also have the capacity to induce change and that collective action is the most likely strategy for success (Kelly 1998).

Kelly's (1998) union mobilisation theory is supported by Clegg's (1989) conduits of power theory which further explains how successful mobilisation entrenches belief in the efficacy of collective action strategies by both workers and opponents. This then creates the social conditions in which workers' power is recognised and embedded as legitimate within the social and political agenda.

However, it must be recognised that this process is also available to channel support for other entities to pursue their goals and the forces of neoliberalism continue to work to delegitimise and undermine workers' power capacity. An examination of the interplay between management control, and worker resistance and consent is one of enduring themes of labour process theory; the next section discusses the relevance of these perspectives to greenfield sites.

8.6. Labour Process Theory

Labour process theory (LPT) is epitomised by Littler (1982) as the consideration of “the conversion of labour power into labour under conditions which permit capital accumulation” (p. 31). The core theory has three areas of focus: the examination of the changing patterns of work and how labour is utilised in new workplace environments; the trends in managerial control practice and reactions of workers to this control; and an ongoing critique of scientific management and its successors, including strategic human resource management and high performance work systems (Thompson 2004). This critique centres on the exchange value of these processes which many LPT scholars argue leads to deskilling, work intensification and increased exploitation of workers’ labour power (Thompson 2003). One of the newer hypotheses of this exploitation is the concept of emotional labour (Hochschild 1983) and its particular use in call centres where workers must harness their emotions to “smile down the phone” (Thompson & Smith 2001 p.58). This requires a demonstration of the correct empathy and attitude whilst working in an environment that epitomises technical control and electronic surveillance to ensure compliance (Sewell & Wilkinson 1992).

Labour process theorists (Jaros 2001) claim the ability to connect links between political economy and IR, which in turn assists in understanding the patterns of conflict and cooperation in the labour process and make linkages with workplace regulation. Labour process theory focuses on the dynamics of control, consent and resistance at the point of production with a particular focus on how workers mediate and adapt the labour process to their own ends (Burawoy 1979).

In particular, labour process theoreticians (O'Doherty & Willmott 2001) oppose the view that labour has lost its subjectivity, and therefore the basis of resistance, and enunciate the view that workers remain conscious of management intentions and maintain their capacity to resist, disengage or cooperate (Delbridge 2007). This leads to varieties of resistance ranging from misbehaviour to calculated compliance that place barriers between management’s ability to control and mediate all autonomy at work (Thompson 2004).

A LPT analytical approach offers a critique of an overly optimistic analysis of workplace transformation and notes the tendency of lean production work systems to systematically remove barriers to work effort. This leads to work intensification and the concentration of

power in the hands of management (Garrahan & Stewart 1992b; Thompson 2003). This expansion of management power is based on the premise that the sphere of managerial control is ever-expanding and that HRM is a vehicle for this expansion. New forms of management control are centred on recruitment strategies that identify preferred attitudes and behaviours, rather than relevant skill sets, and continue into extensive training in company values accompanied by extensive workplace surveillance through ongoing evaluation and technical monitoring (Van den Broek 2004).

Greenfield sites use high performance work systems with high commitment work practises that focus on shaping the employees commitment to the goals of the workplace and aligning the values of new employees to those of the employer. Becker (2007) identifies the ability of managers to engage employees using HPWS is a significant factor in achieving high performance. When workers perceive management actions to be manipulative rather than genuine they become disillusioned and are likely to resist or quit (Glover 2001).

9. Conclusion

If increasing managerial control is the primary motivating factor in management decisions, then greenfield sites provide business and management with a blank canvas upon which they can exert almost perfect control in the establishment of the new site. This 'perfect control' seems to be somewhat illusory, or at best transient, as it appears to be challenged from the moment production begins by both external and internal forces. This leads to a reappraisal of the initial objectives, or in many cases, complete reversal from high performance to low road work systems (Guest, David & Hoque 1994; Richbell & Watts 2001). One of the limitations of management theories such as strategic choice and organisational design is the focus is on the firm and workplace which fails to also consider the environment in which the enterprise is established or the influence of other actors on both the decisions made and the ultimate outcome. Management autonomy in HRM theory is exaggerated, constrained by state action, political and social norms, as well as business environment and exposure to international markets (Martin & Bamber 2004).

When examining theory in the context of greenfield locations it appears that a labour process analysis focuses on how workers resist management initiatives to exert control or enter into consensual relationships of mutual gain (Jaros 2001). It perceives collective bargaining as the

normative method of gaining consent and management strategies to seek alternative versions of consent as potentially exploitative. Power and dependency are important factors in analysing work organisation that seeks to limit slack resources, as epitomised by socio-technical work systems and lean production.

Alternatively, strategic choice theory is the examination of human resource management aimed at increasing productivity and ultimately profit. In this model, unions and collective bargaining become exceptional, to be resisted where possible or incorporated into the productivity goals if this is not possible (Kochan, Katz & McKersie 1994). The role of senior management is to devise strategies to deal with the contradictions inherent in capitalist production and create conditions required to bring labour to heel in the common pursuit of profit (Marchington 1979).

Managers at greenfield sites have a high capacity for control in the initial development stages of the new site, however this authority is quickly diluted as other agents become involved in the evolution of the site. Management strategy in employment relations is contingent on reaching agreement with a union on wages and conditions which may extend beyond the minima, particularly where workers have structural power. Unions' power capacity to determine the nature of greenfield sites' employment relations is influenced not only by this structural power, but by the circuits of power developed through the mobilisation of power capacity in social and political relations. This can be clearly demonstrated by the changing capacity of unions and employers throughout the *Workchoices* and *Fair Work Act* period. Workplace relations in Australia in the last thirty years has been characterised by radical changes in collective bargaining, freedom of association legislation, amendments to the trade practices legislation and harmonisation of occupational health and safety legislation (Peetz 2006). These changes have been reflected in ongoing restructuring of the regulatory bodies and reduction in the scope of their activities. Whilst the scope may have been reduced, there has been a general consensus and social pressure to provide a strong and effective conciliation and arbitration body (Muir 2008). This is in contrast to the US where such a regulatory body has little public support. In Australia, there has been significant shift in employers' attitudes to deregulation (Locke, Kochan & Piore 1995), however it appears that diffusion of new strategy is slow (DEEWR 2010).

Greenfield sites in Australia which utilise Greenfield agreements have been at the forefront of these changes as each new agreement must conform to the regulations of the day. Despite this, there is a range of outcomes evident in Greenfield agreements. On the one hand, these agreements appear to deliver some of the unilateral managerial prerogative claimed by strategic choice while in other examples there is clearly a large measure of union influence in the development of wages and conditions. The next Chapter examines Greenfield agreements in the Workplace Agreement Database and draws some distinctions between greenfield agreements to offer some explanation of these contradictions.

CHAPTER THREE: METHODOLOGY

1. Introduction

The first chapters of this thesis discussed the development of collective agreement making in Australia with a focus on the development of the Greenfield agreement. While there is extensive international literature on greenfield sites, which was examined in Chapter Two, there is very little research on the use of the Greenfield agreement as an instrument to develop a greenfield site in Australia. This thesis of Greenfield agreements made in the six years from 2006 to 2012. It then creates categories of agreements based on the industry segment and characteristics of the agreement. These segments are then analysed using interviews and case studies to answer the research questions, with an associated examination of case studies of greenfield sites from the literature to determine some of the features of typical greenfield sites that have been studied since the late 1970s. This Chapter outlines the methodology used to develop this approach and the methods used to analyse the data and answer the research questions.

This Chapter will first present a justification for the methods chosen to undertake the research. A qualitative approach was adopted and inductive methodology was used within an interpretive practice approach. The research design chosen to investigate the topic, also involving the development of a literature review to examine previous research on greenfield sites, will then be discussed. An examination of agreement databases held by the Department of Education Employment and Workplace Relations (DEEWR) was conducted to ascertain the extent and type of Greenfield agreements made during the research period. As a result of undertaking initial research using the Workplace Agreement Database held by DEEWR, a categorisation of workplaces using Greenfield agreements into three types was made; this then required some changes to the initial research design. The original research intention to examine Greenfield sites through a case study approach was redesigned to examine the three categories of Greenfield workplace types using a series of semi-structured interviews and two case studies to develop an understanding of why actors choose the Greenfield agreement as part of an overall employment relations strategy. Interview data was analysed using computer assisted qualitative data analysis software (CAQDAS) and coded thematic analyses were developed. The final section of this chapter will discuss the challenges of undertaking the project and the methodological adjustments made to achieve the final thesis.

2. Research Paradigm

The research paradigm is the basic framework in which the researcher defines their world view and is informed by their philosophical assumptions and social conditioning (Denzin & Lincoln 2005). It is made up of epistemological and ontological perspectives on knowledge and understanding. Epistemology is the way that an individual understands the world and ontology refers to the nature of reality as understood by that person (Neuman 2006). This necessitates an understanding that the researcher takes an ethical and moral stance in relation to the research (Christians 2005) and that this stance must be acknowledged as an influence in the outcome of research, although it may be balanced through taking an interpretive approach.

An interpretive approach to understanding social relationships is based in the view that individuals and societies actively create their reality through social interaction. It is only through human interaction that the actions of individuals have meaning; an action in one setting may have a completely different meaning in another setting where the population have developed an alternative social understanding (Neuman 2006). The task of the researcher is to interpret and define the meaning of actions within a social setting from the actors' perspectives and to transcend the visible level to develop meaning that can be applied across a variety of settings within the research framework (Aram & Salipante 2003).

Part of the research undertaken in this project was based on an interpretive approach using semi-structured interviews to discuss each respondent's interpretation of the meaning of their interactions with actors within the sphere of workplace relations and agreement negotiation. Interview protocols were not fixed but guided by themes evident in the literature and refined throughout the research process as new interpretations were made from the data.

3. Qualitative Method

Qualitative research may be defined as a situated activity that involves an interpretive, naturalistic approach to the examination of an issue (Denzin & Lincoln 2005, p3). This thus allows for the development of evidence that seeks to provide some explanations of

phenomena from the perspective of those who participate in them (Denzin & Lincoln 2005, p3). Qualitative research methods are most useful when working inductively to develop an understanding of the phenomena without the guidance of a hypothesis or theory (Gardner 1999). Case studies have been a key element of employment relations research as they provide an excellent way to develop an understanding of the how employment relations is played out in the real world, and allows a thorough examination of the dynamics of human relationships in the natural setting of the workplace (Kelly, D 1999a). A range of case studies conducted by previous researchers have been examined in the literature review to provide a strong basis for the research protocols developed to inform this project.

Qualitative research requires the researcher to go outside of his/her own experience and explore the world from the perspective of 'the other' to understand what is occurring in a real world setting. The other or stranger is a characteristic role of the researcher "because s/he is not bound by roots to the particular constituents and the partisan dispositions of the group, s/he confronts all of these with a distinctly 'objective' attitude, an attitude that not signify mere detachment and nonparticipation, but is a distinct structure composed of remoteness and nearness, indifference and involvement" (Simmel 2002, p31). This is not to say that the investigator does not bring with them their own perceptions and bias, it is unavoidable that the perspective of the investigator will be a part of the development of the research design and will be integral to the way data is gathered in field work. However, Flyvberg (2004) notes that the process of working inductively in the field causes researchers to re-examine their preconceived views and come to a new understanding about the subject they are examining, thus forcing them to re-evaluate early hypotheses. Taking this approach has allowed for a reflexive stance towards the data, whereby the early hypotheses were discarded as new understanding of the nature of greenfield workplaces were developed throughout the research process.

Qualitative research methods such as semi-structured interviews allow for exploration of complex interactions between participants' actions and the underlying perceptions, thoughts and feelings that influence their decisions and behaviours. Through this data, it is possible to demonstrate complex interactions in a way that can provide explanation and incorporate theory without being reliant on proving or disproving strict hypotheses (Neuman 2006). Questions can be framed to elicit open ended responses and during the interview the participants are free to move from the directed question into areas they wished to discuss in

greater depth. The opportunity for the participant to elaborate allows them to convey aspects of their experience in a greenfield site that may not have been captured by structured survey questions; further, the participant and interviewer can develop a rapport and explore the participant's attitude to complex issues in some depth (Holstein & Gubrium 2002). The number of research interviews may be determined by an assessment of the characteristics of the research focus organisations and industry and the approach to analysis (Saunders and Townsend, 2016) The participants interviewed in this research project covered a broad range of roles, from employees to senior managers. In the case studies, all managers and at least half the workers engaged at the plant were interviewed. In the industry focussed research, officials from all the significant unions and senior managers who have strategic overview of the negotiation and operation of Greenfield agreements were interviewed.

Qualitative methods have been utilised throughout the part of the research that focuses on why actors choose to use greenfield agreements as this method allowed the researcher to delve more deeply into the reasons why decisions are taken and actions made. A deep understanding of the issues that are considered relevant by the actors is key to understanding the development and shape of interactions between them that do not appear entirely rational from an outside perspective. This is certainly the case with workplace agreement negotiations and for this reason it was necessary to adopt an approach that positioned the researcher within the respondents' setting using a case study approach.

In developing the design for this research project, some initial steps needed to be taken to identify the scope of the research and appropriate cases and interview subjects. A discussion of the research design follows in the next section.

4. The Research Design

In choosing the level of analysis for this research project, it was necessary to locate the appropriate place in which to start. An examination of Greenfield agreements such as that proposed by this research had never been undertaken before in Australia so there were no previous studies to guide the research design. The inclusion of this first level of analysis means that this research really takes a multi-method approach, using data analysis followed by the qualitative research methods discussed in the previous section.

A literature review of significant greenfield sites that have been the subject of case study examination was necessary to understand what has been considered a typical greenfield site. Much of the research on greenfield sites was done between 1980 and 2000. During this period some notable studies developed the basis for categorisation as a greenfield site that considered location, workforce, management style and relationships to unions. These studies provided a guide to this research in order to examine current models of greenfield sites. Greenfield agreements are a category of agreement unique to the Australian system. A clear understanding of the nature of greenfield sites as they are understood in the literature was necessary to understand the similarities and differences between the current typical greenfield site and a Greenfield agreement site.

The options that were presented were at the level of organisations or at the wider sectoral level of greenfield agreements within the scope of this thesis. Previous research in the greenfield sector has been undertaken at the level of the workplace, however to understand why organisations make greenfield agreements, it was necessary to start with a sectoral analysis of the greenfield agreement databases kept by Department of Employment and its predecessor agencies.

Collective agreements made under the Workchoices legislation were held in a database within the Workplace Authority; this was abolished in July 2010 and replaced by the Workplace Agreement Database (WAD). All collective agreements made under the *Fair Work Act* are held in this database as well as the archive of agreements previously held by the Workplace Authority. The Workplace Agreement Database is managed by the Department of Employment; they provided the database of single enterprise Greenfield agreements made under the *Fair Work Act* and archived data of union greenfield agreements made under Workchoices to the researcher. While collective agreements lodged with the Workplace Agreement Database are available to the public through the Fair Work Commission website, it was more accurate to request the data directly from the department.

The first level of analysis was to undertake a review of all Greenfield agreements made in the period determined for the study. The six-year period selected began with the beginning of the Workchoices amendments to the *Workplace Relations Act 1996* in March 2006. Workchoices was replaced by the *Fair Work Act* on 1 July 2009 and the research period then extended to the 30 June 2012. This period covered all greenfield agreements made under the three year period of Workchoices and three years of agreements made under the Fair Work Act.

Between 27 March 2006 and 30 June 2009, some 938 Union Greenfield Agreements (UGA) were made under the *Workplace Relations Act (Workchoices Amendments) 2005* and a further 1446 single enterprise greenfield agreements were registered under the *Fair Work Act* from 1 July 09 to 30 June 2012 (Employment, Department of 2010b).

A broad analysis was then undertaken of all available agreements in the data set to determine the scope of the research project. Initially the research question focused on how actors utilised Greenfield agreements in developing employment relations strategy with a focus on new businesses that fit the criteria of a greenfield site as defined by previous research. As discussed in Chapter Two, this criterion usually focused on several key factors in which a new management philosophy, location and staff were primary considerations. It was initially envisioned that these workplaces would be a large portion of Greenfield agreements made within the period. However, as a result of the first analysis of the agreement database it was determined that most Greenfield agreements made in the period do not fit these criteria so it was resolved that a sectoral analysis of the database should be undertaken to categorise Greenfield agreements by sector and industry. The sectoral spread of Greenfield agreements is further developed and analysed in the next chapter.

5. Sectoral Analysis of Greenfield Agreements

As discussed in the previous section, an analysis of the agreements held in the Workplace Agreement Database resulted in the designation of agreements into three broad categories: Project Construction, Third Party Service Supply and New Start Up Ventures. The initial research design of conducting case studies was determined to be unsuitable to a sectoral analysis so the research design was changed to accommodate these new findings. Semi-structured interviews with key participants were undertaken in the Project Construction and Third Party Service Provider sectors and two case studies were undertaken in the Start Up Ventures sector. The approach to conducting the research in each sector is discussed in the next section.

5.1. Project Construction Sector

A sectoral analysis revealed that most Greenfield agreements are made to regulate employment conditions in the construction industry for large infrastructure projects. These

projects are to build infrastructure in the mining, energy, oil and gas industries and to build large public roads. Most of these projects involve multinational companies in investment groups with local companies and government and are constructed by a handful of project management companies who negotiate Greenfield agreements with the four major construction unions, the Australian Workers Union (AWU), the Australian Manufacturing Union (AMWU), The Communications, Electrical and Plumbing Union (CEPU) and the Construction, Forestry, Mining and Energy Union (CFMEU), as well as other unions, such as the Liquor Hospitality and Miscellaneous Workers Union (LHMU)⁴ and the Maritime Union of Australia (MUA), which provide ancillary services to the construction sector.

These headline agreements are then translated into agreements with subcontractors providing work to the project at various stages. As a result of this practice, there may be many agreements that mirror the primary agreement in terms of pay and conditions registered for a single project. The most agreements identified for a single project during the research period was the Worsley Efficiency and Growth project in Western Australia, where 106 separate Greenfield agreements were registered during the life of the project. This project, led by BHP Billiton, began in May 2008 and was completed in 2012; it involved the expansion of the Worsley Alumina mine and refinery and associated cogeneration facility (NRR, 2012). This type of project is a typical within the greenfield sector. The scale of multiple agreement making for a single project in the greenfield sector was not anticipated when this research was commenced and thus, the research design necessitated some amendments.

As a result of this finding, a series of interviews with senior managers in several project management companies and senior union officials from the four unions was undertaken. Five interviews were conducted during 2011 and 2012: with four union officials at state and national levels from the four construction unions, and one with an official employed by a regional trade and labour council with responsibility for coordinating unions on greenfield projects. A further four interviews complemented this data: two with senior managers from construction project management companies and a further two with senior IR managers for employer associations in the construction sector⁵. All these interviews were semi-structured and were designed to gather information about employment relations strategies and negotiation tactics in the making of Greenfield agreements in the sector, as well as the

⁴ Now known as United Voice

⁵ See table of interviews in Appendix

conduct of employment relations in the workplace once work began on the site. At this point, the research questions for this sector evolved to focus on employers' and unions' motivations in making a Greenfield agreement and the relationship between employers and unions once the agreement was made and work commenced on the project.

A secondary focus was the impact of legislative changes on the agreement making strategies of actors in the sector. The principle research question for this sector became '*How do actors in the greenfield project sector implement employment relations strategies?*' Interview protocols for employer and union participants were informed by the literature and refined throughout the data collection process; these were used in all interviews to ensure consistent data collection. Working reflexively with interview schedules and adjusting them as more insight is gained through interaction with participants allows the researcher to go deeper with participants on topics that only become significant as data is gathered (Rapley, 2004). The researcher was fortunate to gain an interview with a Fair Work Commissioner who was a member of the construction panel and had wide experience of hearing Greenfield agreements cases. This provided some insight into the Commission's role in the making of these agreements and presented another viewpoint. This offered some triangulation of the views of employer and union participants when assessing the tactics of the other actors. A full discussion of the project construction sector is the subject of Chapter Five.

5.2. Third Party Service Sector

The second largest group of agreements in the period was made for third party service provision. Third party service contracting companies provide services such as cleaning, catering, security and logistics to a range of industries, particularly in the oil and gas sector and to government departments including Defence and Corrective Services. Greenfield agreements are made when a new tender is issued for these services, in most cases on an existing site. These agreements are considered to fall within the scope of the greenfield provisions of the *Fair Work Act* as they are made between a prospective employer and a union prior to any employees being hired by that employer, even though the site and work being performed are ongoing. Third party service providers make a Greenfield agreement to provide employment conditions that comply with the tender requirements of the client. In many cases the only new element within the site is the third party contractor. The work

undertaken is the same work that has been done on the site by employees hired directly by the client or another third party provider.

Insights into the operation of this sector were gained by two semi-structured interviews; the first with a senior IR manager in one of the major multinational third party service provision companies (Service Co) and a second with a senior LHMU union official. The interviews focused on the employers' and unions' motivations to choose to make Greenfield agreements as part of their strategy. Employment relations between employees, employers and the client site staff, once work in a contract had commenced, were also discussed. The use of an interview schedule was useful to ensure that the major areas of interest were covered and to contrast the experience of the informants with the knowledge gained from initial literature review and research on the service provision sector (Sutcliffe, 1999). The impact of changes in legislation was considered and the changes in the strategy of union and employer contrasted between Workchoices and the *Fair Work Act*. The interview with the Fair Work Commissioner discussed in the last section also covered aspects of agreement making in the third party service provision sector; the Commissioner provided some insights on the agreements and their effect on employees. In this sector, the change in legislation has had a major impact, employers who used individual contracts and employer greenfield agreements had to completely change their employment strategy to comply with the *Fair Work Act* after the abolition of their preferred employment instruments, which then gave the union greater leverage in negotiations. A full analysis of this sector is undertaken in Chapter Six.

5.3. Start Up Ventures

The third and final sector identified is that associated with previous greenfield studies, the new venture. This sector is the smallest of the three identified and agreements were recognised in a number of industries including manufacturing, logistics and health. At the outset of the research, it was intended to focus on this sector as it was assumed that new ventures would comprise a significant percentage of greenfield agreements made over the period. As has been discussed, this was not the case and the research design was altered to accommodate this early finding.

It was determined that case studies would be conducted in a sample of these new venture sites to find out if the literature on greenfield sites was still relevant to current new ventures where

greenfield agreements were made during the research period. The opportunity to engage in a close study of an individual workplace allows the researcher to develop an understanding of actors' motivations from within the organisation on a deep level as well as the external forces that influence their decisions. Case studies are an effective method of examining a complex employment relations issue. They provide for the testing of abstract theories or generalisations and allow for a thorough understanding of the complex variables and constraints that influence the actions of managers, workers and their unions in pursuing their goals in real life settings (Kelly, D 1999b). Thus, the case study is important both for intrinsic understanding of the particularities of the case itself and extrinsic understanding of research issues (Denzin & Lincoln 2005).

As most existing studies have been done in the manufacturing sector and find that the implementation of high performance work systems is central to achieving management employment objectives (Guest, D & Rosenthal 1993; Leopold & Hallier 1999), this became a primary criteria when selecting the case study sites. The development of an ideal type framework for greenfield site analysis (Newell 1991) is a useful tool to evaluate greenfield sites and was used as a primary reference point within the semi-structured interviews. In contrast to other findings, studies of greenfield sites in Australia had found that a major focus on achieving greater efficiency through control mechanisms, rather than the autonomy associated with some high performance work systems, dominated management employment strategies (Hallier 2001; van den Broek 2003; Waring 2001). The literature reviewed notes that the recruitment of workers with desirable traits is of critical importance; personal attributes such as positive attitudes towards flexibility and change, rather than skills, are preferred. A study of the selected case sites sought to determine the managers' focus to issues of autonomy and control and how workers and unions respond. Semi-structured interviews with managers and employees focused on the initial decision to develop a greenfield site and the subsequent employment strategies undertaken once the site was operational. Interviews with union officials involved in the negotiation of the greenfield agreement for each site were also undertaken to discuss the unions' approach to negotiating greenfield agreements broadly and the strategic focus at each case study site.

Two new ventures in the manufacturing industry were selected for case studies. The sites were selected based on accessibility as both were based on the east coast of Australia. Metal Co was selected as research indicated that some interesting HPWS were being trialled at the

site. While it was initially envisioned that a service sector industry venture would also be included for case study research, no service sector site would agree to be studied from the very small number of possible sites. The first case study site was a building material manufacturing plant that was built on a new site in south-eastern Australia. To comply with the requirement of providing anonymity to the participants and their company, this site has been designated as House Co. The parent company determined to build this site to deliver a local supply of the product in the region. The new plant was a state of the art manufacturing facility; it opened in late 2008 with the intention of gradually developing the workforce into full production. The plant manager was forced to change those plans when a new government incentive scheme sent demand for the product skyrocketing. The initial projection of two shifts and 40 employees in the first twelve months was increased to four shifts over seven days and 140 employees. When the government scheme was terminated abruptly, the company was forced to make more than half these employees redundant; this had a large impact on employee confidence and morale.

The case study was undertaken over two months at the end of November 2011, six months after the downsizing had taken place. This influenced the interviewed workers' and employers' perceptions; they all referred to the first twelve months as a difficult time that had shaken the initial confidence of the new site and caused many planned training and development initiatives to be deferred. The researcher was not aware of this history until the case study commenced, leading to some readjustment of the interview focus to accommodate the new information. The case study provided some insight into the real life challenges of the greenfield site, demonstrating that initial plans do not always come to fruition and unexpected external events can create both opportunities and challenges that force changes in strategy. The second case study site was developed by a large Australian based multinational steel manufacturer. This site has been designated Metal Co to preserve the anonymity of participants. The location of the site was unusual as it was built within one of the company's existing sites rather than a new location. The recruitment strategy deliberately focused on hiring employees with no previous experience with the parent company. There was also a concerted managerial effort to develop a new workplace culture amongst employees without the perceived 'corruption' of the influence of the existing culture on the site. The greenfield managers saw the previous workplace culture as being negative and the cause of a decline in parent company productivity.

The site manager was given free rein to implement a new employee engagement strategy that focused on building trust and empowerment among the new recruits. There was much emphasis on team development with team building activities revolving around a sporting team metaphor. This case study was of most interest for the intense focus put on building the preferred attitudes and behaviours among employees rather than on skills and production. Managers and employees who participated in the research all highlighted that building a workplace based on trust and team pride was central to their experience. Interviews were conducted in early 2012, at a time when the initial manager had moved to a new role and a new manager had been in place for about six months. This had led to some change in management focus from team building to productivity. An interesting observation was that both managers and workers welcomed this new focus as it was reported that some had felt that the intense focus on culture had become exhausting by the time the first manager left and respondents felt comfortable in moving to a greater focus on production while still citing the benefits of the team culture.

In both sites, there was a union involved in the initial greenfield agreement negotiation which had full access to the site once work commenced. At House Co, the union was unsuccessful at recruiting members and there was no ongoing organising campaign undertaken. At Metal Co, the workers had chosen to join the union and saw it as a significant part of their team identity, but did not have a strong relationship with the union structure on the parent site. The ideal typical framework provided a template for the interview protocols (see Appendix Two) and focused on the five ideal typical aspects of management philosophy, location, work organisation, employees and relationships with unions that were discussed in detail in Chapter Two. In addition to these aspects, the interview covered the changes in workplace legislation and their impact on employment relations; however, it was found that this was largely insignificant to the operation of the site. A full discussion and analysis of the new ventures selected is provided in Chapter Seven.

6. Data Collection at the case study sites

Semi-structured interviews (see Appendix One) were conducted with selected managers, union officials and employees to understand how and why a greenfield agreement was chosen as the means to remake employment relations at the new site and evaluate the outcomes of the initial strategy once the workplace became operational. Qualitative research methods such

as semi-structured interviews allow for exploration of complex interactions between participants' actions and the underlying perceptions, thoughts and feelings that influence their decisions and behaviours (Rapley 2004). Through this data it is possible to demonstrate complex interactions in a way that can provide explanation and incorporate theory without being reliant on proving or disproving strict hypotheses (Neuman 2006). Questions can be framed to elicit open ended responses and during the interview the participants are free to move from the directed question into areas they wished to discuss in greater depth. The opportunity for the participant to elaborate allowed them to convey aspects of their experience in a greenfield site that may not have been captured by structured survey questions and permitted the participant and interviewer to develop a rapport and explore the participant's attitude to complex issues in some depth (Holstein & Gubrium 2002).

Table 3: Interviews by Sector

Sector		Interview participants	Total
Project Construction		2 Employer Association IR Managers	
		Principal Construction Senior IR Manager	
		Construction Company IR Manager	
		5 Union officials	
		Fair Work Commissioner	
Total Project Construction			9 Interviews
Service Sector		Third Party Service Provider Senior IR Manager	
		LHMU official	
		Fair Work Commissioner	
Total Service Sector			3 Interviews
Start up Venture Case Studies	Metal Co	4 Managers	
		4 Employees	
		AWU Official	
	House Co	3 Managers	
		9 Employees	

		LHMU Official	
Total – Start up Ventures			22 Interviews
Total all sectors			34 Interviews

Interview questions for managers focused on the employment relations experience within the firm and the initial decision to set up a greenfield site, then moved into a discussion of why the particular strategy was chosen and the events that led to the operationalisation of the greenfield site. Union officials involved in negotiating agreements were interviewed with a similar focus on expectations and union policies in regards to greenfield sites and the deliberations that may have been made by union leaders to reach a mutually satisfactory agreement at the particular workplace.

The aim of this research project was to gain some understanding of what happens once the greenfield site becomes operational, so all interviews with managers and union officials sought information on implementation issues, any formal amendments that may have been made to the agreement itself or further policies made to clarify issues. Workers within the two new venture case study sites were interviewed about their decision to accept employment in the new site, their expectations of the workplace and their experience since employment. In addition to data collected through interviews with participants, a range of documents was reviewed. Metal Co and House Co provided materials including company policies and training materials as well as some correspondence between the managers interviewed. Further information was sourced through publicly available records on company websites and on the Fair Work Australia website. Some of the union officials who participated provided information on union policies and activities and other material was sourced from publically available sources such as websites and newspaper articles. The industrial relations news database Workplace Express proved invaluable in alerting the researcher to new developments in the sector.

All information was analysed by first transcribing the interviews and then entering them into the computer assisted qualitative data analysis software Nvivo. Other data was also reviewed and incorporated into data analysis where it was relevant to do so.

6.1. Analysis of Data

Interviews were coded using Nvivo software to find relevant themes for each sector and overall themes for the whole greenfield sector. Separate analysis was also undertaken for the case study sites Metal Co and House Co. The use of CAQDAS software such as Nvivo has been found to be useful in qualitative research, particularly to assist the researcher in identifying themes from a range of complex data. Evidence that both confirms and confounds preliminary hypotheses can be quickly collated and compared. Techniques for analysing case study interviews may include systematic coding and inductive analysis (Eriksson & Kovalainen 2008). Systematic coding requires the formation of predetermined propositions based on existing theory and attempts to uphold the validity of theory. This requires that codes for analysis be developed from theory rather than from the data gathered through the case study process. The ideal typical framework (Newell 1991, Baird 2000) was used as a guide for developing codes in the case study sites. The shades of green concept developed by Leopold and Hallier (1999) also informed the development of analytic codes.

Inductive analysis allows for themes and patterns to be discovered through the interview and data collection process, allowing the researcher to refine themes and develop explanatory perspectives (Carsten et al. 2010). Sensitising concepts taken from theoretical perspectives are used to give some reference and direction to the types of questions developed for the interview and subsequent exploration of themes. The literature states that it is important to locate the local understandings and concepts used by respondents to assist in the development of case sensitive analysis (Eriksson & Kovalainen 2008). The theoretical findings of this research were developed through this analysis as themes emerged and began to demonstrate that actors' motivations in making agreements are based on their perception of workers' power capacity. This theoretical approach was developed as field work and data analysis progressed, gradually becoming clearer as further data was gathered and analysed for confirmation or further investigation. This 'patchwork approach' is noted by the literature (for example, see Dey, 2005, Neumann, 2006) as being an integral part of the inductive process.

7. Limitations and Ethical Considerations

One limitation of the research relates to the dataset of greenfield agreements; it does not represent the full range of possibilities that are utilised by actors in the greenfield workplace sphere, as it is limited by the need to reach agreement with a union. Some of the key

employment strategies are supported by policy rather than collective agreement terms, where possible these issues have been explored in interviews with participants. The constraints of the dataset can be seen as both a limitation and a significant finding regarding actors' motivations to utilise this form of regulatory instrument, providing a further level of analysis for the research.

One of the challenges of conducting qualitative research through interviewing participants is the limited capacity to verify the accuracy of the information offered by respondents. This limitation has in part been overcome by seeking information from a variety of respondents and using interview protocols to provide consistency in interview discussions (Stake 2005). Qualitative research methods give the researcher the ability to create some trust and rapport with research participants. This assists in breaking through possible reticence of some parties to disclose all relevant information (Yin 2010). The researcher can create conditions that allow participants to open up by maintaining objectivity, and demonstrating an understanding and empathy with the participants' lived experience (Holstein & Gubrium 2002).

Reticence and non disclosure by interview subjects have in part been overcome by protecting the identity of the workplace and interviewees through pseudonyms wherever possible and seeking feedback on accuracy where appropriate from participants. Participant organisations have been de-identified where possible and the interviewees identified only by their position. Unions have been identified by name, but the identity of the interviewees has been anonymised. Case study participants' names have been changed and the organisations provided with a generic pseudonym.

Ethical approval has been gained for this research project as part of the larger 'Emerging Workplaces and Employment Relations Innovation' project undertaken by researchers in the Centre for Work, Organisation and Wellbeing, Griffith University, Brisbane. The major ethical considerations were to respect the risks associated with interviewees' disclosure of opinions and to treat the information provided with sensitivity. This was achieved through rechecking primary interview data where necessary, providing collaborating documents as secondary sources of information and through the coding of data to find broad themes that are supported by individual responses. Appropriate disclosure is one of the tensions of qualitative research that the researcher must consider carefully when writing and sharing findings as

ultimately the research aim is to provide a truthful account of the case, subject to the usual caveats regarding the contested nature of ultimate truths (Denzin & Lincoln 2005).

8. Conclusion

This chapter has sought to explain this research project's methodology in determining how actors utilise greenfield agreements and ensuing policies and procedures to remake employment relations. The focus of the research began with a literature review of previous research on greenfield sites and then moved to the analysis of greenfield agreements into a sector and industries before moving to an examination of two new venture workplaces. To understand both how and why employers choose a greenfield agreement and unions choose to negotiate such agreements, the research utilised qualitative analysis with selected participants in each sector as well as two in depth case studies. A grounded approach to developing theory was taken; data was coded and analysed using CAQDAS software and themes identified. These processes have provided theoretical hypotheses to explain why actors choose greenfield agreements to undertake their employment relations strategies.

An understanding of the nature of new venture greenfield sites has also been achieved through two case studies chosen as a means of examining whether managers in new venture greenfield sites in the current period are remaking employment relations using the same priorities identified in previous research. A further analysis of the material was conducted between these sites to seek out patterns and variations that both confirm previous research and build on current trends in employment relations.

The research methodology discussed in this chapter formed the basis for categorisation of the greenfield agreement data into sectors and subsequent chapters that analyse each sector, as well as providing an overview of the changes to collective agreement making regulation over the period. In the next chapter, the data on greenfield agreements will be unpacked and categorised by sector and industry and the main employers and unions who are involved in each sector identified.

CHAPTER FOUR: GREENFIELD AGREEMENT DATA

An analysis of Greenfield agreements has been undertaken in this Chapter to determine who makes Greenfield agreements. This examination was done using the Workplace Agreement Database (WAD) held by the Commonwealth Government under the auspices of the Department of Employment, Education and Workplace Relations (DEEWR). Greenfield agreements made between March 2006 and December 2012 have been assessed and categorised by type, industry, size and union involvement. In the first section, greenfield agreements are examined and the conditions and outcomes compared with other collective agreement types, followed by some analysis of the industry sectors, finally the employers and trade unions that are significant users of greenfield agreements are analysed.

1. Greenfield Agreements in Australia

Greenfield agreements have occupied a small but significant part of the employment regulatory environment in Australia since the inception of enterprise bargaining in 1992. The DEEWR defines greenfield agreements as those made between an employer and union to cover the working conditions and pay in a new business in which no employees are currently engaged. In the December 2012 reporting period, 1500 operative agreements from a total of 23587 collective agreements were greenfield agreements made under the *Workplace Relations Act (Workchoices Amendment) 2005* and subsequent *Fair Work Act 2009*; this was 6.5 per cent of all agreements (Employment, Department of 2013; O'Neill 2012). The quarterly reports on trends in Federal agreement making were a primary source of data on collective agreement making and wage outcomes for this chapter. Further data was gathered from the statutory reports published by the DEEWR and the Fair Work Commission on the operation of the *Workplace Relations Act* and its successor the *Fair Work Act*. This chapter analyses Greenfield agreements held by the Workplace Agreement Database (WAD) and develops the data into three categories of Greenfield agreements: short term project agreements, third party labour service provider agreements and new venture agreements. This categorisation of agreements provides an opportunity to examine why actors use Greenfield agreements to achieve employment relations strategies.

2. Agreement Making under the Workchoices

The *Workplace Relations Act (Workchoices Amendment) 2005* provided for two forms of Greenfield agreement: the employer Greenfield agreement and the union Greenfield agreement. This replaced the previous s170LL agreement which could be made between an employer and union with coverage of at least one of the prospective employees in the new workplace (Employment, Department of 2013).

All workplace agreements were lodged with the Office of Employment Advocate and were expected to meet or improve the Australian Fair Pay and Conditions Standards provided in the legislation. However, there was provision for certain conditions such as overtime or loadings to be compensated in non-monetary measures or to be rolled into an all inclusive rate of pay. Investigation revealed some employees were not fairly compensated and this provision was amended by the Fairness Test in May 2007 to ensure that any alternative compensation was “fair and of significant value to the employee” (Employment, Department of 2006). Under the Workchoices arrangements, agreements were not required to be lodged and certified by the Australian Industrial Relations Commission, merely lodged with a declaration of compliance by the employer with the OEA.

An employer Greenfield agreement could be devised and lodged by the employer commencing a new enterprise without negotiation with any other party; these so called agreements were essentially a unilaterally determined employment contract devised and lodged by the employer with the Office of Employment Advocate (OEA) without negotiation with any employee representatives or trade union. Gahan (2007) found that many of these agreements removed or significantly reduced relevant award conditions.

Union Greenfield agreements under Workchoices were largely a continuation of the s170LL greenfield collective agreement defined under the previous iterations of the *Workplace Relations Act 1996*, made between an employer and trade union/s for the purpose of defining the employment conditions in a new enterprise prior to employees being employed. Workchoices Greenfield agreements of both types could be made for a period of one year. A transitional period from Workchoices to the *Fair Work Act* commenced in March 2008 until July 2009, with the *Workplace Relations Amendment (Transition to Forward with Fairness)*

2008 (DEEWR 2010). The effect of this legislation on Greenfield agreements provided for all agreements to be subject to a no disadvantage test and approval by the AIRC.

3. Agreement Making under the *Fair Work Act*

The *Fair Work Act 2009* replaced Workchoices Greenfield agreements from July 2009 with single employer and multi employer Greenfield agreements (DEEWR, 2009). Table 4 provides an overview of the number and type of agreements current as of 30 December 2009, six months after the *Fair Work Act 2009* was established. Under FWA, collective agreements are now categorised by the type of employer and whether they are for a greenfield workplace or an existing site. Single employer non greenfield agreements now incorporate the union and employee agreements made under the *Workplace Relations Act* and *Workchoices Amendments*, while single employer greenfield agreements may be made between an employer who proposes to establish a new workplace and a union/s that can represent at least one category of prospective employees.

Multi employer Greenfield and non-greenfield agreements are subject to FWA assessment of the public interest, and between employers and unions for enterprises where there is sufficient benefit for a single agreement to be made covering more than one employer within an industry. Only single employer Greenfield agreements are examined in this project. A significant aspect of the *Fair Work Act 2009* is the exclusion of the ‘good faith’ provision which applies to other collective agreements as there are no employees who can be represented by a bargaining agent (DEEWR, 2009). Table 4 presents data from Trends in Federal Enterprise Bargaining December (2009) regarding the kinds of collective agreements current as at 30 December 2009.

Table 4: Collective Agreements Current as at 30 December 2009

Legislation	Agreement Type	Current as at 30 Dec 2009
<i>Workplace Relations Amendment (Workchoices) Act 2005</i>	Union Greenfield	569
	Employer Greenfield	626
	Union Collective	7726
	Employee Collective	11995
<i>Fair Work Act 2009</i>	Multi Enterprise Greenfield	0

	Single Enterprise Greenfield	90
	Multi Enterprise Non Greenfield	3
	Single Enterprise Non Greenfield	1251
Total		22260

Table 5 provides an overview of the total number of agreements made as at 30 December 2012, when the FWA had been in operation for three years and demonstrates the gradual turnover of Workchoices agreements to FWA agreements (Trends in Federal Enterprise Bargaining December, 2012). Single enterprise Greenfield agreements replaced union Greenfield and employee Greenfield agreements. A total of 1446 single enterprise Greenfield agreements were current in December 2012 which is comparable to a total number of 1195 union and employer Greenfield agreements current in 2009. The period between 2009 and 2012 saw an expansion of the LNG industry and a number of large infrastructure projects commencing with Greenfield agreements were made to cover these projects.

Table 5: Collective Agreements Current as at 30 December 2012

Legislation	Agreement Type	Current as at 30 June 12
<i>Workplace Relations Amendment (Workchoices) Act 2005</i>	Union Greenfield	54
	Employer Greenfield	84
	Union Collective	157
	Employee Collective	4646
<i>Fair Work Act 2009</i>	Multi Enterprise Greenfield	8
	Single Enterprise Greenfield	1446
	Multi Enterprise Non Greenfield	81
	Single Enterprise Non Greenfield	17102
Total		23524

This Chapter considers Union Greenfield Agreements made under s329 of the *Workplace Relations Act (Workchoices Amendments) 2005* and Single Enterprise Greenfield agreements made under s172 of the *Fair Work Act (2009)*. All these agreements are made between an employer that is establishing a new business and a union/s eligible to represent the categories of workers who will be employed in the new site (DEEWR 2010).

For the purposes of this research project, the definition of a greenfield enterprise is one where an existing company establishes a new workplace on a new site utilising a Greenfield agreement. Evidence of management attempting to implement new employment relations is an important characteristic, however Leopold and Hallier (1999) have demonstrated that it is possible for a greenfield site to replicate the parent company's philosophy and human resource management practices. This was considered when selecting sites for study.

4. Collective Agreement Wages and Conditions

This section reports on the wages and conditions contained in Federal collective agreements made between 2004 and 2012. The data in the Trends in Federal Enterprise Bargaining series and DEEWR reports on enterprise bargaining (Department of Employment, 2006; 2010) was analysed to determine the average wages contained in collective agreements under both the WorkChoices legislation and the *Fair Work Act*. The reports also provide data on the prevalence of key workplace conditions contained in agreements. The findings from the analyses of these reports demonstrate some differences between overall wages and conditions in general collective agreements and Greenfield agreements. (See Figure 3 further below which compares overall conditions contained in collective agreements taken from three reports on collective agreement making between 2004 and 2012.)

4.1. Collective Agreements (2004-2006)

The examination of collective agreements began with an overview of agreements made between 2004 and 2006 that was contained in the report on agreement making made by the General Manager in 2006 (Department of Employment 2006). These reports were required by the minister at biannual intervals and this report covers the initial period of this study in 2006, the first year of the Workchoices period.

Average annual wages are reported in the Average annual wage index (AAWI) each quarter based on the overall wage increases contained in collective agreements. The *Workplace Relations Act 1995* and the subsequent Workchoices amendment was the relevant legislation during this period. Average wages reported in the AAWI fluctuated around four per cent from 2004 to 2006 (Department of Employment, 2006). The report notes that average wages had remained stable overall since 1998, only moving within half a percentage point over the

period from 1998 to 2006. During this period only seven per cent of collective agreements contained a performance pay provision.

Conditions in collective agreements during 2004 to 2006 were subject to a Fair Pay and Conditions Standard (FPCS); this specified minimum requirements in hours of work, leave arrangements and parental leave. Where an agreement did not mention a condition it may be covered by the relevant industry award or the FPCS. Most common conditions in collective agreements were around training provisions, leave arrangements, hours of work, superannuation and occupational health and safety issues. Annual and long service leave provisions increased during this period compared to the previous period (2002-2003) due to uncertainty about the possibility of trading off these provisions under the FPCS. Parental leave, equity and consultation clauses were less prevalent in this period (Department of Employment, 2006).

4.2. Collective Agreements (2007-2009)

Average annual wage increases continued to hold steady around four per cent from 2007 to 2009. The construction industry had the highest average wage outcomes, rising from 4.8 per cent to 5.7 per cent over the report period (Department of Employment 2010). This contrasts with wage outcomes in manufacturing, wholesale trade and public administration which fell to the lowest levels in fifteen years due to the global financial crisis of 2008, particularly affecting the wage outcomes of women, young, part time and casual workers. Performance pay clauses also increased in some industries.

The Department of Employment notes in the statutory report on agreement making (Department of Employment 2010) that during 2007 to 2009, there was an increase in family friendly provisions in agreements. This increased from 78.3 per cent of agreements (2004-2006) to 89.3 per cent (2007-2009).

A review of conditions contained in union collective agreements in the 2007-2009 reporting period under Workchoices reveals clauses allowing the employer to alter the hours of work increased significantly in the reporting period from 4.5 per cent to 28.6 per cent (Department of Employment 2010, pp. 87-90). There was a decrease in clauses providing for rostered days off and an increase in clauses on makeup time and time off in lieu of public holidays and

overtime. In general this points to an increase in managerial discretion over working time which the report attributes to the tightening economic situation affecting the cash flow of Australian firms (Department of Employment 2010). In these circumstances, some employers have sought to make changes to working time as an alternative to reducing their workforce numbers.

4.3. Collective Agreements (2009-2012)

In 2009, statutory reporting of agreement making data was moved to the responsibility of Fair Work Australia. The General Manager of Fair Work Australia produced its first report in November 2012 and covered the period from 1 July 2009 to 30 June 2012 (O'Neill 2012). Wage outcomes continued to reflect some tightening with the average annual wage increase (AAWI) moving from the low of March 2009 at 3.6 per cent to the highest outcome of 4.4 per cent in May 2012. The report noted that mean wage outcomes in the reporting period were lower than those in previous reports which were above four per cent. The construction industry had the highest AAWI of all industries, ranging from 5-5.8 per cent over the period, followed by Mining and Education and Training. Arts and Recreational services, and Retail and Telecommunications industries were among those with the lowest AAWI, reflecting the view that Australia was developing a 'two-speed' economy (Garton, 2008).

4.4. Conditions in Collective Agreements (2009 -2012)

Conditions contained in collective agreements demonstrated that Single Enterprise non Greenfield agreements, which replaced Union Collective and Employer Collective agreements under the *Fair Work Act*, had increased incidence of parental leave clauses. This reflected the introduction of the Federal Governments' Paid Parental Leave Scheme, which required more formalisation of parental leave provisions in industry to ensure consistency with the Federal scheme.

Consultative arrangements reduced significantly overall in Single Enterprise non greenfield agreements, although the report noted that where a union was a party to the agreement that consultative arrangements increased. Performance indicators and training clauses also decreased overall from previous reporting periods. This would reflect an ongoing trend

towards managerial prerogative in setting performance pay and bonuses through policy arrangements rather than formalised conditions in collective agreements.

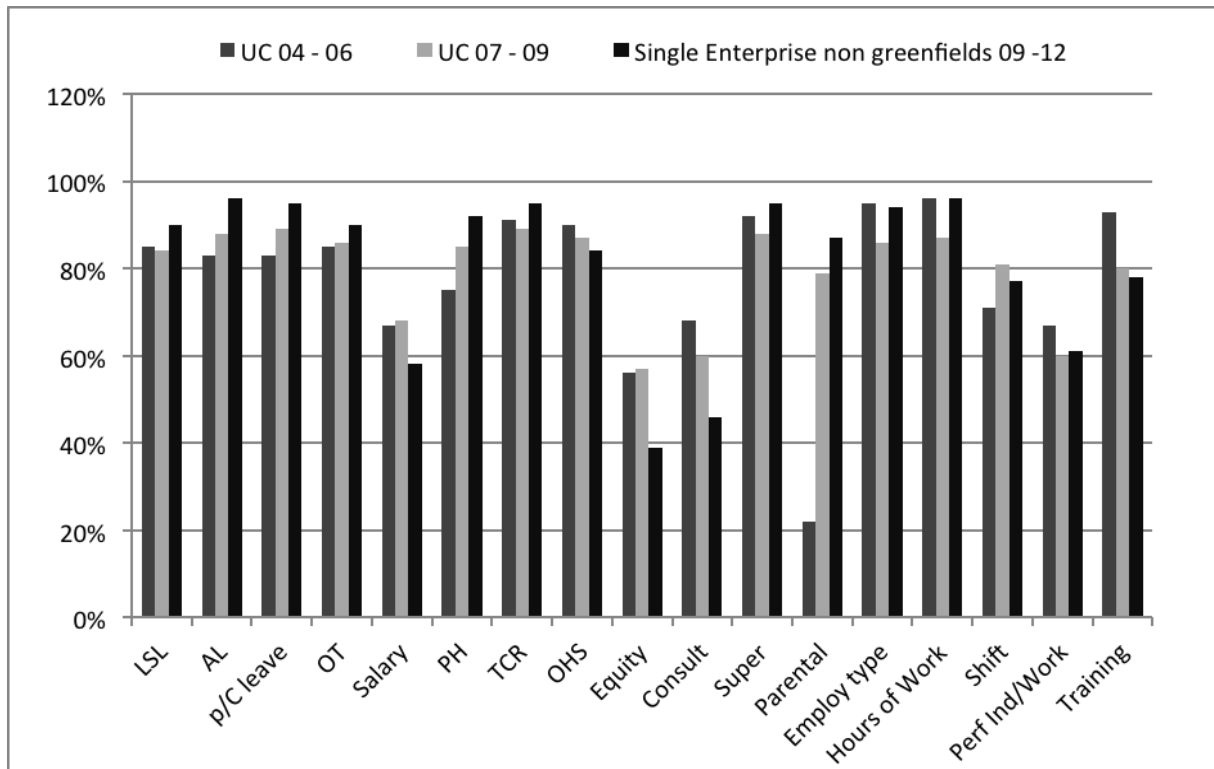


Figure 3: Conditions in Collective Agreements 2002 -2012 (DEEWR 2010; Employment, Department of 2006; Taylor 1914).

5. Greenfield Agreement Wages and Conditions

This section discusses the differences between wages conditions contained in Greenfield agreements compared to the data on overall collective agreements. Greenfield agreements are made between a union and employer and as there are no employees when Greenfield agreements are made, most unions have a general log of claims around which they base their negotiations for these agreements. Greenfield agreements demonstrate some differences in outcomes compared to collective agreements overall. Figure 4 provides an overview of core conditions in Greenfield agreements taken from the three reports on agreement making between 2004-2012.

5.1. Greenfield Agreements (2004-2006)

Greenfield agreements made between a union and employer were the only form of Greenfield agreement available until 2006 when Workchoices created a single party employer Greenfield agreement. There were 1087 Greenfield agreements lodged between 2004 and 2006. This represented approximately five per cent of the overall agreements made during this period.

Average annual wage increases in Greenfield agreements over this period was four per cent, in line with overall wage outcomes in union collective agreements. Overall the construction sector, a high user of Greenfield agreements, had the highest overall average wage outcome at 4.8 per cent (Employment, Department of 2006).

Conditions in Greenfield agreements varied from those contained in all collective agreements. Representation clauses were more common in Greenfield agreements with 81 per cent of all Greenfield agreements containing a clause covering representation. These clauses are necessary in Greenfield agreements due to the requirements of the parties to state which union would represent prospective employees on the site to avoid demarcation disputes once work commences. This compares with 75 per cent of union collective agreements, 10 per cent of employer collective agreements and only three per cent of employer Greenfield agreements containing representation provisions.

Conversely, general consultative arrangements such as consultative committees were not a common feature of Greenfield agreements; 28 per cent contained a provision on these matters compared to 68 per cent of union collective agreements. This is a surprising finding given previous research on greenfield sites found an increase in the use of alternative forms of employee voice and human resource management strategies. Employers may choose to implement these strategies through policy rather than formalising them in a collective agreement.

Parental leave was not a feature of Greenfield agreements in this period, only eight per cent of these agreements contained parental leave provisions. The FPCS provided for the minimum standard of 12 months unpaid leave and most agreements did not improve on this standard.

5.2. Greenfield Agreements (2007-2009)

Average wages in Greenfield agreements fluctuated between 3.5 per cent and 4.5 per cent during 2007 to 2009. The construction industry had higher outcomes on overall AAWI during the period, reaching a high of 6.2 per cent in March 2009 and retaining an average of 5.1 per cent over the whole period (Department of Employment 2010a). The construction industry also had the highest overall use of Greenfield agreements, 73.8 per cent of all union Greenfield agreements were made by the construction industry during this period.

Manufacturing accounted for the second highest usage of Greenfield agreements, negotiating six per cent of all Greenfield agreements made. Clearly, the construction industry made up the predominant user of Greenfield agreements during this time (DEEWR 2010).

Greenfield agreements demonstrate some differences when compared to collective agreements made for existing organisations (DEEWR, 2006; 2010a). There is some evidence of fewer restrictions on rosters and working time; further, employers have discretion over the use of time in lieu, overtime and the total span of ordinary hours. Only 12.4 per cent of union Greenfield agreements contained a clause that allowed hours of work to be negotiated compared to 25.1 per cent of union collective agreements.

While most agreements contained a general dispute settling clause with a role for the union, there were few formal consultative mechanisms contained in the agreements; this reduced from 68 per cent in 2004-06 to 60 per cent of all agreements in 2007-09. Greenfield agreements were more likely to contain a performance management system than general union collective agreements. Training clauses in Greenfield agreements dropped from 93 per cent in 2004-06 to 80 per cent in 2007-09, but there was a large increase in the number of agreements containing a parental leave clause (22 per cent increasing to 79 per cent) presumably in anticipation of the introduction of paid parental leave by the Federal Government in 2010.

5.3. Greenfield Agreements (2009-2012)

Wage outcomes in Greenfield agreements were higher than those of non-greenfield agreements during the period of 2009-2012. The AAWI for the sector demonstrated that while the outcomes were the same at the beginning of the period at 3.4 per cent, by the end of December 2012, they were at 5.3 per cent; this was significantly higher than wage outcomes

in other collective agreements which stood at 3.7 per cent. This disparity in average wage outcomes can be mainly attributed to the large proportion of greenfield agreements that are made for projects in the construction sector, the industry which in the December 2012 quarter had the highest industry AAWI at six per cent (Department of Employment 2013).

Consultation clauses were included in more Greenfield agreements than in other collective agreements and the trend demonstrated a continuing increase in the use of these clauses. This reflected the presence of a union in negotiations. Inclusion of salary related clauses dropped significantly from the 2007-09 period, as did the use of equity clauses in agreements.

Performance indicators and training clauses also continued to decline in Greenfield agreements in a similar trend to other collective agreements (O'Neill 2012).

Clauses that determined employment types (which defines fulltime and casual work provisions), hours of work, all the various forms of leave and superannuation, became almost universal in agreements made during the period. Parental leave clauses also increased to accommodate the requirements of the Federal parental leave scheme (O'Neill 2012).

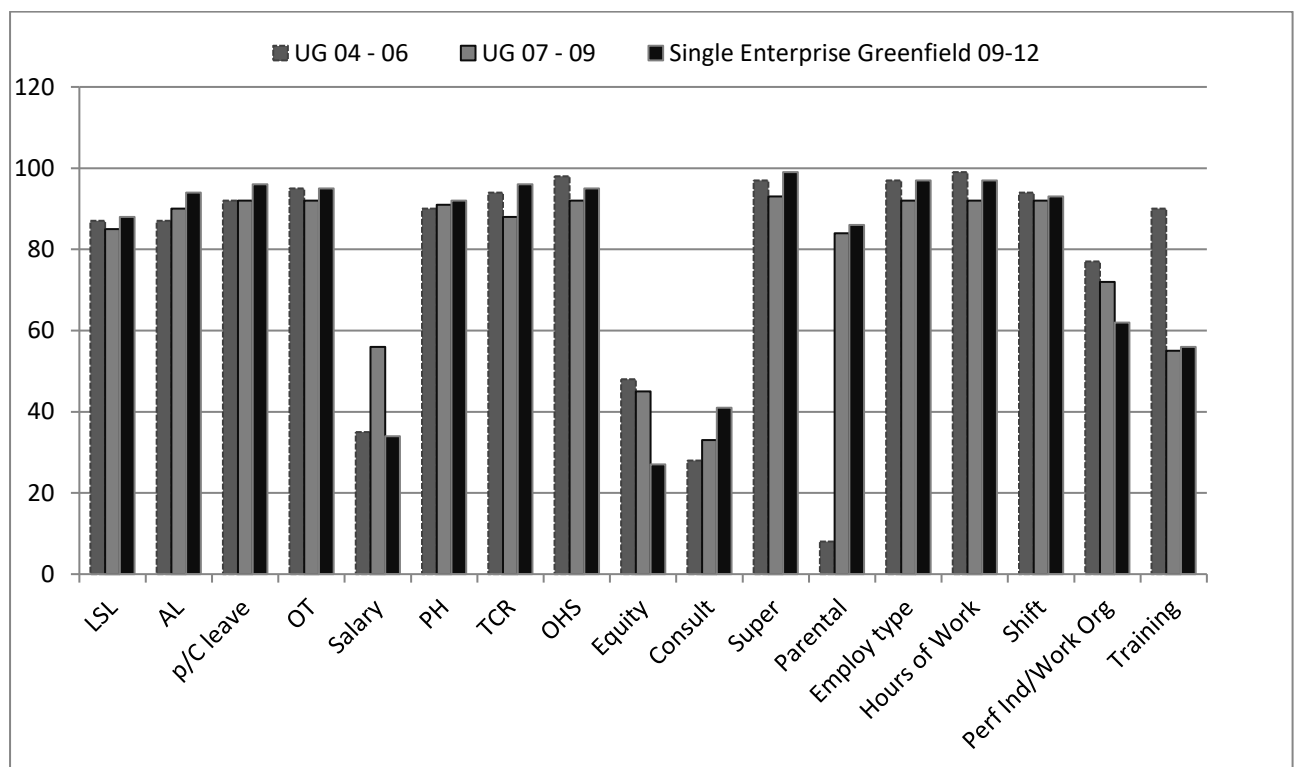


Figure 4: Conditions in Greenfield Agreements 2004-2012 (DEEWR 2010; Employment, Department of 2006; O'Neill 2012)

Wage outcomes from June 2006 to December 2012 demonstrate that union greenfield agreements achieved lower wage outcomes than union collective agreements during the Workchoices period, however this trend has reversed since the introduction of single enterprise Greenfields and non-greenfields in the *Fair Work Act* (Employment, Department of 2010b).

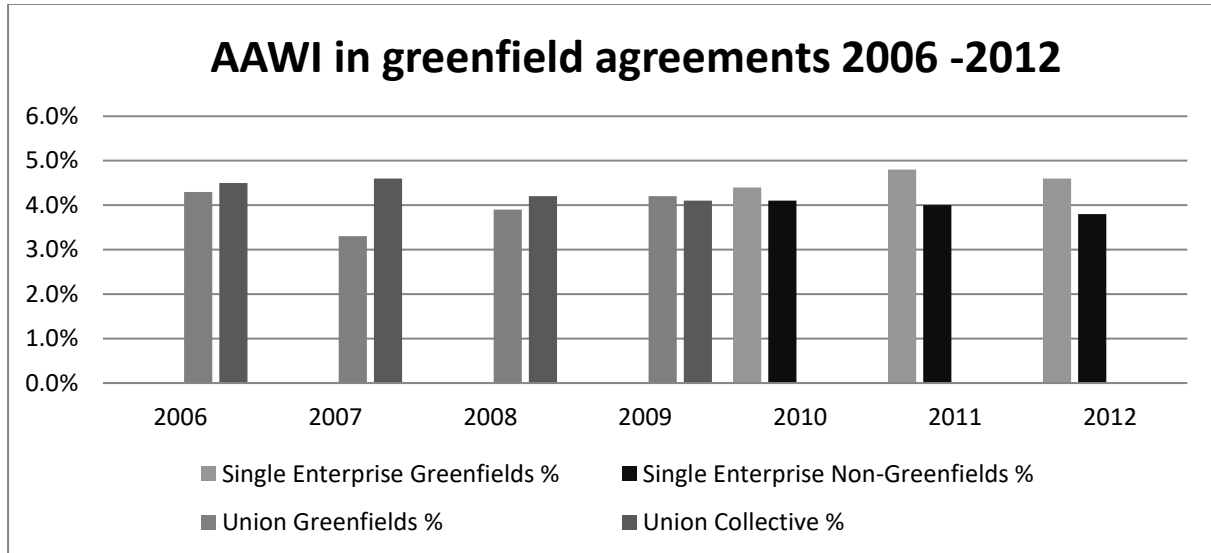


Figure 5: AAWI in greenfield agreements (2006-2012) (Department of Employment, 2010b 2013)

The overall data on Greenfield agreements demonstrates that they provided similar outcomes in pay and conditions to union collective agreements. One of the significant differences was a higher overall AAWI for a Greenfield agreement made under the *Fair Work Act*. The better outcomes for Greenfield agreements are not uniform. Agreements made in the construction sector had significantly higher wages and wage increases than other sectors. The next section discusses significant agreements and the actors that play a large role in the Greenfield agreement landscape.

6. Significant Agreements

An estimated 272 large projects in the infrastructure, energy and mining sectors, with a combined estimated cost of \$424 billion, have commenced during the period under study and these projects dominated the agreement making landscape. These projects were estimated to employ 75000 people in 2012 (Engineers 2012). When very large projects are undertaken, a large number of individual agreements may be made to organise employment conditions for the various parts of the project. Agreements may be made with individual employers or for

groups of workers whose callings are represented by a particular union. A number of significant projects with many individual agreements are outlined below.

6.1. Boddington Gold Mine

The Boddington Gold Mine (BGM) is located in Western Australia and is Australia's largest gold mine. It is wholly owned by Newmont Mining. The expansion project was a joint venture between Newmont Mining and Ashanti Gold and commenced in 2007 (Mining-Technologies.com 2012). Contractors to the project made agreements with the relevant union to cover the wages and conditions for their employees while working on the site. The scope of the agreements were limited to the project work on that site only. Table 6 provides a good example of a typical structure of agreements for one project.

Table 6: Boddington Gold Mine Expansion Project Greenfield Agreements

Project Name	Union	Employer	Function
Bodding Gold Mine Expansion Project SN Concreting Constructions CFMEU AWU Agreement 2007	CFMEU AWU	SN Concreting	Civils
Boddington Gold Mine Expansion Project AGC Industries Pty Ltd CFMEU/AWU Agreement 2007	CFMEU AWU	AGC Industries P/L	Civils
Boddington Gold Mine Expansion Project AGC Industries Pty Ltd Metal Trades Agreement 2007	AMWU	AGC Industries P/L	Metal Fabrication Trades
Boddington Gold Mine Expansion Project CFMEU Agreement 2009	CFMEU	SWG Operations P/L	Construction employees
Boddington Gold Mine Expansion Project Downer EDI Engineering Power and CEPU Elect Trade Agreement	CEPU (ETU)	Downer EDI	Electrical Trades
Boddington Gold Mine Expansion Project MIE Holdings Pty Ltd CEPU Electrical Trades Agreement 2008	CEPU	MIE Holdings	Electrical Trades
Boddington Gold Mine Expansion Project Monadelphous CFMEU/AWU Agreement 2007	CFMEU AWU	Monadelphus	Construction

Boddington Gold Mine Expansion Project Monadelphous Engineering Associates CEPU Agreement	CEPU	Monadelphus	Engineering Electrical
Boddington Gold Mine Expansion Project Monadelphous Metal Trades Agreement 2007	AMWU	Monadelphus	Metal Fabrication Trades
Boddington Gold Mine Expansion Project TCC CFMEU Agreement 2008	CFMEU AWU	Total Corrosion Control Pty Ltd	Construction Employees
Boddington Gold Mine Expansion Project TCC Pty Ltd Metal Trades Agreement 2009	AMWU	Total Corrosion Control Pty Ltd	Metal Fabrication Trades
Boddington Gold Mine Expansion Project United Group Resources Pty Ltd CFMEU/AWU Agreement 2007	CFMEU AWU	United Group Resources Pty Ltd	Construction Labour Hire
Boddington Gold Mine Expansion Project United Group Resources Pty Ltd Electrical Trades Agreement 2007	CEPU (ETU)	United Group Resources Pty Ltd	Electrical Trades Labour Hire
Boddington Gold Mine Expansion Project United Group Resources Pty Ltd Metal Trades Agreement 2007	AMWU	United Group Resources Pty Ltd	Metal Trades Labour Hire
Boddington Gold Mine Expansion Project-Cimeco Pty Ltd Metal Trades Agreement 2007	AMWU	Cimeco Pty Ltd	Metal Trades

Large contractors working across multiple sites may have a Greenfield agreement for each project site; the employees who work on these sites will be covered by the specific project agreement for that site. Should employees move to another project while still employed by the same contractor, their wages and conditions change to the site specific conditions on the new project site. An example of this in the Boddington Gold Mine project is Monadelphus Engineering Pty Ltd, a subsidiary of a large construction and engineering company, the Monadelphus Group. Monadelphus Engineering was awarded the structural, mechanical and piping erection for the dry processing area of the new plant. The AAWI for this series of agreements was 4.7 per cent.

Three agreements were made by this contractor with the AWU, AMWU and CEPU to accommodate the main union callings on the project. Monadelphus is party to many other

agreements where they have contracts for work on a project site. At the time of writing, company information indicated that the Monadelphus Group was involved in 56 projects in Australia (Monadelphous 2014). This is typical of the format of agreement making on this type of project, although this example has fewer individual agreements than many larger projects.

6.2. Worsley Efficiency and Growth Project

The Worsley Efficiency and Growth Project had one of the highest number of individual Greenfield agreements. Between 2007 and 2011, at least 107 individual agreements were made for this project. The AAWI for this project was consistently 5.5 per cent, which set a higher range for construction project wage outcomes during this period. The project was undertaken by BHP Billiton Ltd to expand the Worsley Alumina Refinery in Western Australia. Major constructor Bechtel Ltd undertook the management of the construction project which was completed on time in June 2011. Upon completion of the Worsley Efficiency and Growth Project, the refinery had the capacity to produce 4.6 million tonnes per annum of smelter grade alumina (BHP 2011). The project also built a cogeneration plant to power the smelter.

6.3. Curtis Island LNG Projects

Curtis Island in Gladstone has been the site of one of the biggest construction projects during the research period. A series of three liquefied natural gas (LNG) plants were commissioned on Curtis Island, just offshore from Gladstone in Queensland. Each of the three plants has been commissioned by a different consortium but the whole project is being constructed by multinational giant Bechtel Ltd.

QCLNG is predicted to be the first plant to be operational in 2014. It was commissioned by QGC, a subsidiary of the BG Group, a multinational energy company based in the UK at a cost of \$US20 billion. APLNG was commissioned by a consortium of three companies: Conoco Phillips, Origin Energy and Sinopec. It has a budget of \$US25 billion and an estimated commissioning date of 2015. GLNG is the third plant, commissioned by a consortium of four companies: Santos, Petronas, Total and Kogas, for an estimated cost of \$US18.5 billion. It is also estimated to be finished by 2015 (Chambers 2014). The project poses some huge construction challenges as all materials and workers have to be transported several kilometres by barge across Gladstone harbour to the site each day.

Bechtel (2014) has estimated that more than 8,800 workers will be employed onsite during the construction of the three plants. All three plants are serviced by the Bechtel Curtis Island team; the group employment relations team and most workers on the site are directly hired by Bechtel (Bechtel 2014). For this reason there are not as many individual agreements made for this site.

6.4. Victorian Desalination Plant

The Victorian Desalination Plant is a major piece of infrastructure commissioned as a public private partnership between the Victorian State Government and Aquasure, a consortium of Suez Environnement, Degremont, Macquarie Capital and Theiss. It has a capacity to supply 150 billion litres a year of fresh water to Melbourne and is located on the Bass Strait coast in Wonthaggi, Victoria. It was commissioned at a cost of \$AU5.72 million (Sammut 2009). Construction commenced in 2009 and was undertaken by partnership of Degremont, a subsidiary of French multinational GDF Suez and Australian construction giant Leighton Holdings subsidiary, Theiss. A total estimated workforce of 4,745 workers employed by dozens of contractors were employed on the site, which was finished in December 2012 (Aquasure 2014). Many Greenfield agreements were made for this project throughout the construction phase from 2009 to 2012 with subcontractors and the relevant unions.

These very large projects are a snapshot of the many infrastructure, mining and gas projects that have been undertaken in the period from 2006 to 2012. These projects contributed to the development of employment relations in the construction project sector particularly with the development of a principal agreement that sets the conditions for sub agreements. Unions in these agreements formed limited coalitions of cooperation, making agreed divisions of coverage with the principal contractor. A list of all the significant greenfield construction projects undertaken is included in Appendix Three. The projects discussed in this section used some of the large construction companies in operation in Australia. The next section discusses some of these significant employers in the project construction sector.

7. Employers

The major construction companies in Australia that bid on large project management are known as EPC's (Engineer, Procure and Construct) or EPCM's (Engineer, Procure, Construct and

Manage). There are currently approximately sixteen companies capable of carrying out the full range of EPC work in Australia (Engineers, 2012b) that are listed in Table 7. Some of the companies that have carried out significant work in the greenfield projects listed are profiled in this section. It must be noted that some of those listed are subsidiaries of larger cooperations, they compete against each other for work even though they have the same parent corporation.

Table 7: Construction EPC and Consultant Companies in Australia Source: Engineers Australia (2012)

EPC/EPCM Company
BECHTEL
Monadelphous
Clough
Technip
Aker Solution
Thiess
John Holland
Abi Group
Foster Wheeler
McDonnell Dowell
Transfield Services
Leighton
Laing O'Rourke
WDS
EDE
GD Pipeline

7.1. Bechtel Ltd

Bechtel is a US based multinational company, founded in 1898. The company provides engineering, procurement and construction management for projects around the world. It has 55,000 employees worldwide (Bechtel 2014). During the research period, the company constructed the Worsley Alumina Refinery Efficiency and Growth Project in Western Australia and the Curtis Island LNG project in Queensland. The Curtis Island LNG project is the largest single project ever undertaken by Bechtel. The company has been involved in design and construction most of the LNG projects around the world in recent years.

Bechtel is somewhat unique in its employment strategies on its construction sites, often preferring to directly hire most of the workers required on the project. In the Curtis Island project, the company has a dedicated employment relations department to recruit, manage and

train employees on the project. It has also employed 400 adult trade apprentices directly in the project (Whop 2014).

7.2. Leighton Holdings

Leighton Holdings is an Australian based company founded in 1949 and listed publically in 1962. During the research project, it had projects throughout Australia and the Middle East. The company owns and operates Theiss Pty Ltd, John Holland Pty Ltd and Leighton Contractors Pty Ltd, two significant EPC providers to greenfield projects in Australia.

- Theiss Pty Ltd

Theiss has a focus on projects in civil construction, mining and engineering. It employs 16,000 people in Australia and South East Asia. The company was established in 1934 as a road contracting business by the Theiss brothers. The company expanded rapidly as a result of gaining work on the Snowy Mountains Hydro Eclectic Scheme in 1958, and by 1983 was a leading construction contractor when it was taken over by Leighton. It won contracts for work on the ongoing Chevron Australia Gorgon LNG project, the Worsley Alumina project, the Curtis Island GLNG project and completed the Victorian Desalination plant in partnership with Suez Degrement in 2012, among many other projects (Theiss 2014).

- John Holland Pty Ltd

John Holland Group was founded in 1949 by engineer Sir John Holland and grew to be a major engineering and construction company. The company was contracted to build the Australian Federal Parliament building in Canberra, ACT (completed in 1988). The company was taken over by Leighton Holdings in several stages between 2000-2007. It is now a wholly owned subsidiary of Leighton Holdings. During the research period, the company employed more than 7,500 employees on projects in Australia, South East Asia and the Middle East. It has capabilities in road and rail construction, mining, port and associated infrastructure. It has a particular focus on large building projects, completing the Queensland Sunshine Coast University Private Hospital and the West Australian Perth Princess Margaret Children's Hospital. The company was the leading contractor in the Rio Tinto Cape Lambert project, the Brisbane Airport Link project, the Sydney Desalination plant and built the accommodation facility at the Ichthys LNG project (Holland, J 2014).

- Leighton Contractors Pty Ltd

Leighton Contractors Pty Ltd was founded in 1949 and is the founding company of the Leighton Holdings Group. It has a focus on construction, mining and infrastructure and has

projects across Australia, New Zealand and South East Asia. The company constructed the Curtis Island LNG project accommodation facility and had various projects in the Chevron Gorgon Barrow Island Project, the Ichthys LNG facility and a water treatment facility for the APLNG project.

7.3. Monadelphous Group Limited

Monadelphous Group Limited was established in 1989 as a private engineering and construction company and is currently based in Perth, Western Australia. It was listed as a public company in 2006. The Monadelphous Group employs approximately 5,000 people across seventeen subsidiary companies within the group (Monadelphous 2014). It provides engineering, construction and ongoing maintenance services to the mining, oil and gas sectors. Significant projects that the company has been involved with in the research period include the Darwin LNG plant, the BHP Billiton Rapid Growth project at Port Hedland, Western Australia, and the Woodside Pluto LNG plant in Western Australia.

7.4. Transfield Services Limited

Transfield Pty Ltd was founded in 1956 in Sydney Australia by Italian immigrants Franco Belgiorno-Nettis and Carlo Saltieri to provide construction and maintenance services to the power supply sector. The company expanded to provide a diverse range of engineering and construction tasks from bridges and dams to ship building, over the period to 2001 when the company listed on the Australian Stock Exchange as Transfield Services Ltd. The company has provided a full range of EPCM capability, employing 11,500 people across its subsidiaries, and also manages shutdown maintenance projects in the mining, oil and gas sectors (Transfield 2014). Transfield, through its subsidiaries, was involved in the Curtis Island LNG project and associated infrastructure work, the Worsley Efficiency and Growth Alumina refinery expansion in Western Australia and still has a major focus in energy infrastructure development, including wind and solar.

The EPC and EPCM companies in Australia are integral to the greenfield project sector and have some of the most expert employment relations negotiators on staff who have ongoing relationships with each other and the key construction unions in the sector. The negotiating teams for these large construction companies work with the union negotiators in making the

hundreds of Greenfield agreements for projects around the country. Much of the strategy employed by actors to achieve the outcomes in Greenfield agreements is developed and implemented by senior managers in these companies. An appreciation of the links between these companies and unions is imperative to answering the research questions, particularly the question on the influences of these actors on the development of IR strategy in the project construction segment. The next section focuses on the unions in the Greenfield agreement sector and the following chapter provides a detailed analysis of the relationships and strategy between unions and EPCM companies in the greenfield project construction sector.

8. Unions

Greenfield agreements are made with at least one union who is able to represent at least one category of employees in the new workplace. Much of the literature on greenfield sites (Baird 2001; Holland, P, Nelson & Fisher 2000) notes that employers prefer to negotiate with a single union to reduce the need to negotiate with a number of disparate unions as was the case in brownfield sites. Anecdotally this would still appear to hold true, however the making of greenfield agreements in Australia is influenced by a range of factors for employers, not least the likelihood of disruption on the site if unions are excluded. Unions may also challenge the employer's choice of union in the industrial relations commission; the possibility of a drawn out dispute in the commission also deters employers from making a risky deal that excludes key unions.

Workchoices did not require employers to negotiate with all unions entitled to represent employees on greenfield sites. However, unions with members within the new workforce could cause some disruption if not bound by the Greenfield agreement, leading to the making of multiple union agreements in many cases, particularly in construction and maintenance shutdowns.

The Australian Workers Union (AWU) had the largest number of UGAs certified during the Workchoices period, followed by the Construction, Forestry, Mining and Energy Union (CFMEU), the Australian Manufacturing Workers Union (AMWU) and the Communications, Electrical and Plumbing Union⁶(CEPU). All these unions represent workers in the

⁶ The CEPU is an amalgamation of several traditional blue collar unions and comprises of the Electrical Trades Union (ETU) the Plumbers Union and the Communication Workers Union

construction, shutdown and mining sectors. The AWU negotiated the most single union agreements, followed by the CFMEU. The AWU are party to the largest number of greenfield agreements in the FWA database, followed by CFMEU, the AMWU and the CEPU.

Greenfield Agreements can be made with a single union or with multiple unions who have coverage of the occupations of employees. The CFMEU has the highest number of single union agreements followed by the AWU, AMWU and CEPU/ETU. In international literature, it is generally noted that collective agreements are utilised in greenfield sites to remake relationships with unions and in particular, employers prefer to deal with a single union. In Australia, the data reveals that most Greenfield agreements are made with multiple parties, particularly in construction and maintenance. Where there are several unions who are able to represent employees in the project, there is evidence that an agreement with all or most of the unions able to represent employees is negotiated. Alternatively a number of agreements are made by employers participating in the construction project with individual unions to cover the employees represented by each union, with specific provisions that apply to that trade category. Many of the agreements made with single unions are for portions of a project, to cover either a specific trade or for a specific period of the project, such as civil engineering and earthworks. There are many agreements made for large projects, for example as discussed earlier in this chapter, the Worsley Efficiency and Growth Project, developed by BHP and principally managed by Bechtel, has 107 individual greenfield agreements lodged in the period.

Some of these agreements will be single union agreements whilst others will cover a number of trades and all the relevant unions will be parties to the agreement. Under the *Fair Work Act*, unions which have not participated in agreement negotiations can still be bound by the agreement, whilst unions who may have been involved in negotiations may not be listed as bound, if they did not request this in the certification process. The *Fair Work Act* does not categorise unions as 'parties' to collective agreements in the same way as the *Workplace Relations Act* did, the principal distinction in the FWA is between single and multiple employer agreements, whilst the WRA distinguished union and non-union collective agreements.

Unions other than those examined in the construction sector are party to agreements during the Workchoices and Fair Work period to 30 December 2012. The Liquor, Hospitality and

Miscellaneous Workers Union⁷ (LHMU) have negotiated the highest number of agreements followed by the Maritime Union of Australia (MUA). The figures are somewhat skewed by the 62 Greenfield agreements the LHMU negotiated for ABC Learning Centres, which are no longer in operation. Once these agreements are removed, the Maritime Union and Transport Workers Union (TWU) have the largest number of agreements followed by the National Union of Workers (NUW).

In the years between 2006 and 2012, 1500 Greenfield agreements were made in Australia however there is little research on how these agreements are utilised by actors. The next section discusses the arrangement of Greenfield agreements by examining union Greenfield agreements made under the *Workplace Relations Act (Workchoices Amendment) 2005*, (known as ‘Workchoices’) and single enterprise Greenfield agreements made under the *Fair Work Act 2009*. The period reviewed covers agreements lodged from March 2006 to December 2012, examining the principal utilisation of the agreement, the parties to the agreement and more closely understanding the details of a sample of Greenfield agreements.

9. A Development of Categories of Greenfield Agreements

This section examines greenfield agreements contained in the Workplace Agreement Database (WAD) managed by Fair Work Australia and its predecessor agency, the Workplace Authority (DEEWR 2010a), and DEEWR quarterly reports on agreement making (Becker, WS 2013; Employment, Department of 2010b) to determine the main purpose of greenfield agreements made between 2006 and 2012. Greenfield agreements have been examined to determine the primary reason for the making of the agreement and divided into three categories, those made for the purpose of a short term project, those made for employees of a new labour service provider to an existing site and those made for a new enterprise. Greenfield agreements made to regulate employment conditions in short term projects, by far the greater number, are further categorised into construction and maintenance projects and those made for performing arts. A sample of these agreements is reviewed to ascertain the main focus of the agreement and any significant features. The Greenfield agreements that appear to be made for the purposes of a new business venture form the remainder of the dataset. A sample of these agreements for new enterprises are then scrutinised regarding the current status of the site and whether these sites

⁷ Now known as United Voice

would be considered a typical greenfield site compared to those in international literature on greenfield enterprises (Newell 1991; Baird 2001). A typical greenfield site is one that is a new venture of an existing company in a new location, recruits new employees, utilises new technology and HRM practices and seeks to recreate relationships with unions (Newell 1991, Baird 2001, Richbell and Watts 2001). During the process of this examination the agreements are further categorised into those sites that are no longer trading, sites which have been taken over by a new employer and ongoing new enterprises. The analysis of greenfield types is broken up into two sets: agreements made under the Workchoices and those made under the *Fair Work Act*. Greenfield agreements made under Workchoices is presented in Table 8, while those made under the Fair Work Act is presented in Table 9 (Employment, Department of 2010c).

Table 8: Greenfield Agreements made under Workchoices

Union Greenfield Agreements (26 March 2006-30 June 2009)	
Project Agreements	688
New Ventures	113
Third Party Labour Service suppliers	79
Performing Arts	23
Total	903

There were a total of 903 union Greenfield agreements (UGAs) made between March 2006-June 2009 (DEEWR 2010a, DEWR 2010). Of this number, 688 union Greenfield agreements were made to cover employees working on short term projects. These projects were either in large infrastructure, construction and shutdown maintenance. Twenty three agreements were approved to determine employment matters for performing artists in live performances. Third party labour service providers are the third category; these agreements are made when a new company wins a contract for labour in existing sites, undertaking transport and logistics, security services, catering and cleaning services and professional services to mining and energy facilities.

There were 113 new ventures, however 62 of these agreements were for ABC Learning Centres, which went into receivership in December 2009, so the true number of active

Greenfield agreements is 51. A number of other greenfield agreements for new ventures are no longer active due to the closure or sale of the business since the agreement was made.

9.1. Greenfield Agreements Made under the Fair Work Act 2009

The *Fair Work Act* changed the designation of agreements from a focus on union involvement in bargaining to single or multi enterprise collective bargaining. The categories of greenfield agreement are: single enterprise agreement under s172(5) and multi enterprise agreement under s172(3). Greenfield agreements for single or multi enterprises are made under s172(4) and must be between a union and an employer. Greenfield agreements can be made with multiple unions however good faith bargaining provisions are excluded for greenfield agreement making. Table 9 provides the overall number of greenfield agreements made under the *Fair Work Act* since it began operation on 1 July 2009.

Table 9: Greenfield Agreements made under the Fair Work Act 2009

Greenfield Agreements (1 July 2009-30 December 2012)	
Single Enterprise	1537
Multi Enterprise*	8
Total Greenfield	1545
Project Agreements	1340
Third party Labour service suppliers	128
New Ventures	67
Performing Arts ⁸	2

* *Greenfield categories excludes multi enterprise greenfield agreements*

Many more single enterprise greenfields agreements (1,537) were made than multi enterprise greenfields agreements (eight) from June 2009-30 December 2012. The total number of Greenfield agreements is higher under the *Fair Work Act* as employer Greenfield agreement are no longer available. There were 1,340 construction and maintenance projects, the majority of Greenfield agreements made in the period. Two agreements were certified for performing arts; however this number does not represent all Greenfield agreements in the performing arts industry during the period as 12 were not certified via FWA during the period due to policy

⁸ During this period, not all greenfield agreements were certified due to policy decisions by the MEAA.

decisions made by the Media, Arts and Entertainment Alliance (MEAA) (interview data). Third party labour service suppliers made 128 agreements for existing sites for services such as maritime services, transport, logistics, security and catering. The 67 remaining agreements appear to be for a new enterprise.

Greenfield agreements made under the *Workchoices* and the *Fair Work Act* demonstrate some consistency; the majority of agreements are made in the construction and maintenance project sector. As discussed in the previous section, many Greenfield agreements are made for each project so the total number of Greenfield agreements made does not represent individual projects. More third party labour service supplier agreements have been made under the *Fair Work Act* than *Workchoices*; many of these service agreements are for labour services to the oil and gas industry, for projects that are nearing completion from the earlier period. New Venture agreements remain fairly stable once the defunct ABC Learning agreements are removed with 51 under *Workchoices* and 67 under the *Fair Work Act*.

10. Greenfield Typology

Greenfield agreements in Australia can be made by a prospective employer in anticipation of the employment of people at a new workplace. The employer may be starting a new venture on a new site as is the conventional understanding of a greenfield site in the literature, but this is not a necessary requirement to make a greenfield agreement. Under both *Workchoices* and the *Fair Work Act*, the criteria for making these agreements is that the employer be undertaking a new business where there are no employees yet employed. This covers a wide range of business ventures and includes situations where the employer wins a contract at a new or existing site and makes an agreement prior to the start of the operation or where a new or existing project employs subcontractors to complete stages of the construction. Employer parties to Greenfield agreements may have employees working under a range of collective agreements, particularly where they subcontract labour to other business projects.

This is particularly the case in project construction. An examination of the structure of this sector is in the next section, followed by a discussion of Greenfield agreements in performing arts, the third party contract service sector and finally new ventures will be explored

10.1. Project Construction Greenfield Agreements

Greenfield agreements in Australia are mainly utilised by the construction industry as a device which allows the principal contractors and unions to standardise the conditions of employment for all employees on the project. There were 2,028 Greenfield agreements made for construction and shutdown maintenance projects between March 2006 and December 2012. They cover conditions unique to the construction industry such as portable long service leave and the use of external redundancy schemes as well as standard conditions such as hours of work, shift patterns and classifications. These agreements permit the worksite to operate with flexible shift patterns and standardised classification structures that would otherwise be governed by myriad awards. Employees are not involved in the development of these agreements, commencing work onsite many months after the agreement is made, so technically the agreement satisfies the requirements of the legislation (Cooper, 2010). Some of these employees may work on a regular basis for the principal contractors, and while their contract of employment is limited to the scope of the project, they rarely have the opportunity to be directly involved in the development of the conditions in their workplaces or vote on a collective agreement that covers their work. Many employers may have a number of concurrent agreements for different projects and employees move between these projects as required, their pay and conditions varying from workplace to workplace.

In these cases the union and employer develop and maintain an ongoing association and negotiation of collective agreements in this sector are normalised by these routine interactions. A series of Greenfield agreements will be made for a single project with principal contractors and subcontractors and it is evident that the unions principally involved in the construction industry develop ongoing relationships with principal contractors. These relationships would appear to be paradoxical to the philosophy that underpins strategic HRM, with its emphasis on direct relationships with employees and concerted effort to marginalise unions (Gunnigle, Patrick, MacCurtain & Morley 2001; Kochan, Katz & McKersie 1994). This gives the impression that employers in the construction industry take a pragmatic view in regards to employment relations strategy, preferring to lock unions in the sector into an agreement rather than risk disruption to a highly leveraged project. Industrial peace is not guaranteed however, as evidenced by the protracted dispute on the West Gate Bridge project in 2010 (Schnieders 2010). Disputes in large projects have attracted public attention and have been the source of industry complaints about the Greenfield agreement system. Both the Coalition conservative government and the Labor governments have held enquiries into the construction project sector

and the Howard conservative Government introduced legislation designed to restrict union activity on construction sites (Hall 2006).

An examination of the employer parties to Greenfield agreements in the Workplace Agreement Database reveals the unusual structure of the largest sector of project construction Greenfield agreements. In the earliest stages of the development of a new construction project in major infrastructure, a Greenfield agreement will be made with a principle contractor and the union/s who are involved in the project to set what is known as the 'headline' conditions for the project. These headline agreements cover all the basic requirements of the project in terms of wage increases during the life of the project, classifications and basic conditions. In very large projects, a number of large construction companies may be contracted to manage different areas of the project. Greenfield agreements will be made for the project with these companies under the aegis of the principle contractor and relevant unions. An example of this practice is the *Thiess Curtis Island LNG Project Agreement* and the *Downer EDI Engineering Queensland LNG and CSG Infrastructure Projects Enterprise Agreement 2010-2013*. Thiess Pty Ltd and Downer EDI are large construction known as EPCM companies, as they provide expertise to Engineer, Procure, Construct and Manage (EPCM) resources on large projects. There are less than 40 EPCM companies operating in Australia and this number is further diminished by the specialist services offered by some that only provide specialist consultancy services and who operate in partnership with other EPCM or principle contractors (Becker, WS 2013). On some projects they will directly employ all the trades required for the project, but in most cases they will subcontract to employers that focus on the specific trades and services required for the project, bringing these in as required.

These headline agreements are then used as a template for subsequent agreements with subcontracting employers during the life of the project. These sub agreements are made with the appropriate union to the trades employed by the subcontractor and only apply to the work performed by the subcontractor on that project. A subcontractor may have many Greenfield agreements current on different projects in order to ensure that the wages, classifications and conditions of the workers on each project remain consistent. The conditions in sub agreements must be consistent with the key conditions within the headline agreement but may vary in terms of specific requirements of that trade on the project or for the particular needs of that part of the project. For example, the *Worsley Efficiency & Growth Project Brierty Ltd Electrical Trades Agreement 2010* was made between the employer, Brierty Ltd and the CEPU (Electrical

Trades Division) to provide conditions for the work done by that subcontractor on the huge Worsley Alumina expansion project in Western Australia. In this industry specific sub agreements are necessary as electrical work has a number of required safety provisions by regulation, and agreements made must comply with the regulatory requirements for that industry in addition to the requirements of the project.

Sub agreements may be made with a single union party to the headline agreement or in some areas may be made with another union who has coverage of those workers employed by the subcontractor. An example of this practice is the *Mermaid Burrup Materials Facility Woodside Greenfields Agreement 2009* to which the Maritime Union of Australia are the union party to a greenfield project agreement for an employer who is providing dredging services to the Woodside LNG project. The unions who are parties to the headline agreement do not have coverage of maritime workers so the agreement must be made with the MUA.

A subset of the project construction greenfield sector is the shutdown maintenance Greenfield agreement. Employers in this sector are often the same as those in the construction sector as they provide maintenance services to the mining, energy, oil and gas industries once the project is completed. The routine use of Greenfield agreements in maintenance shutdown operations in mining, utilities and the oil and gas industry allow the shutdown contractor to vary terms and conditions of employment to suit the nature of the work and industry. Whilst not entirely mirroring the construction industry there are a number of similarities in the use of flexible shift work patterns and consolidation of trades into broad classifications. Agreements in the shutdown sector may subscribe to the redundancy schemes or portable long service leave of the construction industry, but this is not universal, and more likely when the agreement is designed to capture both construction and maintenance workers. Shutdown maintenance agreements can be distinguished from construction by the length of the agreement, which is usually of shorter duration and the use of bonus payments and arrangements to encourage employees' commitment to meet the shutdown deadline.

10.2. Performing Arts

Greenfield agreements in the performing arts are an area where little attention has been directed. These agreements run for the duration of a stage performance season and provide established conditions for performers and stability for producers in an industry where there is

no guarantee of the ongoing success of a project until the curtain is raised on opening night. These agreements cover both professional and employment issues for performing artists, such as limitations on the unpaid use of the performer in promotional activities and consultation in how the performers will be represented in the media. An example of this is the *Wicked Performers' Collective Agreement 2007-2009* which was made to determine wages and conditions for the Australian run of the international hit musical, *Wicked*.

Agreements in this sector are made during a period when the cast and crew of a company are not engaged to ensure that the agreement can be registered as a Greenfield agreement and are made between the show's producer and the Media Entertainment and Arts Alliance (MEAA). There are less than ten producers who commission large shows in Australia, the Australian Entertainment Industry Association (AEIA) is the relevant employer association that assists producers in negotiations with the MEAA. There is a very limited time available during preparation and rehearsal for the production, usually no more than twelve weeks, so it is not practical to attempt to negotiate a standard collective agreement during this period. The union acts as an agent for the actors and crew in employment, general performer conditions are agreed by an annual ballot of members and a standard document is created by the union which is then utilised in negotiations with producers. In this way there is some input by employees into their working conditions.

There is some similarity in the performing arts segment with construction and shut down maintenance segment of project greenfields as all the agreements are for projects with a defined and limited period of operation. All work to a tight deadline and bonuses may be linked to meeting critical deadlines. For this reason performing arts have been categorised in the project segment of greenfields agreements. The next section turns to a discussion of the third party labour service segment of Greenfield agreements.

10.3. Third Party Labour Service Greenfield Agreements

Third party labour service Greenfield agreements are made for companies that specialise in providing services to bid for work in an existing site or project; there were 207 of this type of Greenfield agreement made in the period between 2006 and 2012. These types of agreements range from transport and logistics, maritime services, catering and maintenance to security services. The employer's involvement in the site is limited to providing labour or services to

the principal of the enterprise. They are also made for contractors who provide service to government agencies. An example of this is the *Serco Immigration Detention Centres Agreement 2009* which was made under the *Fair Work Act* between Serco Asia Pacific Pty Ltd and the Liquor, Hospitality and Miscellaneous Workers union (LHMU) to provide services for Federal Government immigration detention centres. The outsourcing of prison security by governments around the nation provides opportunity for private security companies to make Greenfield agreements which renegotiate employment conditions for security provision originally provided by the public service.

Transport and logistics suppliers provide both transport and warehousing for companies as diverse as supermarket chain Woolworths Ltd, the food manufacturer Arnotts Ltd and hardware chain Bunnings. These agreements were made between the labour supply employer and the relevant union, for example, the *Linfox Queensland (Arnotts Distribution Centre) Agreement 2009* which was made between transport company Linfox and the Transport Workers Union (TWU).

Government authorities are routinely outsourcing maintenance work to third party labour supply companies in preference to directly employing these employees. This strategy allows the government to engage labour where required without having to maintain a large permanent workforce. An example of this is the *Zoom Recruitment and AWU Greater NSW Branch Asphalt and Road Maintenance Agreement 2008-2010* made between the labour service provider Zoom Recruitment and the Australian Workers Union (AWU).

The contracting principal company has no involvement in the negotiation of the agreement, but the terms and conditions they outline to the third party labour service provider who bids for the supply contract form the basis for negotiation of the agreement. In some cases the agreements are made before the work is awarded so that the company can demonstrate their compliance with the principle company's requirements.

There are a significant number of agreements made to provide maritime support to the oil and gas industry, for example, the *Sea-Tow Pty Ltd Integrated Ratings, Cooks, Caterers and Seafarers Greenfield Agreement 2008* made for a labour contracting company to provide employees for work on a vessel servicing the offshore oil and gas industry in Western Australia. These agreements are made with the Maritime Union of Australia (MUA).

Similar agreements to provide catering and cleaning services to the mining and energy industry are evident, some of these Greenfield agreements provide for third party contractors conditions of employment where the usual industry award would not be appropriate, such as electrical contractors to the mining industry. An example of this is *Transfield Services Limited & CEPU (Electrical Division) Enterprise Agreement 2010-2011* made between Transfield Services Ltd and the Communications, Electrical and Plumbing Union (Electrical Division) (CEPU–ETU).

This use of Greenfield agreements for creating working conditions for employees seems somewhat arbitrary, there is nothing new about the site or the work other than a new company winning a contract to supply services. An examination of the content of these agreements reveals that operational flexibility in working hours and general conduct provisions are the main focus of the agreement. The conduct provisions noted include drug and alcohol policies, fitness to work provisions and disciplinary processes. As a third party contractor on a client's site, these companies have a limited ability to directly manage their employees, making such clauses necessary to set out conditions where the management team is offsite and in many cases the worksite is in a remote location.

10.4. New Venture Greenfield Agreements

New ventures utilising a Greenfield agreement come from a wide spectrum of industry; the 118 agreements which appear to be a new venture in operational form are anything but typical when compared with each other. These agreements are made in manufacturing, health, education, logistics, retail and for both public service and private enterprise. However many of the workplaces no longer exist or have been sold during the research period. An example of this is the *Guardian Aged Care - Raynbird Place Agreement 2006-2007* made between the employer, Guardian Aged Care, and the Queensland Nurses Union (QNU). This facility had been taken over by Domain Aged Care Ltd within two years of establishment. Another manufacturing workplace, Maryborough Food Pty Ltd, which had a greenfield agreement with the National Union of Workers (NUW), the *Maryborough Foods P/L Collective Agreement 2007* went into receivership in 2008, only eighteen months after the agreement was made. A more extreme example was the facility opened by Excelior, a subsidiary of the multinational Skilled group, which operates call centres in telecommunications; they made the *Excelior (Shepparton) Contact Centre Union Collective*

Workplace Agreement 2007 agreement with the NUW to provide employment conditions for a call centre in Shepparton, Victoria to service telecommunication company AAPT. This call centre closed three months later as AAPT began to offshore call centre facilities to the Philippines. A Greenfield agreement would appear to be a preference for some employers to ensure industrial peace in the development stage of the new venture. Even with this certainty there is clearly no guarantee of the success of the venture.

While the transience of new ventures that use Greenfield agreements has been demonstrated, at the other end of the spectrum are companies that develop agreements and employment relationships with unions so early in the development stage of the new venture that the agreement has almost expired before the site is operational. One such example is the *Quickstep Technologies Pty Ltd New South Wales Greenfields Agreement 2010*. This agreement was made with the Australian Manufacturing Workers Union (AMWU) and the AWU was to cover employees in a facility purpose built to develop a new composite technology for aerospace. The facility did not begin operation with any employees until late 2012 due to a range of delays in securing international contracts and local regulatory approvals.

The use of Greenfield agreements to remake employment agreements at existing sites is another example of the use of Greenfield agreements for workplaces that only nominally satisfy the requirements of legislation. Where a new company takes over an existing business, it is possible for the new employer to make a Greenfield agreement if there is at least a nominal closure of the facility. An example of this is the *Motherson Elastomers Pty Limited and NUW/AMWU/ETU Greenfields Agreement 2007-2010*. Motherson Elastomers is a subsidiary of the multinational Samvardhana Motherson Group, based in India. This company took over the Empire Rubber manufacturing facility in Bendigo, Victoria in 2007 after the original company, Empire Rubber, a subsidiary of the Huon Corporation, went into receivership in 2006 (ABC 2007). A greenfield agreement was made between Motherson and the NUW, ETU and AMWU to provide employment conditions for a new workplace, however it would appear from the liquidator's report that one hundred existing employees were transferred from Empire Rubber to Motherson (PPB 2009). Workchoices allowed employers to terminate the employment of existing employees through redundancy, thus allowing a new employer to rehire the employees on new conditions without a formal transmission of business. While satisfying the definition of a greenfield site for the purposes

of making a Greenfield agreement, the business would not have been identified as a new venture. This was borne out by the HR manager of the facility who, when contacted by the author in 2010 to participate in this research project, stated that the site was not a greenfield site but a continuation of an existing business and so therefore did not qualify for the study.

Of course there are new ventures with greenfield agreements that do more closely match the typical definition of a greenfield site as a new venture with new employees on a new site (Baird 2001; Newell 1991). The Macquarie University Private Hospital opened in Ryde, Sydney in 2010, and made two Greenfield agreements, the *Macquarie University Hospital and NSWNA/ANF Greenfields Agreement 2010-2011* and the *Macquarie University Hospital / HSU Greenfields Agreement 2010-2012*. These agreements were made to provide employment conditions for nursing and non nursing staff respectively, between the employer and the Australian Nursing Federation (ANF) and the Health Services Union (HSU). The dairy company Murray Goulbourn entered into a joint venture with French dairy multinational Danone in 2010 to produce yoghurt products. A new factory was built in Kiewa in rural Victoria and the *Danone Murray Goulburn Pty Ltd and NUW Greenfields Agreement 2010* was made to provide employment conditions for fifty new employees. The plant opened in June 2011 (Victoria 2011). This may be the most textbook case of a greenfield site in recent Australian history, with the new factory literally built on a green field.

Agreements that appear to have been made for a genuine new enterprise have been further examined for content. There is minimal evidence of new forms of human resource management incorporated into the collective agreement, in general most Greenfield agreements remake award classification structures into broad employment types and many provide workplace specific qualifications or training modules that must be completed to advance to a higher classification. A training focus is evident in the majority of agreements. There is little evidence of the use of new work organisation such as teams or the use of high performance work systems; only two agreements specifically mention teams or employee involvement in quality management. A minority (five) of the agreements reviewed have formal consultation structures, most only providing for consultation in the event of significant change or dispute, as required by the legislation. In regards to new relationships with unions, most agreements do not mention the union at all other than as a party to the agreement, three provide for union training leave and five make available union resources such as a notice board or union representation in dispute resolution. This may indicate a commitment to

strategic HRM and direct relationships with employees (Kaufman, 2004), however more research is needed to establish whether this is the case.

Of those sites identified as a genuine new venture of an existing company, many have failed to survive to the nominal expiry date of the agreement, or have been transferred to new ownership in a general buyout of the group by a new parent company. Whilst this outcome has been documented in other studies (Konzelmann and Farrant 2003, Macinnes and Sproull 1989), it demonstrates the inherent fragility of the new venture to both internal and external challenges.

11. Conclusion

New workplaces that fit the typical scholarly understanding of a greenfield workplace have been rare between 2006 and 2011. The development and implementation of a new venture is a costly and risky business, and businesses in Australia appear to utilise the Greenfield agreement as a means of ensuring that new employees, and the unions that represent them, have little opportunity to make unexpected claims on the business. All agreements reviewed implemented flexible working hours that were determined by management as required, and many had performance and conduct provisions which included mandatory medical reviews and drug and alcohol testing. There was little evidence of provisions regarding flexible working hours for workers with family commitments, however there was an increase in provisions for paid parental leave. Consultation was limited in most cases to significant change; most agreements did not mention a role for the union who was party to the agreement other than as required by the legislation.

Greenfield agreements in Australia cannot be seen as a single category, the requirement that a Greenfield agreement cover the employment in a new enterprise is interpreted broadly and ranges from short term construction and maintenance projects, third party service providers, performing arts and new enterprises. It has been demonstrated in this Chapter that these agreements are used for many purposes that would preclude them from consideration as a typical greenfield site. Agreements for short term projects can only be nominally described as greenfield due to their location on a new site. In most cases, the use of a Greenfield agreement is merely a convenience to ensure all employment matters are settled prior to any employees being engaged and to contain the unions who may disrupt tight deadlines on the project. In the performing arts, the sites remain constant, only the content of the performance and the

performers changes. Others in which only the employer is new to the site and merely provides labour and services would not be considered due to the limited nature of their discretion on another company's site.

There is little evidence that companies utilising Greenfield agreements see them as a vehicle for developing new forms of work organisation, rather the evidence suggests that Greenfield agreements are a means of institutionalising existing practices and ensuring standardisation of conditions amongst principals and contractors. Continuity, rather than innovation, appears to be the focus for employers and unions in the short term project sector when making a Greenfield agreement, whilst complying with the policies of the contracting company are a focus for third party service providers.

One of the more important findings in this study is that the main relationship built in these agreements is between the employer and the union, a factor that defies the claim that greenfield workplaces focus on HRM strategies that prefer to deal directly with employees and exclude unions. Whilst this is a strategy to avoid disputes and disruption in the new workplace it points to a level of pragmatism in employers not generally enunciated in the public sphere.

Greenfield sites that fit the understanding of typical are a rare shade of green indeed, only a small percentage of those agreements made between 2006 and 2011 can be understood as fitting the criteria of a new venture of an existing company, on a new site with a new workforce and even fewer have any indication of a new management philosophy or work organisation. In most cases the agreement is made to provide certainty for employers in short term projects and when bidding for third party service contracts. Unions focus is also on ensuring some stability for those workers who move from project to project. Both unions and employers are wary of introducing innovation as this may see an agreement condition 'leapfrog' over existing projects conditions, leading to dissent and resignations among employees who move to take up the better conditions in the new project. It would appear that sites with Greenfield agreements in Australia are not so 'green' at all.

CHAPTER FIVE: PROJECT GREENFIELD AGREEMENTS.

1. Introduction

This Chapter discusses Greenfield agreements made in the short term project sector and focuses on the period between March 2006 and June 2012, a period of significant change in industrial legislation. As discussed in Chapter Four, the change from the *Workplace Relations Act (Workchoices Amendment) 2005* (Workchoices) to the *Fair Work Act 2009* (FWA) saw considerable change in collective agreement making rules (Cooper 2010). The ability for an employer to make an Employer Greenfield Agreement (EGA) was abolished and all greenfield agreements now need to be made with a union or unions that have the ability to represent the employees working on the site (Sutherland & Riley 2010). Employers now have a limited ability to choose the union they would prefer to bargain with, leading to come criticism of the FWA (Crozier 2005; Gahan & Pekarek 2012) . Despite changes to legislation that have impacted on the relative bargaining power of the parties, employers and unions have still found these agreements useful to achieving their overall employment relations strategy.

The focus of principal contractors in the construction project sector is risk minimisation; these projects involve millions of dollars of investment by clients and are the focus of much public scrutiny. The Greenfield agreement provides a vehicle for principal contractors to create a binding agreement with unions in the sector that will assure investors that the work will be done on time and to budget. The objective of project managers and unions is to have no industrial disputation during the life of the project but this is not always achievable. The relationships between senior negotiators in agreements are built on the history of previous projects, where things go wrong the memory lingers on and influences the agreements that follow for many years. In contrast to the findings of previous studies on greenfield sites,

ultimately the reservations of each party lead to a greenfield agreement sector that features conservatism rather than innovation (Newell, 1991; Guest and Rosenthal, 1993; DEWR, 2010).

The Chapter begins with a discussion of the actors in the project construction sector and the rationale for the use of Greenfield agreements. It then considers the negotiation of agreements and how actors implement workplace relations during the life of the project and finally examines the impact of external forces, such as changes to legislation and external economic conditions. Interviews were conducted with senior managers from several large companies, employer associations and unions within the construction sector. This interview data provides the evidence and support for the discussion in this chapter.

2. Greenfield Project development and employment structure

Greenfield projects are developed and financed through consortiums of multinational companies and government. These consortiums can be made up of state and corporate players from several countries, usually those who have a direct interest in the use of the facility when completed. During the period studied, mining and energy infrastructure were a focus of development in Australia. These consortiums appoint a principal contractor to undertake the work and deliver the project on time and within budget. The principal may then undertake the work directly, for example, employing workers and managing them on the project, or they may contract the work out to other large construction and engineering companies, known as EPCM companies (that is, those who can Engineer, Procure, Construct and Manage part or all of the project construction).

Pattern agreement making was prohibited under the *Workplace Relations Act 1996*, which has led to a custom and practice of including industrial relations matters in contractors' engagement agreement. This is explained by the senior manager of a principal contractor.

If you go back in the history of greenfields in the 90s, they were a project agreement where you could embrace contractors coming onto the project into the agreement.

But you haven't been able to do that since the Workplace Relations Act. You now you have to harmonise the rates of pay amongst all parties coming into the agreement (Senior Manager, Principal Contractor).

The whole chain of contractors must negotiate with the unions who are parties to the Greenfield agreement with the principal contractor. Since the introduction of the *Fair Work Act* 2009 the issue of which unions can be included or excluded from greenfield agreements has been the subject of a number of test cases in the industrial court that has led to concerns being expressed by employers such as the comment below (Palmer 2013).

Where it's changed is dealing with the union parties, previously you were able to go to certain unions and make an agreement with the union you preferred. Under the Fair Work Act it's the rules of the organisation that determine who can be a party to a Greenfield agreement. Now a union party can object to being excluded and therefore become covered by the agreement (Senior Manager, Principal Contractor).

This is a significant change from the *Workplace Relations Act* 1996 where an employer could make a Greenfield agreement with a union and once made, this would exclude all other unions from entry to the site or representing employees.

The risk to employers is that if a union is excluded from the agreement but can cover the workers on the site, they will have right of entry but not be bound by the terms of the collective agreement. Principal contractors have made pragmatic decision to approach all unions who are eligible to represent workers. 'You may as well have it protected under the terms of the agreement than having them loose onsite' (Senior Manager, Principal Contractor).

2.1. Principal Contractors

The principal contractor is responsible for the outcome of the project to the stakeholders and financiers. Greenfield agreements are the best vehicle for the principal contractor to provide industrial relations certainty in their business plan for the project, as they provide binding agreements on pay and conditions without committing these employers to the same deal on future projects, which may be of varying scale and budget. This is explained succinctly by a senior manager with many years' experience in the role who has worked with all the legislative changes to Greenfield agreement regulation.

These agreements are entered into well before work commences and you have to deal with the union and it helps in the process of finalising costing and other deliverables on the project. While ever (sic) they offer an arrangement that can be applied to a

specific project and limit the arrangement to that project they will have a part in the sector (Senior Manager, Principal Contractor).

Union officials and company negotiators draft the headline Greenfield agreement for the overall project. It only applies to the principal contractor, who may or may not have many employees onsite. The principal and unions establish protocols to ensure that contractors who undertake work all make an agreement that mirrors the project agreement.

2.2. Contractors

The principal contractor awards work to EPCM companies and makes sure that they are aware of the standards they must meet to gain the contract. Most projects will have multiple Greenfield agreements made with the various project manager of EPCM companies and lower level contractors for each stage of the project from civil engineering to finishing trades. In the making of Greenfield agreements the principal contractor is the central actor. They must ensure that all parts of the project are delivered on time and within the budget; if not, they face paying penalty payments or will need to refinance or negotiate extensions with stakeholders. Ensuring harmonious relationships between unions and contractors is of paramount importance to the successful completion of a project. Once again, the senior manager provides insight into the motivations of principal contractors to make Greenfield agreements.

At the end of the day, the principal contractor needs to be assured that every player on the job has an understanding of industrial relations and an understanding of managing industrial relations and can deliver it in a stable environment, that's the terms of our contract and they have to satisfy it (Senior Manager, Principal Contractor).

EPCM companies and large construction contractors that work in the project construction sector are usually very experienced in working with Greenfield agreements and have the capacity to negotiate and work within the industrial relations expectations of the principal contractor. The practice of all parties making an agreement is well established and has been in place since the *Workplace Relations Act* prohibited project agreements covering all contractors.

With Greenfield agreements, not all contractors sign the agreement in the building sector, however in the projects most do, that started in Queensland (QLD), it's called the Qld Model, Bechtel started this custom and practice. The Workplace Relations

Act prohibited the requirement to sign agreements but Bechtel found its way around the IR laws (Senior IR Manager, Constructor Co).

EPCM companies can then award contracts to smaller companies as required; the principal contractor does not usually become involved in this negotiation, having established the expectations of the project. While they take a largely ‘hands off’ approach, they do monitor and advise contractors if it appears that problems may arise. As indicated by one Senior Manager, Principal Contractor, ‘If a contractor isn’t aware of working on these types of projects and seek assistance we may advise them to discuss it with the relevant employer association.’ The lack of direction by the principal contractor can become a source of frustration for employer associations and also the union negotiating the agreements when the contractor is less competent in industrial relations.

The major concern of the large contractors on a project is managing employment relations with the subcontractors who may not be as well versed in agreement making. Unions aim to have all contractors and subcontractors pay the same rate of pay and contribute the same amount in portable entitlements. This can be an area of disputation when some subcontractors do not comply.

It’s the lower tiered contractors you get concerned about, who work for the majors, they have to cascade down the same commitment we would be seeking to the lower contractors, they have to manage that (Senior Manager, Principal Contractor).

Subcontractors who already have an agreement with employees who can cover the job view the Greenfield agreement as an unnecessary complication. It is easier for them to simply vary the rates of pay to the project rates, however this is usually not accepted by the principal contractor or unions. The employer associations have to educate their members on the complexities of the system of agreement making under the Act.

The FWA commission made the fine point that it may be that the existing employee will be employed on the project but or there may be new employees so it complies (IR Manager, Employer Association).

2.3. Employer Associations

Employer associations have a limited role in the making of Greenfield agreements as the principal and major contractors have industrial relations professionals as staff to handle negotiations and ongoing employment relations during the project.

Unions criticise employer associations as ideological warriors who continue to promote the values of neoliberalism. In reality, when it comes to Greenfield agreements, employer association staff walk a fine line between pragmatism and policy as epitomised by the IR managers comment.

We have to say ‘you have to get realistic, there are 70 other companies who have signed up to that deal and they are not going to vary that for you. You may not like it and you may think it’s unlawful but you have a choice, if you choose to sign it then it’s not unlawful’ (IR manager, Employer Association).

Employer association’s policies mostly oppose any form of pattern or industry bargaining; Greenfield projects’ agreements are essentially a form of pattern agreement. Subcontractors who come to the association for assistance in making an agreement for a Greenfield project are advised on the practice of the sector.

3. Unions

The unions involved in the project construction sector have varying strategies in approaching Greenfield projects. All unions have taken firm approaches towards reinstating union rights and recognition clauses under the *Fair Work Act*, much to the chagrin of many employers who see them as superfluous to the employment relationship who criticise unions focus on their own survival ‘They really don’t have the interests of their members in mind; they are fighting over ideological issues that are not central to their members concerns’ (Senior IR Manager, Constructor Co). Unions however see this as important to ensure they can access the workplace sites and have sufficient representation rights in the Fair Work Commission. Rival union relationships are problem in the Greenfield sector, the ability of the negotiators in Greenfield agreements to vary the expected pay outcomes is extremely limited due to the potential campaigns that might be run onsite by rival unions. For instance, as the FWA Commissioner stated, ‘There is still some contention between unions about who has the right to represent employees, a bit of elbowing around this at times, and a few disputes.’ The union officials recognise the problems but prefer to place blame on their rivals.

If we had an ability to work with everyone and play nice then we wouldn’t have a lot of problems we have. The CFMEU and BLF, who come in and try and recruit people off the back of issues, they misrepresent their eligibility and are dishonest (AWU Official).

The AWU and CFMEU are diametrically opposed to each other and this causes as many problems for the other unions in the project sector as employers. As an ETU Official stated, 'Relationships between the AWU and other unions is the harder management issue for the unions.'

This enmity has historical antecedents from the *Workplace Relations Act* period where employers would prefer to deal with the AWU than other more militant unions and had the capacity to exclude other unions from the site.

If we could take the opportunity to have agreements with the AWU instead of the CFMEU we would do it, to get better agreements and better flexibility and better union relationships (IR Manager, Employer Association).

There is long held animosity between the AWU and other construction unions due to the proclivity of the AWU to make exclusive deals. Now, employers have to deal with all unions including the CFMEU with the introduction of the *Fair Work Act*.

Problem is the AWU would do deals behind the other unions' backs and leave the AMWU and ETU out. This caused a lot of problems onsite under the *Workplace Relations Act* and *Workchoices* (ETU Official).

The *Fair Work Act* provisions have forced unions to forge new alliances on project agreements which are more conducive to cooperation onsite. The issue of union 'bad blood' has been addressed in some areas with coordination by the local Trades and Labour Council or through agreement struck at senior levels within the unions involved. As the AMWU Official noted:

Unions have collaborative arrangements between the construction unions. There has been steady improvement in relationships between key unions over the last decade. Now when employers approach a single union, there is a discussion amongst the unions and either a single union agreement is agreed or a multi union agreement position provided. It is now far less likely that a union would agree to do an exclusive agreement in the employers' interest.

Since *Workchoices* was replaced by the *Fair Work Act*, unions are developing new thresholds for acceptance. The requirement in the Act for unions to be involved in the making of all greenfields agreements has significantly enhanced their power in negotiations and they are using that to their advantage by insisting on the inclusion of contractors' clauses requiring the harmonisation of rates of pay among all the contractors who operate on a site.

Less importance is attached to nationally determined key claims in greenfield projects. There is more focus on less claims, but also understanding of objective of setting industry and sector rates (AMWU Official).

In the greenfield project sector, there appears to be little formal union process in determining whether an agreement should be made. Like employer associations, unions have policies governing collective bargaining outcomes that Greenfield agreements do not fit.

4. Government and regulators

The criticisms of the Labor government are mostly in relation to what they have failed to do, rather than what they have done since the introduction of the *Fair Work Act*. Both employers and unions complain that the government is not sufficiently involved in the management of employment relations, although from different perspectives. The unions are concerned about the failure of the government to take action to reduce the scope of temporary worker visas (Section 457). Employers see the governments' failures to provide skilled worker training leaves them with no choice. This is evident in an explanation by the Senior Manager in Constructor Co:

The government has really abrogated responsibility in managing skills training; we don't have enough trainees and apprentices coming through. We need the government procurement model to specify that some training and development be built into the contract requirements.

Criticisms are made by all parties about the role of Fair Work Australia in the approval of Greenfield agreements. Employers argue that the commission is taking too broad an approach to the issue of allowable matters such as employment security clauses, whilst the unions are unhappy that the scope of union rights is still constrained. However the purpose of the *Fair Work Act* was to facilitate agreement making between employers and employees without unnecessary regulatory interference (Sutherland & Riley 2010).

When you think about the commission's role in the process, which is sometimes criticised by the parties, what we have to consider is, does it pass the BOOT⁹ test? Ensure that coverage and public interest are addressed, once this is satisfied there is very little role for the commission in the making of the agreement. It's the parties' agreement, not ours (FWA Commissioner).

⁹ Better Off Overall Test (BOOT) in the Fair Work Act 2009

Employers have sought greater restrictions on the capacity of unions to force employers to bargain with them in greenfield projects. They cite the cost and added complexity of multi union greenfield sites as major impediments to productivity .

5. Risk Management

The construction sector in Australia is made up of a limited number of large multinational companies which are arranged in an array of subsidiaries who compete aggressively with each other to win work. Many large projects in Australia have significant levels of public funding combined with private equity so disputes on large projects are widely reported in the media and the subject of intense political scrutiny.

The focus of the principal contractors and employers in project agreements is to satisfy the investors' aversion to risk, particularly the risk of onsite industrial disruption which may threaten the delivery of the project on time and on budget. For instance, as noted by a Senior Manager and Principal Contractor, 'When you are putting 15 to 20 billion into a job, industrial uncertainty is the last thing you want.'

The complexity of employment relations on projects with large numbers of subcontracting employers has seen the greenfield sector develop some unique practices in Australian industrial relations. Project greenfield agreements have some levels of uncertainty regarding the capacity of the project management team to complete the project on time and budget and therefore avoid costly fines for overruns and this is highly influenced by the level of disputation.

Security, stability [and] risk management, that's what employers want. The union sees that it's an opportunity to get good quality agreements. If they want a low risk then they have to pay, there is a premium required (AMWU Official).

Greenfield agreements are used by employers in an attempt to limit uncertainty (Galbraith 1974; Garrahan & Stewart 1992b) in workplace relations by making an agreement that will be used by all contractors and their employees on the site. These agreements contain wages and conditions that are equal or superior to those paid in the industry. The unions who represent workers in the construction industry are very aware of this need for certainty and use this to their advantage.

The capacity to ensure that all contractors who work on a construction site pay the same rate of pay is an effective risk management strategy. The *Workplace Relations Act 1996* created specific provisions to outlaw the ability of unions to mandate that employers work to a single industry agreement. Since that time many unions have tested the limit of the law by various means to prevent undercutting of pay by contractors (Hall 2008).

The *Fair Work Act* allowed a much wider scope in the content of collective agreements for the inclusion of clauses recognising the role of unions in the workplace than was available under the previous Act (Todd 2015). However it was the ability of unions to mandate that all contractors pay the agreement rates of pay that was seen as most significant and while this has been publicly opposed by employer groups, they have accepted the provision being included in greenfield deals. For example:

Greenfields take wages out of competition, settles everyone down on the job, there's no shitfights (sic) on your job, and less likelihood of lost time and everyone is happy (IR Manager, Employer Association)

Employer resistance to subcontractors paying the same rate of pay has been an ongoing subject of disagreement, despite the benefits of reducing disharmony amongst workers onsite. The margins on construction are increasingly tight and EPCM companies seek to squeeze a little more profit out of the contract through wage differentials. This conflicts with the risk aversion priority of principal contractors, leaving EPCM companies with fewer options when bidding for work. As identified by one Senior IR Manager (Constructor Co):

It is [the] philosophical position of the union to have everyone paid at the same rate. Our argument is it takes away all the labour market competition, affects margins and profits and makes projects unsustainable.

The employer's priority is to make a profit from the project; any disruption to tight deadlines will impact on the bottom line. This can then lead to a strong commitment to collaboration with unions by principal contractors, who see the Greenfield agreement as the best option for reducing unexpected union activity on their project and making a binding deal. The inclusion of subcontractors who pay guarantee clauses contributes to stability on the project.

6. Stability and Continuity

In contrast to much of the literature on greenfields (for example, Guest and Rosenthal, 1993; Newell, 1993; Leopold and Hallier, 1999; Baird 2001; Guest, D & Rosenthal 1993; Leopold

& Hallier 1999; Newell 1993) which focuses on remaking employment relationships, the parties that negotiate greenfield agreements prioritise continuity and stability. The focus on bargaining is to ensure that large infrastructure projects do not create new precedents in wages or conditions that will flow through the sector and ‘leapfrog’ over the conditions of existing projects. The goal is to avoid the potential of onsite disharmony and disruption as workers may either leave to go onto a better project or demand increases to match the conditions of a better project.

[The] Length of the agreement is one of the areas where parties may want to negotiate around. Employers don’t want to end the agreement at a point where the project hasn’t reached the end point and they lose employees to a new project. It’s a big commercial problem for the employer (FWA Commissioner).

The practice of ensuring that new agreements do not outpace current agreements provides some protection to employers from unexpected union claims. Although it is no guarantee that there will not be disputation, there is a strong expectation that individual unions and employers will act in the collective interest of the industry. This has led to the development of an industrial relations culture that is exceptional in balancing the competing interests of all its members, who make complex calculations to balance their interests with those of their counterparts in negotiations. As noted by an AWU Official:

Greenfield agreements [are] more about continuity and risk management rather than change, especially for employers and I don’t see the union movement disagreeing with that. Workers in the sector are possibly more financially conservative than employers.

Unions in this sector are highly influential as the managers of expectation and the players that must moderate their demands and play the game of incremental improvement. This is all against a backdrop of employers who would prefer to increase flexibility and reduce labour costs. Unions insist on high rates of pay but the greatest focus in Greenfield agreements in the current period are the reintroduced union rights which under the *Fair Work Act*.

EPCM companies are focused on outcomes and often do not want to engage with the complexities of industrial relations, although they are sensitive to the prospect of disruption and the costs that may be incurred. The headline Greenfield agreement made by the project manager creates the industrial relations settings for the project. As one Senior IR Manager (Constructor Co) reinforced:

Our position is always to take the path of least resistance and have good working relationships with unions as long as there is a viable commercial outcome and it's in the interest of all parties.

Unions cite the conservatism of construction workers as the primary reason why they do not seek more innovation in agreements. The construction industry is littered with failed projects and bankrupt construction companies leaving workers entitlements unpaid. Further, workers in the sector want their pay and entitlements protected.

Construction workers are no longer reading the Rugby League Week, they are reading the Fin Review on their iPad, they are educated and know what their conditions are and they don't like change. If you alter a condition you will be criticised and attacked by other unions who want to get some airspace in the area (AMWU Official).

The desire for security of entitlements outweighs even the possibility of higher pay if it means the employer maintains control over the entitlement. This experience is evident in the Airport Link road building project:

We had a completion payment of \$150 on the Airport Link project, but it was a Workchoices agreement and instead of it being in the redundancy trust it went into an employer account. People were so agitated about the fact that it was in the employers' account and perhaps could be lost; we have now gone back to the \$80 into the trust and even though it's less money they feel more secure about it (AWU Official).

7. Risks to unions in making greenfield agreements

The *Workplace Relations Act* 1996 and the *Workchoices Amendment* 2005 placed a number of restrictions on unions' ability to represent members and include matters in agreements. Further, prohibited content in collective agreements under Workchoices (Employment, Department of 2005) forced unions to make difficult strategic decisions. Unions such as the AWU were criticised for making agreements by those unions who were locked out.

There is a risk management perspective for employers on this, however there is also a risk for us in signing the agreement in that we now own the outcomes, it's a classic third partying of a union, the union owns the agreement so when people mobilise on that site and there are any perceived deficiencies, we own them (AWU Official).

Whilst competitor unions may claim the higher ground and criticise those unions who consent to poor agreements, during the Workchoices period all unions in the construction industry were forced to make these difficult decisions and despite policy positions they did in

fact sign up to hundreds of agreements. As all of these agreements complied with the prohibited content requirements of the Act, pragmatic decisions were taken by all unions in the sector to maintain representation rights for their members in construction.

The AWU's decision to make an agreement for the Airport Link project was decried by other unions as it set precedents on restricting right of entry and union representation. The justification for the decision to enter into the agreement became apparent when a series of underpayments were discovered, leading to the recovery of over one million dollars for workers by the union. The union would not have been aware of the issue, nor had the capacity to represent its members collectively in the Fair Work Commission had they not had an agreement on the site.

Furthermore, by entering into an agreement on the first stage of the road building project, the union was then in the prime position to make agreements for the subsequent stages of the project which were made under the *Fair Work Act* and allowed more scope for representation and access.

We made a decision on the Airport Link that given that it was the biggest civil construction project in the southern hemisphere and given that the AWU were the principal union in civil construction we felt we couldn't afford not to be there. That paid off going into the next project on the Legacy Way Tunnel, now we are under the *Fair Work Act* (AWU Official).

The Thiess/John Holland Airport Link project was a watershed moment for the AWU in Queensland, marking a moment when they were forced to confront the fundamental issue of relevance. Since the demise of Workchoices, much of the effort of unions has been focused on restoring the rights that were prohibited under the *Workplace Relations Act*.

Many of the projects are too significant for the union movement to be able to refuse to be involved. Others are seen as priorities for both government and industry, and the impact of making concessions is considered secondary to the benefits of having the project completed without delay. The capacity of project managers to ensure stability and reduce risk is the primary reason why Greenfield agreements are the dominant agreement type in the project sector. The changing regulatory environment has had a significant impact on the relative power of the parties in negotiations. This is the subject of the next section.

8. Power and Negotiation

A highly unionised workforce represented by unions with a militant history and interunion rivalries drive much of the internal dynamics in the construction sector. Union power is relatively high compared to other sectors and worker commitment to the goals of the project is low, leading to a tendency towards direct action over disputes rather than negotiation. Employers make Greenfield agreements with unions to lock them into an agreement before the project commences to limit disruption. The greenfield agreement becomes a vehicle for reducing the uncertainty of the bargaining process and minimising the risk of industrial action disrupting the project once work commences (Gahan & Pekarek 2012).

Contractors who bid for work in the sector have come to realise that having a negative reputation for industrial strife is detrimental to their ability to get further work. As noted by one Senior IR Manager (Constructor Co):

Other organisations make judgements about the credibility and status of the constructor [...] they make judgments by watching the conduct of the actors in the market and they make judgements about IR risk. They would prefer to have certainty in cost and no IR issue than someone who's prepared to have a stoush¹⁰, because then you have an uncertain IR risk.

Marchington (1979) suggests that the capacity of the work group to create immediate disruption to production is a measure of their 'power capacity' which renders the organisation dependant on their cooperation. Should these workers determine that they no longer support the goals of management, they have the capacity to rapidly disrupt or halt production. The power exercised by unions in greenfield construction projects is a product of the power capacity of union members. This power can only be harnessed if the workers have a collective, and powerful, identity and identify the union as the collective expression of their identity (Fevre, Boxall & Macky 2015). The capacity of the union to maintain power in the greenfield sector is directly related to the outcomes of Greenfield agreements and member acceptance of those agreements as superior.

The process of negotiation and tactics employed by unions and employers are scrutinised and commented on by industrial and political analysts. Public assertions by and about the parties undertaking agreement negotiations are made by industry associations and union bodies, who

¹⁰ A fight or a dispute

vie with each other to establish the dominant view about the capacity of the other to reach an agreed outcome. All those with an interest in Greenfield agreement outcomes accuse each other of double-dealing and risking the health of the economy by their negotiating tactics, outrageous claims or inconsistent approach. These commonly used tactics in negotiation are discussed in the next section.

8.1. Negotiation Tactics

Negotiations take place for projects many months before the commencement of work and are often done in the context of what is happening on current projects. The outcome of negotiations for Greenfield agreements in this sector is just as influenced by what is happening outside the negotiating room as discussions ongoing inside it. For instance, the union may be pursuing a claim and be in dispute with the project manager or one of the contractors on another current project. Once again it is the potential for workers to take industrial action that gives the union power in the negotiation. This was evidenced in an example given by one ETU Official:

...we have a problem with one subbie¹¹ starting work (on an existing project site) without an agreement and without agreeing to our delegate. So we are going to have a blue¹² with [the Principal Contractor], who is assuring us that they will sort it out. But I will go out onsite and tell the boys that there is no agreement onsite...and [the Principal Contractor] has a couple more greenfield jobs that they want agreements on and they will find that we will not do an agreement with them, and that will prevent them from getting the project.

The unions who are party to the Greenfield agreement ‘own’ the agreement and therefore have to sell it to the workforce and maintain credibility with a group of workers who have a high capacity for mobilisation and who are well aware of relative wages and conditions due to their mobility from job to job. Worker militancy potential is a strong incentive to do a greenfield bargain on the part of the employer, but worker expectation drives the union to ensure superior pay and conditions. Whilst some companies may have the option of not bidding for work on greenfield projects, and be willing to take the risk of having to make a

¹¹ Sub contractor

¹² A dispute

bargain with employees once work commences, in most cases this is not a risk they want to take.

It's one of our significant leverage points; it gives us a lot more bargaining power. The AIG and AMMA and other Employer associations say that they must do a Greenfield agreement and we are being held to ransom on Greenfield agreements but of course they do have a choice, they can wait until the rubber hits the road and then bargain with the workforce in a collective agreement. Of course they want to sleep soundly at night knowing the terms and conditions are set (AWU Official).

The AWU bargaining position is no doubt enhanced by the recent incursions into greenfield construction projects by the CFMEU who are widely regarded by employers as the least desirable union to work with. Faced with a choice of the 'devil or the deep blue sea,' principal contractors will choose the more dependable union. As stated by an ETU Official: 'Employers want to keep CFMEU out as they are seen as radical.' The CFMEU have traditionally pursued policy agendas through industrial strategies to a greater degree than the AWU, who have focused on building political influence to achieve their aims. The CFMEU use the leverage available in the Greenfield agreement to force concessions on other sites where the employer has more capacity to refuse claims.

If you want to do an agreement with the CFMEU and you have another building project ongoing somewhere else, they will refuse to sign the Greenfield agreement until you comply with their requirements on the building project. It makes it impossible to do agreements with the CFMEU. Greenfields are highly dangerous and limit the market in the current legislation (Senior IR Manager, Constructor Co).

Other unions leverage off greenfield projects but the CFMEU is in a better position to bring work to a halt on construction sites. When these workers stop, work stops.

The structural trades are the most powerful and militant. Scaffolders, form workers, concreters, steel fixers, and crane drivers. They are highly unionised and very militant. They can hold the job up if they take action (Manager, Employer Association).

Workchoices gave employers the option to exclude unions with the use of employer greenfield agreements (EGAs) and this remained one of the main strategic leverage points for employers, even with the risks of union campaigning and possible disruption to the project.

If you got to the situation where it was too difficult, and we were willing to take the risk on damaging union relationships, you had the option to do a non-union agreement regardless of the damage to the relationship. The unions knew this and came to a bargain; now there is no preparedness to come to a bargain (Senior IR Manager, Constructor Co).

The *Fair Work Act* has transferred much of the power to withhold agreement to the unions in the sector, leaving less option for employers. The unions in the sector all expressed a view that the employer now needed their agreement and they would use this to their advantage in gaining benefits for members. As explained by an ETU Official:

We say 'well then go back and start the job without an agreement.' That's our leverage that we will come up and campaign on the job to get an agreement and we will get more in the long run. That's our only leverage.

The refusal to finalise agreements is not only the province of unions; a frequent threat made by all parties is the withdrawal from the project altogether. Principal contractors may refuse to accept a union claim, particularly in the area of union rights, a key set of claims that unions are seeking to reintroduce since the change in legislation. 'They might threaten to pull the project and there will be media about the union damaging the economy and denying their members employment' (ETU Official). This claim is somewhat disingenuous when coupled with the unions' tactic of using disputes on other jobs to persuade principal contractors into agreeing to implement the disputed condition in their agreement. In some cases the principal will bend to the will of the union, in other cases they will resist. The EPCM contractor will then need to decide whether to follow the principals lead. 'Strategy is simple, have good relationships, but sometimes you can't achieve that and have to have a stoush' (Senior IR Manager, Constructor Co).

Subcontractors with a history of disputes will preclude the union from entering into an agreement with them. Union officials with concerns about a subcontractor will discuss these with the principal IR manager for the site and recommend that they not be engaged.

The 'subby' has to demonstrate to me that they are mature enough or have the resources and are capable of managing industrial relations onsite or I will tell the principal that they are too great a risk to have onsite. If it all blows up we will ultimately get the blame by workers (AWU Official).

A union's primary relationship is with its members; once work commences on the project, the implementation of the agreement is critical to the union's reputation amongst its members. If the conditions of the collective agreement are not delivered by an employer and they have not made an agreement with the union, the union has little choice but to raise a dispute, which can easily create a chain of disruption on the site.

Whatever agreement you make must be implemented on the project and sometimes there is problems [sic] with the delivery onsite, the interpretation by managers onsite (ETU Official).

The issue of onsite interpretation of agreement terms is one that occupies much of the time of management and unions in sorting out problems and disputes onsite. Differing views on how terms of an agreement should be interpreted are one of the sources of industrial action on sites despite the best efforts of the parties to avoid them.

An aggressive employer attitude is tempered by the effects that disputes can have in the long term. A bitter dispute between an employer and union in the construction sector will be remembered for many years by the union and will be used as an organising tool in discussions with members. As one AMWU Official said 'a bad employer is the best recruiter the union has.' Sound working relationships between the construction companies and unions are one of the primary motivators of behaviour in negotiations.

All the relationships are important, but if you make the wrong decision or a short sighted decision you can have ten years of grief with the union (Senior IR Manager, Constructor Co).

The change of legislation has led employers to make strong public assertions that greenfield agreements were becoming uneconomic and began to threaten to derail the booming resources sector by unions withholding agreement to greenfields agreements (Silver 2003). The requirement to negotiate Greenfield agreements with multiple unions has shifted the power balance away from employers towards unions under the *Fair Work Act*.

9. Employment Relations in Project Greenfield Agreements

Greenfield agreements in the project sector are the province of a small number of unions and employers in Australia and the ongoing relationships between all the actors in the sector is a significant factor in understanding the behaviours and outcomes. Agreement making in this sector is heavily influenced by a desire to ensure continuity and stability. It is only by the

shared understanding and agreement of all parties that this can be maintained, and despite much public rhetoric from all sides about the problems of greenfield bargaining there is a mutual view that further intervention through Fair Work Australia is undesirable (Hyman 2014). The government proposed changes to the Act after submission from employers, their industry associations and unions regarding the risks to the viability of project construction which included the possibility that lengthy bargaining could put at risk billions of dollars of investment (Silver 2003). The proposal provided for more oversight and limited intervention by Fair Work Australia to prevent deadlocks in greenfield negotiations. These proposals were opposed by all the players and were not included in recent changes to the Act. It would appear that the industry would rather continue to work with each other to achieve bargaining outcomes and despite claims to the contrary, there is sufficient trust in the ability of the parties to meet the objectives of the sector.

There are a limited number of unions capable of making Greenfield agreements in major civil construction and ultimately headline project agreements will be made with one of them. To refuse to bargain is a very risky option for any union to take under these circumstances. Developing positive relationships with principal construction firms is an important strategy for the unions in the sector; once established they can assist in solving potential disputes before strike action happens. They also allow the union more latitude to refuse agreements with rogue subcontractors when IR managers trust union officials' judgements on the capacity of the subcontractor. These relationships are only established over time as the parties prove their capacity to maintain their side of the agreement. As an AMWU Official stated:

It only works if people have some accountability in the outcome. Pluralism is more of a feature in this part of IR than in the rest of the industry. That's how people behave generally because otherwise they would not reach Greenfield agreements.

9.1. Relationships between employers and unions in greenfield projects

There is however a level of frustration expressed by both unions and employers about each other's negotiating behaviour. Union officials are frustrated by subcontractors in the sector who want to make an agreement to get work in a project, but are then less committed to honouring the terms of the agreement once work has commenced. This was evidenced by an AWU Official:

It's not a relationship when the only time I hear from you is when you want an agreement; I am clear to employers that you need us, we don't need you. The way the employer conducts themselves on the current agreement will dictate the relationship into the future. If we refuse to sign the agreement then they will have to stare into the abyss and decide what they will do about getting an agreement.

The capacity to refuse to make an agreement is less of a bargaining tactic for unions when dealing with principal contractors. These employers will make the agreement with another union if there is too much resistance by the primary union to the deal. On the other hand, the FWA requires that the employer negotiate with unions that can represent the majority of the proposed employees; it does not have to reach agreement.

Good faith in bargaining is built on repeated interactions and stability in the conditions under which the parties negotiate. The change in legislation has altered these conditions and led to a feeling of instability among employers. In particular, employers feel that they have lost their position in the bargaining relationship and that unions are taking unfair advantage within the scope of the *Fair Work Act*. For instance:

Under Workchoices we had a lot of capacity but we didn't use it, the unions see the changing laws as an opportunity and they are just taking every opportunity to fuck us. If the law changes again we still won't use all the tools to screw the union as we will be screwing our own people (Senior IR Manager, Constructor Co).

Exactly how far unions are having their way with employers in greenfield negotiations is debatable; the evidence of the outcomes of agreements does not show a significant change in wages and conditions outcomes since the introduction of the *Fair Work Act*. The average annual wage increase for greenfield agreements has remained stable at the higher end of the overall industry outcomes across the whole period from the beginning of the Workchoices amendments in 2006 until the end of 2012 (Boxall & Macky 2014).

9.2. Strategic choice in project greenfields.

Strategic choice theory regards the employment terrain as occupying three levels, in which the actors make strategic choices based on the needs of the organisation (Kochan, Katz & McKersie 1994). In the project sector there is little evidence of a focus on the workplace level, unlike the representation of greenfields in the literature (Richbell & Watts 2001).

Construction Project greenfield sites focus more directly on the overall strategic uses of the middle level of collective bargaining and personnel policy (Kochan, Katz & McKersie 1994), with little focus on the workplace level. It is largely left up to subcontracting companies to manage their workforce. Long term strategy is subsumed by the immediate concerns of ensuring that the current project objectives are achieved. The primary focus is on creating the collective agreement that binds the whole site to a single set of conditions and as part of an overall employment relations strategy designed to minimise risk. Once the agreement is in place and subcontractors engaged under its terms, the industrial relations task is largely completed as far as employers are concerned. Conversely, the union's long term capacity for organising membership is fundamentally bound by the capacity of structures within the workplace to allow for recruitment and the resolution of disputes. Unions focus on formalising these provisions in binding agreements.

Once work commences, employment relations is limited to ensuring compliance with the agreement and other rules by subcontractors and their employees. Other than designated union meetings there is very little formal consultation onsite. Informal consultation with employees is during toolbox meetings with their direct employer and is the main form of day to day communication. Workplace Health and Safety issues are the most frequent causes for union involvement, followed by disputes involving subcontractors' adherence to the collective agreement terms. Employers in the sector cite inter-union rivalries as the cause of some onsite disruption and this is somewhat supported by union officials who reported problems with the behaviour of other unions on the worksite.

10. Content of Greenfield agreements

The focus in project agreements is to ensure that the pay and conditions of the whole range of skills needed to complete the job are brought into a classification structure that ensures that employees with equal skills are paid the same. Without a Greenfield agreement, the project manager would be required to pay employees under the relevant award for their trade. In turn, this leads to a hugely complex payroll system which would have to calculate many different pay points, loadings and allowances required under each award.

To avoid this situation, collective agreements in the project sector create a single classification structure which incorporates the general classification structure of all awards by creating a single classification for each skill level. Tradespeople are considered the base rate

of 100%, skilled workers with qualifications that do not require a trade such as riggers and scaffolders are usually set at 95% and trade assistants and labourers make up the lower pay points. Above the base, tradespeople with advanced qualifications, and technicians and engineers make up the higher grades.

Shift arrangements are an area of much negotiation and discussion about the best shift pattern for both productivity and safety, and unions rely on the advice provided by members. Many studies have been conducted to determine the best method of determining optimal shift patterns (Boxall & Purcell 2000; Gunnigle, Patrick et al. 2015; Lamare et al. 2013). Shift patterns are usually based around a 10 – 12 hour working day with various combinations of rest days to accommodate fatigue and work schedules.

Flexibility is the primary concern of project managers and the ability to source the required skills as they are needed, whether directly hired or through subcontracting arrangements. Workers can be demobilised from the site quickly and replaced with others, without the impediment of semi permanent relocation. In the greenfield project sector, all living arrangements, travel and rosters are negotiated as part of the collective agreement. Flexibility to change travel and living arrangements is circumscribed by inclusion in the agreements. Unions in the sector are wary of allowing too much latitude due to a history of issues related to living arrangements in remote camps (Purcell 2014).

New clauses in Greenfield agreements are not always gained in the negotiation of a new agreement. Some are the result of disputes and industrial action on the ground; unions also use collective agreement negotiations on existing sites to achieve changes that can then be implemented in subsequent Greenfield agreements. As noted by an ETU Official:

We have got some good clauses but we don't necessarily get it in the negotiation room, we get it on the job. Paid travel came from the Darling Downs power station, we didn't get that in the agreement, we got it through rolling stoppages, about 32 days on strike in total, and we ended up in the ABCC (Australian Building and Construction Commission) over it. But no one else wanted 32 days on strike on their project so the very next agreements we put it up [for consideration] and got it.

In summary, the parties to project agreements ensure that all employment conditions, including travel and living arrangements, are included in the agreement, as once the agreement is made it will be applied many times to different workgroups and subcontractors.

Streamlined classification structures allow all subcontractors to apply agreement rates to their employees (in which relativities are clearly outlined) and to avoid costly pay disputes.

11. Union role on greenfield sites

Unions are negotiating more access and union rights into agreements, and employers who felt quite comfortable with union officials across the negotiating table are far less certain about having them loose on the site amongst workers. The concern about the CFMEU and its activism onsite seems to be central to employers' concerns about making agreements with that union.

The union is active on the ground and officials are onsite regularly, visiting members.

Traditionally other unions didn't visit greenfield sites (CFMEU Official).

There is a view among employers that their employees are very satisfied at work until the union organiser creates discontent by putting ideas into their heads. Employers are particularly unhappy that the union discusses industry concerns such as skills development and the use of overseas labour in union meetings with members which may cause unrest on the site.

They don't take a long term strategic view and have commitment to the relationships, they are a lot more focused on the political game and have been very clever at making their members focus on the political issues rather than their actual workplace issues (Senior IR Manager, Constructor Co).

The long term strategic view for construction companies is to ensure the continuation of funding and support for major projects and they view the unions' role in this endeavour is ensuring as little unrest as possible amongst workers. As one of the features of the project construction sector is the lack of human resource management department personnel onsite, it may be the case that workers don't find an avenue to voice their concerns or have those concerns addressed until they meet with a union official. The union becomes the channel for the expression of discontent with the role of ensuring that both the employees and the employer work within the boundaries of the agreement. We are not there to be popular but to make sure that the right thing is done on the ground (AWU Official).

One of the main forms of consultation for unions and their members on greenfield sites is through delegate structures. The CFMEU and ETU negotiate the placement of a delegate into

the site during agreement negotiations, whilst the AMWU and AWU prefer to identify delegates once the job has commenced from those who gain employment onsite.

On some sites union work may take up most of the delegate's time, depending on the size of the site and the union's membership. This leads to criticism by employers that the union has too much power onsite, however the unions that designate delegates see them as essential to keeping industrial peace.

Unions such as the AMWU and AWU who do not place a delegate on the job are also critical of the practice. The full time delegates of the CFMEU are a threat to their own organisational capacity. Where a delegate is focusing on union work fulltime they have the capacity to organise members and resolve more issues, and in turn demonstrate that the union is more powerful which may lead to dissatisfaction amongst other union's members.

Union meetings in work time provide officials with an opportunity to consult with members about conditions on the site and report on the resolution of issues. They are also an opportunity to check union membership and recruit new members.

The perception that if you do a Greenfield agreement you automatically get all the workers into the union, of course that doesn't happen, you still have to organise on the ground and it's a bit more difficult when people already have the benefits (AWU Official).

Maintaining financiality of union members is often one of the main tasks for union organisers and delegates. The capacity to negotiate union recognition clauses into collective agreements provides a formal recognition by the employer of the role of the union and access to workers by the official and delegates for recruitment. The most significant change for unions in the transition from the *Workplace Relations Act* to the *Fair Work Act* has been the capacity of unions in the project sector with access to the worksite to monitor compliance with the terms of the agreement, to recruit new members and check for financiality and to ensure that work is not being contracted out to employers who are not party to the greenfield agreement.

12. Human Resource Management

HRM on a construction project site is fragmented, the principal contractor focused on overseeing recruitment and training, payroll and liaising with other stakeholders, particularly where the principal contractor does not directly employ workers. Management of employees

is devolved to the subcontractors providing their services to the site, while site management overall is the responsibility of the principal contractor. This leads to a focus on compliance rather than engagement; subcontractors and their employees are subject to performance checks and audits for compliance to occupational health and safety procedures, quality control and drug and alcohol management. This was seen as a negative aspect of the industry by one manager:

I would like to do a lot more employee engagement but we are a long way behind as an industry and as an organisation; we are quite fragmented as an organisation, with each project being responsible for its own outcomes, there is a lot of slippage between the ideals and the outcomes (Senior IR Manager, Constructor Co).

The capacity of employers within the site to implement high performance work practices or employee engagement strategies is limited. Subcontractors may cycle employees through the site so there is little engagement with the workplace and work cycles to accommodate fly in, fly out work mean that workers may not work with the same team from one month to the next.

Large Construction projects may have a large variety of tasks to complete however many of this work will be contracted out to specialists. The day to day work for employees of the principal contractor is often more narrow in scope, providing primary coordination for subcontracting specialists to complete. Further, principal contractor's graduate staff may become frustrated with the lack of variety within the project.

12.1. Consultation

The distance between levels of organisation in a greenfield site cause problems in communication (Glover 2001). Principal contractors negotiate agreements which are then implemented by managers and subcontractors onsite who, in turn, may interpret the requirements of the agreement quite differently.

Formal consultation committees are not a common feature in greenfield projects. Once the Greenfield agreement is made and all employer parties sign up to it, very little ongoing communication is undertaken on most projects. Communication and consultation amongst the parties is limited to the settlement of disputes. Unions may have ongoing organising programs on the project, depending on their commitment to building and maintaining

delegate structures whilst others may only visit for the nominated union meetings agreed at the commencement of the project.

An example of positive communication is the arrangements in place for consultation in a major port city with lots of ongoing project work. Here the principal employers, principal subcontractors and unions on each project meet once a month for a formal review of operations, to sort out issues and discuss developments. This initiative is organised and coordinated by a dedicated official employed by the regional Trades and Labour Council (TLC). In the ten years this arrangement has been in place there has been no lost time due unprotected industrial action over disputes.

Having formal consultation arrangement in place appears to provide positive outcomes and reduce the amount of disputation both onsite and between unions as all are involved in the process. The ongoing relationships of all the parties creates an environment where there is sufficient trust between employers and unions so that problems can be resolved without hardline tactics.

12.2. Innovation in Greenfields agreements

Many innovations claimed in greenfield project agreements might be better regarded as reintroduction of provisions that were workplace expectations prior to the advent of collective bargaining. The union movement priority is to restore rights lost during the Workchoices period. In the project construction industry, new claims by unions under the *Fair Work Act* aim to restore the workplace culture that existed prior to the introduction of collective bargaining when industry awards set the wages and conditions for all workers in an industry (Dabscheck 2001).

We are always reviewing ways to improve agreements and include claims such as a portable sick leave scheme incorporated into the existing portable entitlements (CFMEU Official).

The unions' claims to increase and expand portable entitlements are seen as a major impediment by employers. The increased claims are 'cashing in' on the huge money directed at these projects, without regard for the economic sustainability of the industry. One Senior IR Manager (Constructor Co) provided an example:

There is not a lot of innovation in the building industry; it is the increasing inefficiencies and the building in additional costs that concern us. There is a lot of built in overtime rates and a cashing in by people in the industry. The redundancy trusts, training funds, continuance insurance all of the schemes to take the money out the back door, they keep going up massively.

All payments go into trusts governed by a board made up of union and employer nominees. These trusts invest and disperse funds as governed by their trust deed and have had the support of both employers and employees for some time as a means to ensure that entitlements are protected in an industry where subcontractors' funds are often exhausted. The issue of skills training is a hot topic in Australia with the increased push for temporary worker migration programs to address alleged skills shortages in the building trades. Most unions are pursuing some form of training and development program to ensure new entrants are being trained in the industry. The decline of traditional manufacturing (which has increased from 2010 to 2012) adds more urgency to these claims as unemployed manufacturing workers seek new careers in projects and mining.

Training for apprentices and development is focus for innovation. There is a lack of apprentices and trainees on projects, the principal contractor are [also] project managers but most employment is through subbies, who do not want to commit to training clauses, an example is Roy Hill project, who don't want juniors. [The] Union is seeking adult apprentices, at least 1500 – 2000, on the project if overseas workers are allowed (CFMEU Official).

Principal contractors and project managers are also concerned with the problem of skills development and providing training for new workers. They employ subcontractors to undertake the majority of work in projects, of which hundreds will be involved at different stages of the project, some for many months and others only briefly. These subcontractors have varying commitment to training, and the principals have little control over this.

The problem for us is that we have no real control over the training program of our subcontractors so it is beneficial for these redundancy trusts to direct resources in this way (Senior IR Manager, Constructor Co).

Innovation in employment practices is limited on greenfield sites to claims by the building unions to increase payments and union rights onsite. Employers may have been said to have supported innovation during the Workchoices period by embracing the increased prerogative

gained through the legislation and the ability to make Employer Greenfield Agreements which are not dealt with here.

13. Industrial action and disputes

There is more time lost to industrial action in the construction sector than in any other employment sector in Australia. Although the number of days lost to industrial action has been steadily decreasing in Australia over the past twenty years, construction workplaces remain the sites where workers are most likely to withdraw their labour when in dispute. Relationships between employers, employees and unions are subject to robust exchanges of views when issues arise, however all parties express commitment to supporting productive working relationships with minimal disruption.

Once the agreement is done it's supposed to be a partnership, the employer expects you to stand on the stump and tell your members to abide by the agreement. That doesn't always happen but mostly we attempt to abide by the agreement (ETU Official).

Issues arise on greenfield sites mostly due to differing interpretations of the agreement among workers and managers onsite. The relationships built between ER managers and union officials within the project are critical to resolving problems before they become disputes resulting in lost work time. The situation deteriorates rapidly if the employer and union do not act decisively.

However some situations require direct action. Particularly when facilities are below standard, there has been several notable disputes about substandard conditions on construction projects, especially in remote areas. In some cases the workers are already on strike by the time the union official gets to the site and while employment regulations require work to continue while the dispute is settled via negotiation, this is not always feasible.

I can't tell the blokes who are putting up with bad food and sewerage flowing under the dongers¹³ that we have written to the commission, we will get our day in court – they will string me up. It's unrealistic for our members to put up with that (ETU Official).

¹³ Demountable accommodation on remote building sites

Once the worksite is on strike, there is an imperative for all parties to resolve the problem and get workers back to work. Tactically the advantage is gained by the workers; loss of time being a major risk on a construction site for the employer. As one of the primary duties of the Fair Work Commission is to prevent industrial action, the matter will quickly come before a commissioner to resolve the issue.

Sometimes you don't quite know how the dispute started, but [it's] usually about a safety issue or site specific matter, or where there are allegations about sympathetic action over issues on other worksites, where workers have gone out over something nationally. The form of the agreement is not really relevant at that point; the focus is on sorting out the dispute (FWA Commissioner).

While the objective for the employer is to stop the industrial action and get everyone back to work, for the union the issue can be more complex. The workers want a resolution that satisfies their demands, however the agreement or legislation may not provide the solution they are looking for. Continuing industrial action may provide an opportunity to extract some concessions from the employer whilst they are under pressure; however the risk to the union if they can not reach the outcome workers want is that they end up with restrictive orders against both officials and workers that will potentially prevent the union taking up problems in the future.

14. The impact of legislative changes.

The Workchoices period offered employers the opportunity to make an agreement without a union by doing an Employer Greenfield Agreement (EGA) and this option was adopted by many employers during the period (Gahan 2007). Project agreements were still largely made with unions but the possibility of an alternative option that would lock the union out of the site gave employers a strategic advantage in negotiations. As stated by the IR Manager (Employer Association):

The EGA took away the concern that the only way you could get a Greenfield agreement was with the union. You could get a much more flexible agreement than the union would be prepared to agree to in terms of rosters and premium price.

Unions who wanted to maintain right of entry to large projects were forced to make the decision to accept an agreement without the benefits that they had under previous legislation. As explained by the AWU Official:

Employers could pick and choose but our experience was that when the employer could either do a union agreement or an EGA it forced us to make a decision whether we would do an agreement and be able to represent workers or whether you would be locked out... be the vandals at the gate.

Single union agreements are considered to be the preferred option for employers making greenfield agreements (Baird 2001). Employers in the greenfield sector would make a single union agreement if it was seen as a low risk option, 'We're not shy, if we could get an agreement with a single union we would do it' (IR Manager, Employer Association). Principal contractors do not have the capacity to utilise ongoing collective agreements on projects as they do not have the employment profile in their permanent staff to undertake an agreement that covers construction workers. Their options are limited to making a Greenfield agreement or standard collective agreement which raises the uncertainty to unacceptable levels.

The only other alternative is to go into a negotiation once the workers come onto the job which means you have no certainty of deliverables and you may face six months of negotiating which could be very negative and unproductive (Senior Manager, Principal Contractor).

The change of legislation to the *Fair Work Act* has seen a reversal of confidence between employers and unions. FWA restored the ability for a wider range of matters to be included in agreements, in particular union rights and dispute settlement. Employers view the legislation as diminution of their bargaining power and regard the unions in the sector as opportunistic in taking advantage of the new provisions in the legislation

The union is not the problem; they are using the tools they have at their disposal which currently is the legislation, they are just using the laws to the full extent they can. We think there is a middle ground in labour law and that we parties need to make some realistic decisions about their claims, as we are back in the unproductive and inefficient days of the 80s and 90s (Senior IR Manager, Constructor Co).

In most cases employers do not want to focus on industrial relations issues and do not want to risk lost time through disputes. The priority for most is to ensure on time delivery of the project and to ensure that their capacity to win work in the future is not compromised by a reputation for disputation. The uncertainty created by changes to the legislation, and the necessity to deal with new claims and test the boundaries of the legislation is something they do not want to risk. Unions however are specialists at testing the boundaries of legislation,

giving them some advantage in negotiations. This was evident in an AMWU Official's statement:

The biggest risk to innovation is legislative risk and sovereign risk. Employer organisations are having a carry on in the *Fair Work Act* review but it's more for their audience not a reality. Most employers do not complain about legislation, and are more concerned about stability and certainty in legislation. When it's changing all the time it makes people behave badly as they test the limits of new provisions. We need stability to ensure that people can get on with establishing relationships.

Unions clearly have some added advantages over subcontractors to greenfield projects under the FWA however these should not be overestimated. Probably the single greatest change for greenfield projects is the requirement to negotiate with all unions who can cover the employees onsite. This creates added complexity, as indicated by a Senior Manager and Principal Contractor:

Under the *Workplace Relations Act*, I did an agreement where one of the key unions was invited and chose not to be part of it, I could then keep them off the job, now I can't do that. In that environment they have nothing to lose and everything to gain by building their market.

Overall, it is evident that employers would prefer to return to the Workchoices period as the legislation reduced the scope of union claims and provided a way to exclude unions from workplaces and deny right of entry where the union was not a party to an agreement. Unions have taken advantage of the provisions in the FWA that give them right of entry to all workplaces regardless of their status as parties to an agreement. In turn, this has created uncertainty for employers once work commences on the site.

15. Conclusion

Greenfield project agreements are the majority of Greenfield agreements made in Australia and pose challenges to previous research on the greenfield sites (Employment, Department of 2010a; Leopold & Hallier 1999; Newell 1991). These agreements focus on ensuring stability and continuity in employment relations on large project sites by being the instrument that allows the existing conditions in the industry to be continued from one project to the next. This is a challenge to the view that greenfield sites provide an opportunity for changing employment paradigms in the industry. The findings of this chapter are that there is very little

transformational potential for employment relations in Greenfield agreements made in the project sector and that is because actors work to ensure stability when using this form of agreement.

The management of risk is also a significant influence on employers in greenfields projects. Headline agreements between unions and principal contractors are made at the development stage of the project to assist the principal contractor to provide certainty in workplace relations in their business plan. Once the agreement is made, the union assumes some responsibility for the outcomes of the project and must enforce the terms of the agreement among their members on the project site. The Greenfield agreement is the instrument that ensures that all employers who work on the project are enjoined to the same employment commitments to reduce disputation onsite over wages and conditions.

The complexity of large greenfield projects means that agreements are comprehensive, including all employment relations issues, to give direction to subcontractors on the expectations of the management of employees onsite. As explained by one IR Manager (Employer Association):

You have to overcome the subcontractors' lack of awareness, lack of interest, lack of resources and lack of care on managing people; the agreement has to step into those shoes and the agreement sets the platform of policies and procedures for that subcontractor and his employees.

Short term construction projects have some levels of uncertainty regarding the capacity of the project management team to complete the project on time and within budget constraints and therefore avoid costly fines for overruns. Employers who develop a reputation for adversarial union relations and have significant lost time on their projects may jeopardise future contracts if they are considered too great a risk to achieving tight completion deadlines. Disputation and lost time are significant concerns which influence the strategic decisions of employers in the project sector. Some unions in the sector are responsive to this issue whilst others take a more militant approach to workplace relations, resulting in employers becoming averse to making Greenfield agreements with them. Employers argue that the premium paid on greenfield project rates should ensure that no industrial action occurs onsite but not all unions agree with this view.

Legislative changes have had a significant impact on the greenfield project sector and are a major influence on the employment relations strategies of both unions and employers. The abolition of employer Greenfield agreements and the requirement for employers to make agreements with all unions who can represent the employees on the project has changed the playing field considerably. While employers could choose the unions they preferred to deal with and hold out the possibility of walking away from a union agreement, they held some advantage in achieving their preferred outcomes.

The *Fair Work Act* removed the ability for employers to exclude unions from a greenfield site and forced employers to approach all unions with coverage in the sector. In point of fact, very few project agreements are made without union involvement which leads to the conclusion that the strategy of union exclusion was based on doing an agreement with one union to the exclusion of others. Right of entry provisions are guaranteed under the *Fair Work Act* so unions are less sensitive to the possibility of losing the capacity to organise workers on the site. This had led to increased leverage in negotiating agreements in projects where timelines are very tight and penalties often apply for late completion.

CHAPTER SIX: THIRD PARTY SERVICE SECTOR GREENFIELD AGREEMENTS

1. Introduction

This Chapter investigates the use of Greenfield agreements in the service sector and examines why service provision companies and unions made these agreements. Greenfield agreements in the service sector cover a diverse range of occupations, however they are mainly unskilled or semiskilled workers who provide ancillary services to a principal client's site. Cleaning, catering, security and logistics are the main services identified that have utilised Greenfield agreements during the period. A defining feature of these service provision Greenfield agreements is the limited range within which the service provider and union can negotiate. The principal site operator provides extensive directions on the terms of engagement to the service supplier in the tender documents for the contract. These terms define the requirements of the contract and the service provider must comply with these terms to be awarded the contract. Employment relations in the sector focus firstly on compliance with the terms of the contract and secondly on meeting the minimum employment standards in industrial legislation. There is usually a very small scope for movement between these two firm points. 'A rock and a hard place' springs to mind when characterising service sector Greenfield agreement negotiations.

Third party service sector Greenfield agreements have been defined as those that are made to provide employment regulation for companies that deliver labour or ancillary services to an existing site. The principal employer in the existing site may be a government run public

service department or a private sector corporation. Defence, Justice and Immigration departments are significant users of contract service providers in the public sector while mining and energy sites are the largest user of Greenfield agreements for contract services in the private sector.

During March 2006 to March 2011, 156 Greenfield agreements for the service sector were made. Of this total number, 79 union Greenfield agreements (UGAs) were made under the Workchoices legislation and 77 were certified under the *Fair Work Act*. During the Workchoices period, employers had the option of using an Australian Workplace Agreement (AWA) or an Employer Greenfield Agreement (EGA) to provide employment conditions, however these instruments are not the focus of this research. The focus of this Chapter is on Greenfield agreements made between a union and employer to cover the employment of workers in service provision companies.

Principal site operators use outsourcing for a variety of purposes: to create administrative efficiencies, cost savings, improve the quality of services and increase control over financial risk (Bailey, S 1995). Previous research into outsourcing in the service sector found that the public service has made maximum use of outsourcing options in the provision of labour intensive services through compulsory tendering (Huselid 1995). Service sector employers utilise flexibility provisions in the legislation to squeeze more profit from the slim margins in these operations; this leads to wages, conditions and job security being lower than for public sector employees doing the same work (McGrath-Champ & Baird 2005). Unions are least able to make demands for improvement or increased wage outcomes as many of the workers employed under these agreements are unskilled workers employed on a casual basis and union membership is low amongst this cohort (Huselid 1995). Consequently union power in negotiations with service sector employers is low and wages and conditions contained in Greenfield agreements for this sector during the period remain modest. This sector is most likely to have agreements that mirror minimum award conditions and pay. The next section examines how the service sector operates and the imperatives that drive employers and unions to make Greenfield agreements.

2. Service Sector Providers

The service sector is made up of a few large multinational service provision companies and myriad small providers who spring up in response to a perceived opportunity to gain a lucrative contract with a large public service or private provider. Small companies may act opportunistically to win contracts by attempting to undercut the larger companies' tenders, however evidence from previous studies indicates that many of these operators can not meet the requirement of the tender and still cover their costs (Galbraith, Downey & Kates 2001; Tattersall 2008). This research has focused on a large multinational service provider who has built up a history of employment relations over time as these are the companies who ultimately set the standards for the service provision sector.

These companies submit tenders for service provision in response to the principal site employers' decisions to outsource all or part of the ancillary services in their organisations. Public sector departments are increasingly required to undertake cost benefit analyses between internal and outsourced services and to move to outsourced service provision where it is the cheaper option (Clegg, S 2014). The service provider may be awarded a contract for the total provision of service for the principal or there may be several contracts awarded for different services or across regional boundaries.

In interviews conducted for this research, interviewees reported that the principal site operator sets out the conditions under which the service employer will operate in the tender documents. This leaves little room to move in the negotiation of employment provisions or in the ability to innovate. A feature of this industry is the capacity of principal site operators to award contracts to a new service provider in each contract period. Workers employed by service providers may find that they have had multiple employers over their work history whilst performing the same work on the same site for the same principal site operator.

A Greenfield agreement you would usually think of as a start up, [however] with the service industry, the Greenfield agreement is about transmission of business (IR Manager, Service Provider).

Unlike the construction sector, the workers in these industries are often not well unionised; services such as cleaning and catering are dominated by women and employees from non English speaking backgrounds (NESB) who have had little experience with employment

relations or unions. The employees are often employed on a casual employment basis as there are few restrictions on the form of employment in Australia (Willman, Bryson & Gomez 2007). Competition is fierce to win contracts between service providers, and as a result, the Greenfield agreements for these services utilise minimum industry award pay and conditions. One IR Manager, (Service Provider) noted “Cleaning its always very cutthroat, they will undercut price to the bone to get the contract, there is always cost cutting.”

Services such as security and logistics command more bargaining power, as workers in these occupations require licences and security clearances for employment. Service provision contractors can build a higher rate into the tender and pay a higher premium to attract the right employees to the job. During the research period, Greenfield agreements have been undertaken to engage outsourced security staff on defence and correctional service sites; these indicate that wages and conditions are significantly above the minimum required by the relevant award.

Security is different; they will be prepared to pay a bit more, and the people have to have licences and pass security and police checks. They can be working on classified sites, where they have to undergo full background checks as well (IR Manager, Service Provider).

There are a number of unions who can represent workers in the service sector, amongst them the AWU and the United Voice union (formerly called the LHMU). Two Interviews conducted with union officials from these unions indicated that the union often initially made Greenfield agreements with service sector employers to attempt to preserve conditions of employment for members who may transition from the principal employer as a result of an outsourcing decision. The *Workplace Relations Act* provided limited protection for these employees’ entitlements or conditions, leading to some workers experiencing stagnation in pay and a decline in conditions over time. The capacity of the service provider to make an Employer Greenfield Agreement (EGA) and employ existing staff under the new provisions that could remove award entitlements was a feature of the service sector under *Workchoices*. The *Fair Work Act* has closed that option, resulting in more service sector employers seeking Greenfield agreements to comply with the requirements of the contract tender documents of principal organisation. This research indicates that unions in the sector have more capacity to influence the outcomes of service sector contract conditions if they have the dominant coverage of the workers in the industry. In industries where the main workforce is well unionised, the service sector union can leverage the power capacity of these workers to

influence both contractor choice and employment conditions in the agreement. As one Industrial Officer (LHMU) stated:

Sometimes they use the union as a barometer for whether they will be a responsible employer; if they have had no dealings with them they will contact us, as they don't want dramas on the job. There are a lot of shysters¹⁴ in the contracting industry. We might say to them, 'don't use them, they don't pay the wages properly'. It's our industrial responsibility to try and make sure the best employer is there.

In service sector companies, employers' primary objective is winning the contract for work and then maintaining a positive relationship with the principal site operator. The focus of human resource management strategy is on ensuring that the service workers comply with the requirements of the host organisation. For instance:

The thing about these service companies is that they run very lean; they have to be like that to make the contracts profitable... so they don't have a lot of HR people or other support staff (IR Manager, Service Provider).

In the quest to achieve profitability from the contract, previous research has found that service providers may find that they are unable to implement HRM policies such as training and development and employee engagement programs due to financial constraints (Tattersall 2008). The evidence of this research supports previous findings as this was a major constraint on the capacity to implement employee engagement strategies in the company examined. Service organisations may work to establish some team based structures among employees onsite however many companies have limited supervisory capacity other than direct team leadership; workplace level human resource management initiatives have limited applicability. The capacity to implement high performance work systems is constrained by the lack of control over much of their employees' time (whilst on the principal client's site) and the lack of human resource management capability among site managers. Where compliance is not achieved, fines and penalties may be levied by the principal client and ultimately the contract may be lost to a competitor. To make a profit on providing services, the company must focus on managing employees in strict adherence to the terms of the contract.

¹⁴ People who use deceit and misrepresentation in their dealings with others

3. Compliance and Instability

In order to win contracts, service sector Greenfield agreements are made to ensure that employment terms comply with the requirements of the principal site company. This client company sets out the terms under which it will award work when seeking tenders from service providers. Existing service providers have to compete against all comers to win future contracts for service; the principal client's priority is usually to have the required work done at the lowest price. The service provider has to work within this overall requirement as well as provide a tender that covers all the requisite detail of the contract.

When considering the rationale for outsourcing labour to a contract service provider the imperative to reduce uncertainty expressed in Galbraith's (1974) theories of organisational design leads to the option of reducing risk by creating structures to contain tasks by creating independent functional areas. When determining to outsource a function, the principal site operator does this through creating contract terms and conditions that dictate the parameters of the work. The service provider therefore has a low level of uncertainty in the workplace and working conditions as this is strictly outlined in the contract. However as new contracts are open to any lower tender the climate in the sector is one of permanent instability, where companies are mindful of the client's capacity to abandon them for a lower and more compliant bidder.

The state as the employer can divest a large amount of liability by contracting out services while achieving reductions in labour costs. Public services could avoid responsibility for reducing wages and conditions by creating conditions in which the service provider can only meet the contract requirements through reducing labour costs. The public service client then claims the commercial decisions of the service contractor are out of their control. During the Howard government period (1996 -2007), the LHMU identified the use of contract provisions as a way to promote the implementation of new workplace regulations under Workchoices. As one Industrial Officer (LHMU) explained:

This became common as the existing contractors were told they must tender for new work using Workchoices' conditions, cutting penalty rates and other conditions. It was particularly bad in contract cleaning; the employer chain may have ended up in government but the primary owner would make the requirements known.

Flexibility to determine the method in which the contract is delivered is limited for the service provider. Profit margins in the service industry are slim and the returns subject to reduction through penalties. Strict terms of compliance are built into the contract by the principal site operator. Where these terms are not met, fines and penalties apply. The opinion of the service company IR manager was that these penalties were deliberately structured to reduce the returns on the contract to the service provider.

The contracts have strict standard operating procedures or SOPs. Every employee has to comply with the SOPs and work in the defined way. One time a cleaner brought in a different product to clean sinks because it worked better than the product that was in the SOP and the client issued a noncompliance notice and we were fined (IR Manager, Service Provider).

The threat of fines and penalties that are a feature of third party service contracts influence the development of Greenfield agreements in the sector. The focus of agreements is on ensuring that employees are managed to comply with the requirements of the client. The service provider does not have the opportunity to negotiate the terms of the contract with the principal; they must compete against others in a tendering process and must translate the client's requirements into terms in a Greenfield agreement that will satisfy the client's expectations. Unlike the project construction sector there are no headline agreements that the service provider can sign to prove their capacity to provide the necessary employment standards.

Negotiations for Greenfield agreements were constrained by the terms of the contract; the evidence of the outcome of negotiations was that the service employer had very few options available. Service provider companies could be quite open about these requirements and demonstrate to the union that there was no negotiating room. For instance:

With the negotiations we could just show them the requirements of the contract and they couldn't really do much about it, none of us have any choice (IR Manager, Service Provider).

The lack of power to influence principal employers' contracting decisions leads to an imbalance of power across the service sector. Service providers and unions bargain within severely restricted parameters. Unions' power to influence the outcome of agreement negotiations is limited to ensuring that they comply with the minimum standards for the

industry. Where claims for improvement in wages and conditions with the contracted company are successful, subsequent tenders for the contract work are higher and the contracts are awarded to service providers who can undercut the existing company's costs. This limited scope for negotiation is discussed in the next section.

4. Power and Negotiation

In the previous Chapter it was demonstrated that unions are able to extract superior wages and conditions from construction project employers due to the demonstrated capacity of the workforce to disrupt production through industrial action. In the service sector, union bargaining power is circumscribed by the circumstances of employees engaged in the sector. However service sector contractors are also constrained in their capacity to control the conditions under which negotiation takes place through the demands of the client. In this sector there is limited scope for negotiation and outcomes are therefore constrained. Workers employed by service providers demonstrate limited power capacity, as the workforce are often hired on a casual basis and therefore their employment can be quickly terminated if the relationship between employer and employee breaks down into dispute. Hall (2008) also noted the capacity for principal clients to have service providers employees removed from their site for infractions. Their casual status diminishes the likelihood of workers actively joining unions or attempting to organise better working conditions. The existence of a Greenfield agreement locks in wages and conditions for the duration of the agreement and deters the possibility of the workers seeking improvements through industrial means, given this is mostly characterised in Australia as 'illegal industrial action'. Interviews with the Fair Work Commissioner confirm that industrial action in pursuit of improvement to working conditions in Greenfield agreements is very rare. 'It is unusual to see some action about the content of the agreement; in most cases I think that the employees will not take action until the agreement is up for renegotiation' (FWC Commissioner). The industrial relations tribunal takes a negative view towards agreements being challenged once made, even where the workers had no say in the agreements terms.

The interviews with participants indicated that access for unions to workers on principal clients sites may prove difficult, particularly when the site is a secure facility such as a prison or defence site or in a remote location. Employees in the sector may also be wary of union

activity that compromises job security, particularly when casual employees can have their shifts reduced or removed entirely and have few rights to challenge the employer's actions. This lack of power is more acute as the employee has both the service provider and the principal site operator's policies to comply with. When working on the client's site, the employee must comply with all the site policies but does not have the same rights as the client's direct employees. If a service provider's employee has breached the principal client's policy they can order the service provider to remove them. The principal was not responsible for the outcome of this decision, which could mean employment termination for the worker if there was no redeployment opportunity. The employee has a formal right to access the disciplinary process with their employer but the outcome has already been determined through the actions of the principal site operator. Workers may join a union and successfully negotiate a new collective agreement with the service provider with improved wages only to see the contract lost to a lower bidder. They are then in the invidious position of accepting work with the new service provider under the terms offered or looking elsewhere for work. The LHMU has had some limited success at gaining better outcomes at the point of employment. For example, the Industrial Officer recounts instances where the new contract service provider was placed in a difficult position:

We have had situations where a new contractor wins a contract without an agreement in place and wants the workers to start Monday. The previous employees reject the agreement, the union won't sign and the workers refuse to commence work. They weren't on strike as they were not employees of the new employer. This causes the employer to get serious about an agreement pretty quickly to resolve the situation (Industrial Officer, LHMU).

The sites in these instances were large regional public sector sites where the contractor had a limited pool of qualified labour available and a time constraint to source alternative workers. The capacity for the employees of one contractor causing difficulties for the incoming contractor is an extra incentive to have a Greenfield agreement made prior to any employees being employed by the service provider, particularly if the new contractor needs a swift transition to the new contract.

It is clear that some workers in the sector do have the power to influence some outcomes given the opportunity, but these opportunities are rare. The imperative for employers to have a Greenfield agreement in place becomes clear when this situation may arise. Fortunately for

them, the circumstances are more in their favour than workers who remain very much outside the sphere of influence in contract re-negotiations between contractors and clients. They must rely on the capacity of the union to negotiate an acceptable Greenfield agreement.

Negotiations for Greenfield agreements in the service sector are framed in response to the principal site operator's tender documentation. The requirements of the principal are detailed and there is little possibility of deviation. The service provider must address all the clients' work requirements in the agreement to win the contract. Once an agreement is drafted to comply with the client's terms, the agreement is presented to the union for acceptance.

We get agreements from the contracting industry where they have formed a view that they need to have a union agreement to put the tender in... calling us a week before the tender is due to get an agreement. In this instance we would put to them the requirements we had and would have a look at them and their background and reputation to see if we will make an agreement with them (Industrial Officer, LHMU).

The interviews with Officials demonstrate that the unions' role in the negotiation process for service sector Greenfield agreements consists largely of accepting the service company's bona fides. If the company had a poor reputation the union may choose not to make an agreement. Under Workchoices the company could then attempt to come to an agreement with another union or lodge an employer greenfields agreement. Realistically, unions had to make strategic decisions to be involved in the agreement, and in turn, to have the capacity to represent members or be locked out. As the Industrial Officer at LHMU suggested:

It boiled down to basically under Workchoices, if you got an opportunity you would probably take it, but in many cases employers didn't need to bother. They could make an EGA which was easier than an AWA.

Under the *Fair Work Act*, Greenfield agreements must be made with the union that can represent the majority of workers. The Australian system of union registration limits the scope of parties who can make a Greenfield agreement; in the case of the service sector the LHMU is the primary union that can represent the workers in the industry. The *Fair Work Act* creates an opportunity for unions to have more influence over the content of Greenfield agreements but the further constraints of the principal clients' requirements limit the outcomes achieved. Unlike the construction project industry, the service sector does not have

the threat of a militant and well organised workforce to leverage superior pay and conditions in Greenfield agreements.

In the case of the large service provider company examined for this research, the IR Manager expressed some disappointment that the unions involved in the Greenfield agreements took little interest in the negotiation process:

In some regions the unions didn't turn up very often to negotiations. I think they didn't have a lot of members, and they didn't think it was a big enough site to allocate resources to it. It was a bit disappointing because we opened our doors to them and they just didn't seem to be interested (IR Manager, Service Provider).

However the union takes a pragmatic view of participating in agreement making process upon which they can have little influence. For instance, the Industrial Officer (LHMU) said:

It's not the case with greenfield agreements that we will send people all over the place to do agreements. We will need to have some kind of strategic consideration about how much energy to put into the agreements.

For the union this strategic consideration was focused on national industrial relations campaigns around cleaning and childcare workers. The union did put more effort into creating good agreements in those sectors during the research period by using political leverage and public shaming campaigns targeting building owners and service providers in large sites.

Once the Cleanstart campaign got going with the LHMU, they started to take a bit more notice as they realised that this was going to be a big deal and the LHMU now has the biggest presence in the industry (IR Manager, Service Provider).

Even with some extra leverage provided by a limited labour force and favourable regulatory requirements there is limited scope for introducing innovative clauses into collective agreements. Flexible working hours and family friendly provisions like part time work or job sharing are subject to compliance with the terms of principal site operators' tender requirements. The IR manager reported that very little flexibility was possible in most Greenfield agreements.

The union came to understand that these things were not up for negotiation so the agreements were quite constrained (IR Manager, Service Provider).

The requirements of the *Fair Work Act* for agreements to pass the no disadvantage test, called the better off overall test or BOOT test set a lower limit on agreement terms. The evidence of

Greenfield agreement outcomes suggests that service sector Greenfield agreements are most likely to contain conditions that mirror award standards and have low wage outcomes. For example:

In the service sector you can see very modest outcomes in a Greenfield agreement that still satisfy the BOOT test (FWA Commissioner).

The industrial relations manager recounted some attempts to provide employees with opportunities to work in other duties to supplement their wages through the practice of 'second contracts'.

We have a multi hire arrangement; these employees could work part time in their main role and then work casually in another role. They would work part time in their main job in cleaning and then pick up shifts on the weekend in hospitality as a casual (IR Manager, Service Provider).

However the Fair Work Commission looked askance at this practice and refused to certify agreements containing this provision, although the union had agreed to the clauses. This led the IR manager to express some frustration at the limitations of bargaining:

With all these players that we have to work with, the client, the commission and so forth, it really does call into question the nature of the collective agreement. We are doing the agreement with the union and employer, but with all the restrictions of the client and the interpretation of the commission, you begin to wonder if there is really any negotiation possible (IR Manager, Service Provider).

The nature of negotiation in the service sector seems to indicate that there is very limited scope for real negotiation between the employer and union when making Greenfield agreements. Even where union action demonstrates some power capacity amongst workers this is limited to having influence over the service provider as an employer and is likely to provoke a negative outcome in the long run through the loss of the contract. Workers' and unions' capacities to influence the behaviour of the principal contractor appears negligible, unlike the construction sector where the workers' power capacity drives the actions of the principal contractor.

The next section focuses on employment relations in the workplace and how service providers manage the delicate task of balancing their requirements as employers with their client's demands.

5. Human Resource Management

Human resource management in the service sector is extremely important in ensuring that the principal client's requirements are met. However the evidence of this research is that service employers have very little human resource management expertise available to assist line managers in developing positive HRM strategies. Service sector employers rely on the positive execution of the contract to gain further contracts. The reputation of the service provider may be seriously damaged by a poorly managed contract and further contracts will be awarded to other companies in instances where the client has formed a negative opinion of the contractor. In order to carry out work in compliance with the principal client's requirement, the service provider places local managers in the site to oversee the work. The local manager's key role is to liaise between employees and the client and ensure work is done to their satisfaction. Employee satisfaction is also a concern for the manager as the implementation of the contract relies on having good staff.

Our only asset is labour, we can't rely on new technology or other things. Our industry is focused on labour intensive work... cleaning and security still requires a body; they can't use a robot (IR Manager, Service Provider).

Recruitment is impeded by the requirements of the principal site operator. The company that wins the service contract must be able to execute the contract on the changeover date, which may not give them any time to undertake recruitment. In the defence and mining sector the sites are remote and a pool of qualified employees is not readily available. The IR manager described the recruitment process as constrained by lack of time and suitable employees:

Sometimes the company might go through an interview process but as it's hard to get suitable staff so you pretty much take on the existing staff. They are trained, they have the necessary licences and security checks so it makes sense to go with them (IR Manager Service Provider).

The focus for service provider companies is on ensuring that they have competent staff in place as required by the principal client. In many cases the most suitable employees those who are already in place, employed by the previous contractor, and it is these staff who will be recruited by the new company. Many of these employees may have worked with a number of service employers and may have even worked for the principal site operator before outsourcing took place. These employees are often disengaged or even hostile towards the

new contractor so working to satisfy and engage these employees is a key objective for the new contractor.

5.1. Employee Engagement

Dealing with employee distrust can be a major factor for service sector providers, particularly where there has been some under handed contracting in the past. The use of EGAs and AWAs to reduce entitlements had become a feature of the service sector during the Workchoices period. The LHMU Official recounted the problem of workers coming to work for the first day after a new contractor had won the contract, only to find their wages and conditions had been reduced:

We had members working in [the] hotel; the existing contractor lost the contract and [the] new contractor won the contract. The employees only found out when they got their first pay packet that the employer had made an EGA. Existing workers, no gap in work, but a Greenfield agreement on lower pay (Industrial Officer, LHMU).

The *Fair Work Act* removed the opportunity for service sector employers to create agreements without negotiation. Greenfield agreements made with a union are an improvement to this practice but still leave workers with no input into their employment conditions when a contract is won by another company.

Managing workers on the host company's sites created some problems for the service contractor in interviews conducted with the IR manager. The workers who are employed by the provider may have been previously employed by a number of other service providers since the site was outsourced. In some cases the workers may be the original and now outsourced employees from the host company. The employees often have greater loyalty to the host organisation than the service provider and prefer to discuss issues directly with the host sites managers. The issue of employee engagement was a concern for the IR Manager in the Service Provider company:

The company was really trying to focus on employee engagement to try and get the employees to be more focused on them as the employer rather than the client.

However it was very difficult as the employee would make a complaint direct to the client rather than come to us.

The IR Manager saw collective agreements as a way of engaging employees in their working conditions. The company made an overall Greenfield agreement to cover all the core

entitlements required by legislation for their main clients and then made local agreements where employees had a chance to get involved on local issues:

The union liked that and so did the workers because you could just take the core and relevant schedule and that was your agreement. It was transparent, so everyone knew what everyone else was on and there was [sic] common wage increases (IR Manager, Service Provider).

5.2. Union Access to employees on worksites

The capacity to engage with employees was not the only problem encountered by managers. Many principal employers have employment relations' policies, particularly regarding union access, that are at odds with the service provider's policy. The IR Manager had to take personal responsibility for negotiating access for union site visits, as the issue was so contentious on some sites, particularly Defence Department sites.

When the union wants to come in and see the employees I had to handle right of entry personally as I would have to make sure that the Commandant of the site knew the union was coming and organise passes for them (IR Manager Service Provider).

Union membership is low among service sector workers in many areas. ABS (2012) data indicates that union membership amongst service workers is approximately 8.5 per cent. The union have undertaken concerted recruitment campaigns amongst these workers, including the LHMU Cleanstart campaign to organise contract cleaners, however union membership amongst this cohort remains low. The ability to organise workers in contract service firms is difficult when the principal contractor obstructs union access and the workers themselves are not motivated to join unions on the basis that there seems little likelihood of sustained improvement to their conditions under the contract regime.

5.3. Contract Management on worksites

Employee control was another problem for service providers. The principal site operator expects the contractor to discipline employees in the manner that they saw fit, regardless of the policy of the service provider. Contractors have their own company policies in place, but where these did not match the clients' policies the service managers had a complex task of trying to satisfy all stakeholders. The client relationship is the most important, so managers

had little capacity to make decisions that would be unfavourable to the client. As indicated by one Manager:

The HR function was quite problematic in that sense. For example if you get a complaint from your client it would be more serious than in other industries. We only have one client, so any complaints are taken very seriously (IR Manager, Service Provider).

Greenfield agreements examined have extensive dispute resolution processes to guide service managers in how to deal with problems in the workplace. The line manager would be responsible for managing the day to day client relationship and dealing with problems as they arose. The line manager is both the representative of the company and the supervisor of employees and must walk a narrow path between serving the interests of his employer and the client.

The client's supervisor and our manager will go around together to check that the work is being done correctly... things like food safety in catering and things like that. Checking that cleaning is done properly. It is hard for the manager because he has to defend his staff but also needs to make sure the client is happy too and they are very tough (IR Manager, Service Provider).

As service providers must run a lean operation to make a profit, there would be no human resource specialist within the client's workplace to assist line managers in dealing with problems. As a result, an effective dispute resolution process was implemented provide them with some guidance. 'Managing the contract is the most complex part of the relationship, all you can do is have a good dispute and grievance policy and run with that' (IR Manager, Service Provider).

The focus of human resource management in the service sector is on ensuring compliance with the principal client's requirements. Where the client's requirements are not met, fines are levied on the service provider's contract payment; these fines can be very large and in some cases they may compromise the entire profit margin of the contract. In many cases the IR Manager claimed the fines were levied for inconsequential breaches of policy and were a deliberate tactic of the client to reduce the contract cost. Managers apprise staff of the requirements of the contract and the consequences of noncompliance. 'Employees really understand that as they are even more aware than us of the compliance issues, and the consequences of not complying' (IR Manager, Service Provider). This focus on the client's

requirements by service managers is another reason why employees regard the principal site operator as the primary relationship upon which to focus their loyalty, rather than the contract service provider.

Service Providers are responsible for the health and safety of all employees on principal contractors' sites. The principal contractor also bears some responsibility for ensuring the workers have a safe working environment. The development of safe working practices and policies may be impeded by lack of control that the service provider has over the workplace. Where a problem is identified, the service manager must address it with the principal site operator and negotiate a suitable solution. The contractor has little power to compel the principal to rectify the problem without jeopardising future contracts. This was a major worry for the IR Manager.

How do you ensure duty of care when all your employees are on sites where you have no control over the workplace? Some of the buildings they were working in are old; sometimes things would not be compliant with WHS (Workplace Health and Safety). I then have to try and get the client to rectify the problem, to spend money which is never easy. Our OHS guys would just be shaking their heads over what to do about it (IR Manager, Service Provider).

Employment strategy for service providers has relied on maintaining steady relations with the client and complying with the requirements of the contract. Service sector employers have less capacity to implement innovative work systems, as they are unable to control many elements of the workplace. The principal client controls the environment in which the contract is performed and has the capacity to levy penalties on the service provider for breaches of the contract. This leads to the whole focus of the service company on keeping the client satisfied. The use of Greenfield agreements has assisted the service sector in creating employment conditions that provide a stable platform from which to balance the requirements of the client and legislation. The changes to legislation that have taken place potentially threaten this stability. The impact of changing legislation is discussed in the next section.

6. Impact of Legislation

The service sector had the option of using both employer Greenfield agreements (EGAs) and Australian Workplace Agreements (AWAs) during the Workchoices period. The abolition of both these options under the *Fair Work Act* forced employers into the collective bargaining stream where Greenfield agreements constituted an attractive option for determining employment conditions for the purposes of winning contracts. The Industrial Relations Manager interviewed described the challenges of moving to the new system. These involved having to create new agreements, as there were no previous awards or agreements to base the new agreements on. Added to the usual challenges of negotiating employment arrangements was the intense media interest in the changes to industrial relations regulation and the abolition of AWAs.

When I came on board it was to take them from AWAs and ITEAs and do collective agreements for the first time. The company was caught up in the political campaign around the end of Workchoices and had a lot of negative publicity at one site so they are very sensitive to criticism and their reputation (IR Manager, Service Provider).

The union movement ran a strong campaign against AWAs and Workchoices in the lead up to the Federal election of 2007 (Muir 2008). The LHMU also ran a campaign known as Cleanstart, modelled on the SIEU Justice for Janitors campaign in the USA (Cooper & Briggs 2009). The focus was to improve wage outcomes for workers in contract cleaning and many large service providers to the public service were targeted. Union tactics in this sector have focused on creating minimum standards in the host companies contracting polices by using shaming tactics and comparing the host employers' superior wages and conditions against the poor conditions of the service workers. The *Fair Work Act* forced employers to come to the bargaining table with unions but they were still constrained by the terms of the host company's tender. The strategy to change the tendering requirements was the best option available to improve wage outcomes for these workers. As explained by an Industrial Officer (LHMU):

The cost imperative... once it started filtering through the contracting industry it would have completely changed the industry, the Cleanstart campaign was a pushback against Workchoices. It was a counter strike and even though the results were patchy, it did hold off the worst excesses of Workchoices. It was a strategic decision to push back.

The changes to employment regulation were not the only factor affecting the strategic decision of employers. The campaign by unions against individual contracts was very successful in turning public opinion against them. Even when the 'no disadvantage test' was improved in 2007 (DEEWR 2010), there were still concerns that these contracts would be used against workers. This problem drove the decision to move to Greenfield agreements in the service provider company where the IR manager was employed:

It was highly contentious; AWAs by this time were poison, it wasn't that the conditions were below the award but no employee wanted an AWA (IR Manager, Service Provider).

Further problems became apparent to the IR Manager during a review of the employment strategy of all its contracts currently in progress. There had been a gradual change in the wording of contracts as regulations governing AWAs changed over the *Workplace Relations Act* period. The company ultimately had many different AWAs to manage and this became too onerous, particularly as they had very little human resource management capacity.

The company came to the realisation that these individual contracts were just too hard to manage. The managers weren't skilled up to be able to handle all these individual contracts... they would be put away in a drawer and nobody knew what was in them, even the employees (IR Manager, Service Provider).

The company was exposed to a high level of risk, as they were unable to manage the complexity of the individual contracting regime leading to the realisation that they were potentially breaching their own agreements. The move to Greenfield agreements reduced that risk and provided some stability for their ongoing employment strategy.

The problems of AWAs have been well documented by others (Garton 2008; Peetz 2006).

The adoption of these contracts increased during the Workchoices period and the problem of managing them became more apparent over this time. In turn, this led to many employers choosing to return to collective bargaining.

In the final analysis, the change in legislation was not the primary determinant in the decision to move to Greenfield agreements from AWAs. The realisation that the company was open to the risk of breaching its own employment contracts through an inability to manage them was the primary impetus. The decision to review their employment relations' strategies was taken in the transition from Workchoices to the *Fair Work Act* and by this time collective agreement making with unions was the only option. The IR Manager had the final decision

on what form of employment document to pursue: 'The brief I had was to get collective agreements up and running; the company had no preference whether they were union agreements or not' (IR Manager, Service Provider). It is quite likely that Employer Greenfield Agreements would have been utilised if they had been an option, as demonstrated by the situation of an agreement that was in progress for a new site.

When the contract for North Queensland was won, there was an agreement they started doing, which was an Employer Greenfield Agreement, but they didn't finalise that before the legislation changed so they went to greenfield agreements (IR Manager, Service Provider).

Where an employer had the opportunity to make unilateral employment decisions, the evidence indicates that they will do so without hesitation. The constraints on these decisions prior to changes to regulation depended largely on the capacity of unions to convince employers that this course of action will lead to disruptions onsite. In the service sector there was very little evidence that workers had the ability to take effective action to influence the outcome of agreement negotiations or the strategic decisions of outsourcing companies.

7. Conclusion

Third party service sector Greenfield agreements are made to provide the principal employer with the assurance that the service provider will be able to comply with the terms of the contract. Fines and penalties for noncompliance are usually a feature of the contract and given the lean margins that operate in the service sector, compliance with the contract terms becomes the priority for the service provider. The capacity to make a profit from providing services is determined by cutting costs wherever possible; wages and conditions are usually the lowest among Greenfield agreements, particularly in cleaning and catering.

The capacity for the union to influence outcomes in the sector is limited due to a low rate of union organisation. Where workers seize the chance to have some influence over the agreement process, they can be successful, but these opportunities are rare. The changes to legislation have improved union influence through less choice in union parties to agreements but the requirements of the client dominate the process.

Service sector employers attempt to create positive employment relations through employee engagement and teamwork but this is limited by the constraints of the principal client's

requirements. Employees work closely with the principal's workforce and may identify more with their interests than with the service companies, making the management task difficult. Gaining employees' trust and commitment is complex. The service providers' managers must walk a line between creating a positive working environment for staff and addressing the requirements of the client. Ultimately where all these tasks are undertaken successfully the contract may be lost to a lower bidder. The service sector environment leads to Greenfield agreements made on the threshold of systematic destabilisation.

CHAPTER SEVEN: NEW VENTURE GREENFIELD AGREEMENTS

1. Ideal Typical Greenfield Case Studies

Greenfield workplaces offer insight into the challenges of creating a successful enterprise in a globalised economy. Companies who choose to establish a new operation must expend large amounts of capital and therefore there is great pressure to succeed. Despite this pressure, or perhaps because of it, managers charged with establishing a new operation often take considerable risks in attempting to implement innovative production and human resource management practices in a bid to create an enterprise where efficient work organisation is married with employee satisfaction to maximise productivity (Baird 2002).

New workplaces face new challenges imposed by a global economy which is faltering, leaving greenfield start ups with little margin for error. These enterprises must quickly become profitable to the parent company or they will not survive, as the evidence from chapter four demonstrates. The workplaces examined in this chapter have both survived and become profitable, although it has not been a continuous positive trajectory for one particular workplace. Changes to regulation and government policy have affected the employment relations' strategies of both the union and employers at House Co and Metal Co, the focus of this chapter. These changes are not restricted to workplace relations' regulations, and encompass workplace health and safety, and environmental sustainability.

This chapter investigates two workplaces that come close to the ideal typical greenfield workplace. Newell (1991) developed the concept of the 'ideal typical' greenfield workplace to provide some reference points against which greenfield sites can be measured; this has proved useful for many studies that followed (Baird 2001; Becker, W 2007; Becker, WS 2013; Hursthouse & Kolb 2001; Leopold & Hallier 1997; Macinnes & Sproull 1989; Richbell & Watts 2001). House Co and Metal Co offer opportunities to understand why managers and unions adopt a particular approach to employment strategies in greenfield sites.

As greenfield sites mature, new issues emerge that challenge the initial workplace strategy. Directives from the parent company, market fluctuations and changes in management

orientation all contribute to the 'browning' of a new workplace (Leopold & Hallier 1997; Townsend 2005). At this stage workers and managers may become disillusioned when optimistic forecasts of employment satisfaction are not realised (Glover 2001). The greenfield sites described in this chapter faced some challenges as the site matured and management were forced to respond to keep the venture profitable while also maintaining their preferred employment strategy. This chapter explores how these workplaces altered employment relations over time as the greenfield site moved from establishment to maturity.

Baird (2001) analysed the establishment of several greenfield sites established in the 1990s in manufacturing, whilst Van Den Broek (2004) studied the establishment of greenfield call centres in the telecommunications sector. These studies found that a high level of commitment was demanded of employees in the start up phase. This expectation of commitment may be coupled with a promise of high involvement in the development of work practices and autonomy over individual work. However employee experience largely finds the promised autonomy illusory (Baird 2002). House Co and Metal Co management aspired to engage employees' commitment to their goals with varying success as the sites matured.

Leopold and Hallier (1997, 1999) studied greenfield sites in the United Kingdom, New Zealand and Australia and found that greenfield sites vary in their commitment to factors such as management philosophy and HRM practices that are considered in the ideal typical model, further developing theoretical understanding of management strategies in greenfield workplaces. Greenfield workplaces can be considered along a continuum of possibilities ranging from close alignment to the parent company's philosophy to a complete break from that philosophy combined with the extent to which the greenfield site employs HRM strategies. In the case studies that follow, the attitude to the parent company's philosophies was a significant degree of difference between the two companies and while HRM strategies are utilised in both cases, Metal Co goes beyond the usual HRM practice in the manufacturing industry in Australia to try a new way to engage employees.

The parent companies featured in the case studies undertaken have both attempted to significantly change the workplace relations' strategies at their greenfield sites to increase productivity. This chapter attempts to answer why managers chose their particular employment strategies and how these were implemented in each site. It further discusses how

external factors influenced the decisions made by employers, employees and their unions as the sites matured using the ideal typical framework as the template for analysis.

2. The story of House Co – remaking union relationships.

House Co is one of the largest manufacturers of building products in Australia and has been established since the early twentieth century. It had a number of manufacturing sites in major cities in southern Australia where its products were well established but decided to build a greenfield manufacturing plant in 2007 to capture the growing market in northern Australia. Construction began in early 2008 and the plant opened in December 2008 with a single shift of employees, none of whom had ever worked in this type of manufacturing, including the management. Over the next six months the site rapidly expanded to four shifts due to government incentives in the building industry, whilst novice operators simultaneously learned to operate the plant. This site is an interesting case study of a greenfield site which is forced to rapidly expand due to unexpected external market forces and has to plan on the run to meet these challenges.

2.1. The Parent Company

House Co is a subsidiary of a major Australian company which manufactures a range of building products and has been established for over a century. The parent company has many long established manufacturing plants, mining operations and other investments and is listed on the Australian Stock Exchange as a blue chip company. It has undergone a series of restructures and divestments over the last 15 years, moving away from being a historical player in mining, agriculture, building and development, to become a smaller, more focused, company in the building industry. It has an annual gross income of well over \$360 million dollars. The parent company's employment relations' strategies have involved relationships with a number of unions across its workforce, and its established sites in other states have union collective agreements in place. Whilst there have been some notable industrial disputes in some divisions in the past, the company has largely positive relations with trade unions in the various industries in which it operates. Being a part of a large company and the job security that this entailed was an incentive for some staff to join the company.

2.2. Site Location and Layout

Many greenfield sites are chosen very deliberately to take advantage of government incentives to attract businesses in areas of high unemployment or underdeveloped industry. House Co did take advantage of some incentives however this was not the primary reason of the plant's chosen location. As indicated by the Operations Manager at House Co:

There was a need up here for our product; not as many houses were using our products as in the southern states and there is also high energy use up here in summer. Our competitor was also looking at building a factory up here and we wanted to get in first.

The site was chosen for its proximity to major transport routes, the supply of raw materials, and its proximity to a major northern Australian city. As the parent company had determined that the market in northern Australia was underdeveloped, it wanted a site where road transport would be facilitated to the target markets and with easy access to the major highway north and west. Another significant factor was the vicinity to the main raw material used to manufacture the product. As the operations manager explains, a mine that produced the raw materials used by the plant was only an hour away.

We looked down south and we looked north; there was not as much land available down south and the [southern] local council was not as helpful as the [northern] local council. In terms of assistance, the local government officials wanted to encourage this type of employment and provided assistance with documentation, which flowed through the system quickly (Operations Manager, House Co).

The site was located adjacent to a wastewater treatment facility as the company were planning to implement an innovative water reclamation technique in their manufacturing process to meet environmental policies on water usage. This was also of benefit to the local council, as it would save money on disposing treated water over the life of the factory.

The local council was very helpful and accommodating; we are right near the sewerage treatment plant and they saw it as an opportunity to have industry near the plant, something that would not complain about it (Production Manager).

The factory was considered clean and 'green' as the manufacturing process was not intrusive on the surrounding area, being both odourless and relatively quiet.

The manufacturing plant used new technology and the production process was designed to be more efficient with a much shorter production line. Thus, a smaller building could accommodate the production process.

We've been more efficient with building; if you compare the factory down south with ours, they are twice as big as ours but we could produce as much as them if necessary. The length of the line is much shorter, it's a very compact factory. One of the technologies we have used, we have replaced 50 metres of conveyers with a machine that's two metres long, that was the major risk of the project. The batch plant is much simpler... yes I suppose we made it cheaper but it does the same job. The whole factory cost about half of the southern plants (Operations Manager, House Co).

The plant implemented power and water efficiencies and was considered a six star energy efficient factory as a result of optimising the use of energy and resources.

2.3. The Employees

An analysis of the local labour market showed that there were a number of other manufacturing facilities on that side of the city. However there were few factories in the suburb where the plant was constructed, adjacent to a large expanse of new 'dormitory' suburbs of cheaper housing on the city's fringe. The population of this area is largely made up of younger first time home owners in the low to median wage bracket, semi skilled and skilled labourers and tradespersons. There was also a significant migrant population from New Zealand and the Pacific Islands; they were attracted to the area because it has a similar climate and proximity to coastline fishing. It was noted by the Manager and HR Manager of the site that the workforce were largely uninterested in working overtime compared to employees in the southern states. This was put down to the excellent climate and abundance of good fishing available:

[the Operations Manager] having come from Adelaide and Melbourne was totally blown away by the local tribal enthusiasm and also totally blown away by the fact that people don't want to work overtime ... Far too close to fabulous fishing spots ... Yes lifestyle is very important (HR Manager, House Co).

Employees were selected through media advertising and through the company's recruitment website.

We did a lot of the recruiting ourselves, using our Parent Company website and through some local agencies. At first I hired about 50 per cent permanent employees

and 50 per cent casual employees, because you go through the turmoil of some people [who] don't like the job, or we don't like them they don't fit and so you have some flexibility there, and over time we increased the permanent employees to about 90 per cent and about 10 per cent casual labour (Operations Manager, House Co).

No production employees were transferred from existing House Co manufacturing sites, however the production manager and two production staff were employed from a different subsidiary that downsized in the area. The decision not to employ anyone from the old site was deliberate as one of the new plant operators was recalled after being sent down to the old site for training:

We were told we were not to bring any of their bad habits from the old site, they went out of their way not to employ anyone from the old site, even though some applied (David, Operator).

During the recruitment phase, the HR Manager was contacted by the HR Manager of a factory that was closing in a nearby manufacturing area, looking for opportunities for their employees being made redundant. As many of the redundant employees lived in suburbs close to the new House Co plant, a number of these applied and were successfully recruited to House Co. The closing factory produced plastic components for the electronics industry, a completely different product to that made by House Co. However, the Manager deemed that the employees were suitable as they had experience in working on production lines in a shiftwork operation with a focus on occupational health and safety similar to House Co requirements.

What was fortunate was that another factory over towards [...], closed down, but the majority of their people lived up this way and their HR Manager contacted me and we got a lot of our skilled operators through them. We promoted a lot to supervisors, that proved to be very successful as they were well trained, had good work ethics and [a] good [work] culture fit (HR Manager, House Co).

Many had skills in manual handling and forklift tickets which were required by the new plant. When recruiting production employees, the HR Manager and Manager prioritised those who demonstrated that they were keen to work in a new environment and were open to learning new skills.

Willingness to learn, willingness to be part of the team, happy to be at work. A work ethic, I suppose. Being safe, showing that they come to work and know that safety is

part of the job. They understand that everyone has a part to play in the success of the site, from me to the guy sweeping the floor. Regardless of what level you are at, you respect the other people they work with (Operations Manager, House Co).

The resultant workforce was made up of employees with some experience in a shiftwork environment, preferably with some knowledge of the manufacturing and production line environment. Most lived in the area north of the factory, and most interviewees identified the location of the workplace as the main reason to seek employment at House Co.

[The] Main reason to come and work here was the travel, this is just round the corner for me. It's closer to home and the fuel costs are better (Martin, Operator).

The other reason cited by the employees was the four-day shift rotation, which many had worked at other jobs and provided good money. For example:

Plus I like the four-day rotation shift, it was what I had done before and I like that shift (Peter, Operator).

However the shift pattern changed quite quickly once the factory was in operation, and has changed a number of times over the three years since the factory opened, causing many to be dissatisfied with the workplace. Peter further explained:

When they opened here that was the incentive to come here, the four-day rotation, but within a few weeks we were on three eight-hour shifts, if it hadn't been for the government program we would probably still be on that and I would have left a long time ago (Peter, Operator).

At the time of research the shift pattern had become four days and three nights, with no weekend work, which was almost universally disliked by the workforce.

The shift patterns are not very family friendly, or human friendly, we do four days and then three nights but there is a lot of overtime there. We lost a lot of money when we had to downsize from the four shifts, we now close down over the weekend (Brad, Operator).

The Parent Company places a strong focus on health and safety. All employees were required to undergo medical checks and drug and alcohol testing as a routine part of the employment process. Whilst the focus on health and safety is genuine, some workers believed that safety was sometimes compromised for production.

The safety is all talk, some of it is true, but is mostly when it suits them (Peter, Operator).

Employees were also required to complete some basic literacy and numeracy testing, resulting in some candidates being unable to meet the requirements for employment. This was particularly the case with applicants sourced from Job Network providers, who work with long term unemployed people to place them in employment. The company found these applicants to be largely unsuitable and after some early attempts at working with employment placement agencies, determined that they were too costly to employ as they either failed the medical, drug or other testing or did not turn up to the appointments for these steps.

2.4. Work Organisation

Staff who was initially employed worked in the factory commissioning the new production lines. During this period the site was still a construction site, necessitating all employees to have a construction safety induction, known as a ‘white card.’

Being here when they were building the place was good too; you could see how things were being rolled out (Graham, Shift Supervisor).

House Co conducted onsite training for most workers in both the safety induction card and forklift licence.

The production process involves furnaces and hot production, which is considered the skilled end of the production process. The first employees in this area spent several months working and training at one of the company’s existing sites interstate, followed by several employees from the brownfield plant coming to the greenfield site provide further training. Much of the training was done at the new plant, as the company had introduced new technology into the new plant that required both production employees and managers to train on the job to work out the best methods to produce a high quality product. In the early months there were some problems with quality and efficiency as everyone learned to operate the new plant. As noted by Glenn:

I’m not the sort of person that gets really stressed but there was [sic] a lot of challenges, everything was all new; everything we did was new. You learnt something every day (Glenn, Operator).

Subsequent employees were trained onsite, however the training process changed over the first two years of operation as the site no longer required white card inductions and employment numbers expanded rapidly due to unexpected government incentives being introduced.

2.5. Unions

A Greenfield agreement was negotiated between House Co and the union; this covered the workers in its existing plants in the southern states. The company deliberately chose to negotiate an agreement with the existing union as it was thought that this would prevent any disruption in the southern plants. The union official for the LHMU confirmed that the company approached them about the new site:

The House co site was a greenfield site. The company was moving to the state and wanted a Greenfield agreement. I recall they were partly inspired to make an agreement with LHMU as they had agreements down south with the union (LHMU Official).

This appeared to be a successful strategy, as the agreement was negotiated without difficulty with the existing union and no other unions expressed interest in becoming involved. It is possible that other unions were not aware of the new site, given the company's desire not to deal with multiple unions. The agreement covered all the required minimum entitlements, paid above award wages and provided for industry standard conditions and penalties. There did not seem much scope for innovation in the employment conditions outlined in the document. However as will be discussed, this did lead to some complications once the plant was operational.

The company had very well developed ideas about how the agreement would look, they had an agreement already drawn up which they tabled in negotiations, and then it was just up to the LHMU to try and negotiate some changes they wanted. House Co resisted most changes proposed, were pretty hardline about it. We attempted to get as many changes as we could but in the end we signed off on it, as it was not a terrible agreement (LHMU Official).

It does not appear that the union was successful in the first two years in building a membership base. At the time of the case study research, the employees and managers interviewed generally acknowledged that only one or two employees were existing union members when the factory commenced operations. At the point of research it appeared that there was no active union membership onsite.

Nobody was in the union when I came; no one seemed too interested. I saw this guy when he came in and asked him a couple of questions, but he didn't seem to know

much; to be honest he didn't seem to be switched on, so I didn't worry about joining.

After all, if I'm going to pay I want the service (Brad, Operator).

No union members were interviewed for the research, although there was general support for the concept of unionism and the view that a union should be involved in negotiating the first and subsequent collective agreements. However, there was not much support for the LHMU who had made the Greenfield agreement.

I've never been in a union, and never felt the need to be in one; my previous jobs have been pretty good. I think we will have to think about it for the next one, if you don't have some support you just get mown down. But we will need a union with a few cohunes¹⁵; the one we've got doesn't seem to be very strong (David, Operator).

There were no union committees or delegates in the workplace. The union attended the workplace once or twice a year for recruitment but so far had failed to attract any membership. The manager expressed some support for the right of workers to join a union but saw no need for ongoing union consultation mechanisms onsite.

Unions are there for employees if the employer is not doing the right thing by the employee; they need someone to be there to support them. I generally hope I don't get to that stage, there has been a couple of instances where that has happened, but I don't have that many, in fact I think there is only one union member onsite (Operations Manager, House Co).

Some employees interviewed identified a number of conditions that they wanted to change in the next collective agreement, due for renegotiation in the next six months, particularly regarding classification and advancement of production employees, call back rosters and shift allowances. The pay was seen as adequate; however most employees wanted the four shift rotation to be reinstated. There did not appear to be much individual flexibility in working hours or shift patterns.

2.6. Management Philosophy and Practice

The lack of success in union recruiting may be due to the management style of the Manager, Production Manager and HR Manager in the workplace, who all worked together to have a

¹⁵ Testicles, meaning a strong union

personal relationship with production employees. Incentives such as bonuses, prizes and social events were held regularly amongst staff. The manager consciously worked on keeping the families of workers happy by inviting them to social events such as the plant opening and barbeques and using grocery and department store vouchers as incentives and prizes. These were largely spent by the wives and girlfriends of the employees (there were no female employees in the production line).

If I believe the site has done something well, I give the entire site a monetary bonus. They got an absolute corker¹⁶ of a bonus at the end of the financial year, end of March. They were all very surprised with the amount I gave everyone. I will always write a letter to say we achieved this this and this, and because of this, well done, here's something to take home to the family. I give Coles and Myer vouchers so they can take them home to their family... family backup is very important... I usually write something about that; the support from the families being part of the success of the plant (Operations Manager, House Co).

Further, Home Co has a formal work improvement scheme to include employees in innovation at the plant. Employees could submit ideas and suggestions for improved efficiency, production techniques and employment strategies for management consideration. These were personally reviewed by the Manager and he kept a schedule of everything suggested and implemented, using toolbox meetings to keep the workforce informed of progress. As identified by the Manager:

If the guys come up with good ideas we have a process in which they can bring these ideas to the table and we use them, and I think over two and half years we have been operating we have knocked off about three hundred of them... It's called an Improvement Action Request system, ideas that have come from everyone onsite. They go through the Supervisor, in a box, go the Production Manager or to me or at a monthly meeting or a toolbox meeting (the daily shift meeting) (Operations Manager, House Co).

Some employees interviewed were positive about the scheme, whilst others were critical that suggestions that would make employee's jobs easier were not actioned, whilst those to increase production were taken up. As Martin explained:

¹⁶ Very large

I've put a few ideas in, but I was speaking to the manager about it last week and he said there is [sic] about two hundred ideas to look through at the moment, so I thought 'what's the point?' They only do things that benefit them, not us (Martin, Operator).

The employee engagement program appears to be genuine on the part of the employer but employee's views are mixed regarding efficacy. As the company expanded rapidly in the first year of operation, some processes are lacking evaluation and review.

2.7. The first year of operation

Shortly after the factory opened, in February 2009, the government announced an energy efficiency incentive scheme to improve home energy efficiency. The greenfield House Co site had to fast track its production schedule to meet the extra demand and its planned implementation schedule was abandoned as orders doubled and then doubled again over the next six months. The workforce grew from one shift to four shifts with the plant in continuous operation from June 2009, working twelve-hour shifts in a four-day rotation.

It was challenging because obviously we had a lot of new labour and we had to train people up on the run, but it was a good challenge (Gary, Shift Supervisor).

Due to the need for quick recruitment, an external recruitment agency was enlisted and a new cohort of workers was employed on casual employment contracts. Many of the first group of employees were promoted to hot production work and as team leaders and the training and development plan was put on hold whilst new employees were inducted and trained.

We went from one to two to three to four (shifts) very rapidly and each time had to split our experience base that we had so as a result of probably promoting people who would not have necessarily promoted if we had a core group of people at the time, and I must say in hindsight we did it very successfully and had a wonderful willing group of people to do that. The people really got behind the opportunity and I think that really came from the management team that was here at the time; everyone was very enthusiastic, including the people on the floor to make this project work, for our plant to be the best and do the whole parochial thing (HR Manager).

It was a chaotic time for managers and employees; everyone was still on a steep learning curve working out how to run the plant. Product quality was not always optimal and there

were frequent breakdowns on the production line as new employees struggled to learn on the job.

It was a bit of a speed bump; we didn't learn things in the right order, we just had to go straight for production (Justin, Operator).

2.8. Unexpected developments.

In February 2010, the Federal Government closed the energy efficiency rebate scheme. House Co saw orders for its product plummet overnight and after several months of stockpiling, was forced to dismiss more than half the new production employees.

It was bad for us, we put on all these extra people, we trained them all, got them going and then we had to put them off (Peter, Operator).

At this time, it became apparent that the Greenfield agreement contained redundancy terms that were inconsistent with the parent company's standard. The Manager at House Co, in consultation with the HR Manager and Parent Company management, determined to make ex gratia redundancy payments in excess of the collective agreement requirements.

The redundancy packages were more than they had to give and the notice period more than they had to give. I don't know that they (redundant workers) left happy but they copped it on the chin¹⁷ (Justin, Operator).

It appears that the union was not informed of the decision and not directly involved in the retrenchment process.

We had the union as a member of our EBA, it's my understanding that we had two union members in our workforce, but one left recently and the other was recently terminated for a safety breach. So we have had very little interaction with the union. When we had to make redundancies the union didn't get involved (Production Manager).

Whilst the company sought volunteers for retrenchment, it reserved the right to refuse on the basis of skills requirements and management took the opportunity to ensure that a number of problem employees were made redundant.

¹⁷ Accepted the decision

We had a transparent process of selection of people when we had to downsize, but if we had people who weren't performing we had the opportunity to make sure that they fit the criteria for redundancy (Production Manager).

Both employees and management reported that subsequent to the redundancies, the workplace went through a difficult time; working hours were reduced to two shifts (which reduced overtime income) and confidence in the business was shaken. Some employees stated they were now looking at their options for other employment and felt that they no longer had the career path that was evident when first employed.

I am looking for another job, with a better shift pattern and more money. You have to work five and six days a week to earn the same money when you are on a four-day rotation (Peter, Operator).

The Manager and HR Manager determined to move into a consolidation and review period in order to review and formalise some of the processes that had been established during the start up period. Whilst there was some regret that the factory had been forced to reduce its output and workforce, this was seen by management in a positive light, as there was now an opportunity to re-evaluate the first two years of operation.

House Co is an example of a greenfield site that utilises a greenfield agreement to remake its relationship with a union. The Parent Company sites were unionised with collective agreements in place with the LHMU and AWU. The choice to build a new plant was an opportunity for the company to implement some new employment strategies and they did by deliberately not seeking transferees from existing sites, although that meant a longer and more costly training period for new employees. This was a risk for the company but one that was taken to remake employment relations on the greenfield site. Although the managers were not hostile to the union and had supported union visits to the site for recruitment purposes, it was clear that they were attempting to divert the possibility of union activity with direct employee engagement schemes.

The second case study site is quite different from House Co. as the new site is co-located in an existing Parent company site, where the AWU had a strong traditional presence. As will be discussed in the next section, the manager of the new site was given free reign by the company to try some HPWS using some novel commitment and engagement practises.

3. ‘Courage, Trust and Pride’ at Metal Co

Metal Co is a subsidiary unit of a large manufacturing company with many divisions across all forms of metal manufacturing. The Parent Company is based in Australia and has facilities in all states and some South East Asian countries. It supplies the local market and exports to markets across Asia and the South Pacific. It is considered one of the leading suppliers within the Metal industry, however the downturn in the global economy has created pressure on profits, leading to a series of closures and downsizing in its operations that is still continuing. The Parent Company appointed a Manager with innovative ideas on human resource management and saw this as an opportunity to trial his methods in a greenfield workplace.

3.1. Site Location and Layout

The greenfield site was built to house an innovative metal manufacturing plant designed to improve both productivity and quality. This technology, although in use in Europe, was the first facility to implement it in Australia and the facility was purpose built to allow for a ‘once through’ operation:

Lean production influenced the layout of the plant, there is one way traffic, the raw product comes in one way, [and] for safety there are no trucks coming past people.

The layout of the plant is lean and the tools and supplies are kept to the side where they are needed (Dave, Production Supervisor).

All production employees rotate through all tasks within the plant throughout the shift cycle and are trained in welding, forklift operation and plant operation.

The site is co-located on an existing site within one of the Parent Company’s manufacturing facilities in a large regional city, which allows some sharing of resources and oversight by senior management. However the facility runs as an independent business unit with a Greenfield agreement determining the terms of employment.

All the operators rotate 100 per cent of the jobs, except the quality testing. The rest of the plant operators do all the jobs. There are only five people on each shift and they rotate hourly through all the jobs on the shift. It’s a very tight knit organisation, very team orientated; everyone works together to get the job done (Brent, Production Supervisor).

In total, some 30 workers were employed within the factory, including management and some staff positions in administration.

3.2. Management Philosophy and Practice

The manager of Metal Co was given wide discretion to implement the employment relations' strategies at the plant, and he assembled a team of supervisors to assist him from within the Parent Company. They built a shared view of how the new plant would differ from the Parent Company in its operation, seeking a complete break from past management practices which they felt entrenched apathy, lack of accountability and dishonour in employees.

I was in the systems arms' races, whoever had the best systems could dominate, so you were always looking for more systems to beat everyone. And I realised that our company is based on these systems; there is a checklist on a checklist on a checklist. I got pretty disillusioned with it and thought we could do it a different way. What if we could change the culture and develop a positive mindset, so I scrapped a lot of systems; I looked at it and kept the ones we had to and got rid of the rest (George, Site Manager).

Downsizing across the Parent Company had occurred over the previous decade, which left existing workers feeling that they were in a moribund company. As a result, the Manager wanted to ensure that the new facility would be run by people who saw an opportunity for success rather than defeat.

So we had some organisational resistance towards recruiting people from outside the organisation. We can always teach the skill but we want the will, people who can suspend judgement because we wanted to go to a different place (George, Site Manager).

At the time of interview the Managers felt that they had achieved the goal of creating a new workplace culture and believed that the chief threat to the unit was the possibility, as downsizing continued throughout the industry, that they would be forced to accept workers from the Parent Company's other subsidiaries who would not embody this shared vision.

I am in a bit of a fight at the moment because the finances of the company aren't great, that they have permanents sitting round doing nothing while I have ten casuals working in the plant, they want to put off the casuals and bring those blokes in. But if

they try that I will have a fight with management (in the Parent Company); if they think I am going to bring in people with the old entrenched ways of ‘not my job’ and ‘it’s all too hard’ from 25 years in the company, they have another thing coming (Dave, Production Supervisor).

Courage, Trust and Pride were the values developed amongst management and employees and very strongly emphasised by all those interviewed at Metal Co. These values were clearly seen to symbolise the differences between the Parent Company’s other sites and the greenfield site.

It’s all based on *Courage, Trust and Pride*. You can have all your tools and tactics, you can have all your systems, processes and strategies but without your behaviours, mindset and values you won’t achieve excellence (Brent, Production Supervisor).

It was a source of considerable pride for workers that they could build this relationship of trust with each other and across all shift groups. This ethic was clearly maintained by the workforce themselves rather than an edict from management, as is evident in the following two statements:

I can take you in our change rooms and show you something that you won’t see in all of Australia, the keys are all in the lockers and they have never come out in four-and-a-half years (Ted, Quality Testing).

Someone found a ten dollar note in the carpark, and brought it in and stuck it on the crib room wall, then a few days later someone came in who had been off and said hey that’s my ten dollars and it was still there; as a symbol of trust (Brent, Production Supervisor).

Empowerment was the focus of the culture within the workplace; the intent was to empower workers to take ownership of the success of the facility and become the most productive and efficient facility in the company, or as the Manager claimed, in the world. There was a huge focus on people participating in the running of the factory, contributing to improvements and owning the problems too.

We pushed them really hard to see what they were made of; every morning we had a quiz and they all had to answer, we didn’t tell them what to do up front, they had to go and find the answers. We wanted to demonstrate that you are part of this team, it’s not up to us to tell you everything; you need to know it too. So people took home

procedures manuals and things so they would know the answers (George, Operations Manager).

We are sort of a small community, not just one boss and 100 workers who blame them for everything that goes wrong (Darren, Team Leader).

Workers who do not display the ‘right’ attitude or resist the workplace culture are called ‘victims’ and are said to be refusing to take hold of their own destiny and be living in fear.

I have this thing called the state of play; you can be in charge or you can be a victim, you can predict where they will be by what they do, what they say (George, Operations Manager).

The workplace was characterised as a field of play and the position you took on the field determined your attitude; disempowerment occupied one end of the field and empowerment the other. Disempowered people operated from a basis of fear and the objective of the culture at Metal Co was to move them to the other end of the field where they would be empowered and be able to work from the basis of courage and trust.

When the culture is below the line there is fear, this hampers innovativeness... When the person is scared the person is in the mode of fight or flight; when I am afraid I will only protect my security, forget about working out of your comfort zone, you just want to protect yourself (George, Operations Manager).

Once the managers had developed their shared vision of how to create empowered workers, they began the recruitment phase. In the first instance, they recruited 13 operators to be the first workers who would be the trailblazers of this new workplace and the disciples of the new paradigm.

3.3. Employees

All employees, other than the Manager and Production Manager at Metal Co, were recruited through a local recruitment agency. No internal recruitment through the Parent Company was accepted. As evidenced in claims made by Production Supervisors Brent and Dave:

We wanted to make something different... we wanted to make sure that they wouldn’t be infected with the mindset of the old plant, that we wanted to shape their mindset in a different way to make sure they could perform and enjoy it (Brent, Production Supervisor).

We decided that the first operators were not going to come from the existing company or even from within the steel industry. So how can you open a steel plant with cleaners and butchers and people with no experience in the industry? So in the first place we had a lot of focus on the safety and looking after each other (Dave, Production Supervisor).

When we employed the guys, we went out of our way to employ people from outside the company; we employed everyone from a bricklayer to a baker, but no one from within the old plant (Brent, Production Supervisor).

Thus, all employees were new to the company and were selected using a criteria based on attitude rather than skills.

Even with all our systems we didn't know what we would get until we got them here, and work them over. If there was [sic] a perfect recruiting system, man, we would already have it. The fact is, leadership is about taking all comers and working out how they tick then adapting your style to get the most out of them. Give us something we can mould and at the same time we are open to them moulding us (George, Site Manager).

Since the initial recruitment phase where employees were engaged on a permanent basis, all new recruits were employed as casuals, on day to day hire. During this time they were evaluated to see if they have the right attitude.

If we get casuals with the wrong attitude, we can get rid of them, we put them on and give them a go; the blokes will tell us if they are not pulling their weight (Dave, Production Supervisor).

One guy openly said that he wouldn't be coming on Saturdays 'cause he coached a footy team [and] he would be taking sickies¹⁸; the guys didn't say much to his face but after he didn't turn up for two Saturdays in a row and they had to cover him, then he was mouthing off. They pretty much carried him out of the place and said here you go, we don't want him, go get another one (Liam, Operations Manager).

When challenged on how this fits with the high commitment values of the workplace, management interviewees cited the importance of maintaining the workplace culture by not allowing new recruits to become permanent until they had been thoroughly inducted and determined to embody the right attitude.

¹⁸ Personal or sick leave, but usually for reasons other than sickness

3.4. Work Organisation

The first employees in the facility were taken through a rigorous induction process which focused on team building and role plays to identify leaders. John explained:

The training was very interesting, nothing I had ever done before, it was really great, it was never something I would have never thought I would do... go to a prestige resort and do all the team building exercises before I even did any work (John, Operator).

This occurred prior to the commissioning of the plant. Some of the initial team building tasks included building a barbeque area which could be used for team meetings and lunches. There were no steelworkers amongst the recruits, but there was a bricklayer and landscaper. It remained a symbol of the spirit of the organisation and illustrated that employees took ownership of the plant.

A team song became a defining symbol of the team ethos; the new recruits wrote it in the style of a football team victory song.

There was no intent that we were going to have a song, but we were so focused on the mindset and every day we just worked intensely on this. And one day we were saying that how do you know that a footy team has passion, and someone said 'Oh they have a team song', and I could see everyone thought, 'Oh no, you shouldn't have said that, now we are going to have to have a song (George, Site Manager).

Singing the song came to symbolise all the philosophy of courage, trust and pride that underpinned organisational culture and were known as the backmarkers, following the football metaphor.

So the thing about the song was that it took courage to do it, it's not usual to have that sort of passion about the workplace; it's all right on the sporting field but not at work. And it's the trust that everyone else will sing; in the sports team you just trust that everyone else will start singing when you start. So, how can we be sure in the workplace that everyone will do that? (George, Production Manager).

We developed a team song, and everyone in the first team put a word or a verse into the song and we always sang that song at special occasions, when the plant opened and things like that (Brent, Production Supervisor).

At first it seemed like it was really innovative, to start off by writing it, it was really inspirational to do it; everyone was excited at first to be writing our own team song and what we thought about the place (John, Operator).

The development of the philosophy and culture used sports' metaphors, particularly football, to engage workers. However the manager was carefully linking the symbols and metaphors with the empowerment culture he was trying to instil, as he saw himself as a workplace coach.

It's styled on a football team, that's what George styled it on, being a team of workers like a football team (Ted, Quality Testing).

So I used the footy metaphors because they were familiar and comfortable with it; it would freak them out to think in psychological jargon. In footy, there is nothing that hurts more than when they let their team mates down, you don't need to punish anyone, they feel it anyway. So, how do you put that into the work team? (George, Site Manager).

The workers at Metal Co accepted the culture of the workplace as it felt familiar, it was challenging to accept the values of the football team being translated to the workplace but the workers who were recruited as the first thirteen employees became comfortable with it.

Working here is like playing in a team sport and I have been playing sport my whole life so I fitted in straight away; it's not too different to the way I live life. I have spent most of my life spending weekends running around with a team of blokes (Darren, Team Leader).

The manager challenged the workers to sing the song at the opening of the factory to the Parent Company management:

I said 'Well we are about to open the place, how about we sing the song at the opening ceremony', and they said '*No fucking way*', that was straight out of their mouths. So I worked on them, and said 'Well, when they opened a new site who do you see?' And they said 'You see the politicians and the CEOs, you never see the workers'. And I said 'So you never see the workers, the ones who do the work and make the most difference'. I guarantee that you will be on the news if you sing the song at the opening. You need to show courage and passion to do this (George, Site Manager).

John was there at the opening and remembered it was a significant event, with the presence of community leaders, senior management and the media. (They did end up on the local news!)

And it was tough to sing it in front of people and at the opening there was cameras, I remember when we had to start it off, one guy was supposed to start it off but just before we did it I thought 'No I don't want him to look like an idiot, I have to step up and start it off together' (John, Operator).

This determination to bind together as a team and support each other is a defining element of the team culture at Metal Co. Management hold themselves apart from the team; the football metaphor continues in the Managers' attitudes in that they are there to guide the team and coach them. Workers are expected to behave as team members and defer to the management team, whilst also holding themselves to be an elite team whose success depends on them working as one unit.

We had to come out of our comfort zone, I thought it was fattening us up for the kill but it was more than that, once we started work it kind of felt like that but it was also a wakeup call (John, Operator).

Once the plant was commissioned and began production, more people were recruited, however the induction for those new recruits was undertaken on the job, with the first thirteen employees were expected to play a large role. Darren was one of the first workers to be recruited after the plant opened.

That was all still going on when I came here, the culture was really pumped into us. The crew were the ones who had come up with it and they wanted to pass this on to everyone who came here. I suppose you could say that it was a bit of a brainwash, not really heavy but sort of 'If you don't like it here you can move on' (Darren Team Leader).

All new operators employed at the plant were taught the team song by their fellow workers in their first few weeks on the job. As Liam recalled:

It was the case that when a new person started, the guys would give them the song and run them through it at the toolbox meeting, then there was a time period and they would have to learn it (Liam, Site Manager).

Over time, the team song began to cause disharmony among the work team. It was such a novelty that senior management in the Parent Company would want them to sing it for

visitors. However, some felt that management had degraded the original purpose of the song and it no longer represented the workers' spirit, but was used as a form of control.

We got ridiculed by all the mates from the other sites, they would come over and say 'Give us the song'. I still get that sometimes now at the pub, 'C'mon give us your song' (Dave, Production Supervisor).

The song was very confronting, we don't do it anymore because it just got to the point where we were doing it every Friday, every week, but it was meant to be a celebration, like a football team, to celebrate a win. To sing it every week wasn't right, and it got to the point where they were saying sing it louder, let's take two and it just died off, because that's not a celebration; it lost its meaning (John, Operator).

After some contention (which also included some complaints to the union), the song was largely dropped from regular use. Managers took the view that they never owned the song, it belonged to the workers and it had already served its purpose in binding the team to the backmarkers.

We don't really sing it any more; it served a purpose there at the start, was a symbol of our courage that we would sing it in front of our mates. But we don't really need it anymore; we have the culture in place now. It's served its purpose and run its race (Dave, Production Manager).

The site manager regretted the loss of the song as a positive initiation process for new operators:

The thing I miss the most, when observing them, was that the new guy would come in, be in a new group of people and think, 'What's this all about?' and some would really struggle to even get the words out and the other blokes would help them. And you could see that they realised the other guys would help them, it was an initiation but it was also the case that the people they work with wouldn't laugh at them or ridicule them; they would be there to help them and lift them up (Liam, Site Manager).

3.5. Unions

The Greenfield agreement had been made with the union with traditional coverage of the larger Parent Company site, and its involvement went back to the establishment of the Parent Company, almost a century before. The site was traditionally well organised with a multi

level union structure onsite; delegates from all divisions gathered into a union site council and union membership was seen as a given amongst workers. From the outset, Metal Co was expected to have a union presence and union officials visited the site routinely.

It's a [sic] unionised site and was set up with, if you are a wages person you are in the union. It's part of the greater site and we wouldn't be part of the site if we didn't have the union here (Liam Site Manager).

Supervisors at Metal Co had come through the ranks of the workforce at the Parent Company and accepted that a unionised workforce as inevitable. However the Metal Co culture required openness from all its players and to turn to the union for help was the sign of a 'victim' mentality. The managers all expressed disappointment at any employee turning to the union as exemplified by the production managers comment:

The union has a role to play, we needed them to fight for wages and conditions, here now we don't really have that union culture, we try and sort it out before it gets to the point of conflict, and we try to talk it out (Dave, Production Manager).

All the operators were members of the union, and duly nominated delegates to participate in the union organisation on the larger site. However their early experiences were not altogether positive as the nominated delegates began a campaign to change the way overtime was paid, without talking to others.

The union came in and said we needed someone to take on the delegate role and a couple of people said they would do it. The ones who took it on were the ones who were unhappy about the additional hours so maybe they thought they could progress that issue. We had a few rough moments and communication breakdowns; we didn't always get all the information from them about what was going on but they were still learning about that too I suppose (Darren, Team Leader).

Despite this, all the workers interviewed indicated strong commitment to union membership as part of their identity as workers at the facility.

One guy, at first he wasn't part of the union, and the other guys said 'You need to be part of the union, we all stand together as a team and to do that you have to be part of the union' (John, Operator).

The view of union membership being part of the team culture is contrasted with Ted's view, a Quality Control Officer who straddled the line between management and workers. He was the only person recruited from within the Parent Company due to his specialist skills. His

approach to union membership as an insurance against injustice is more akin to the traditional view of union membership.

You don't have to be in the union but most people are, I have always been in the union, if you need help it's always here (Ted, Quality Control).

Management were unaware of this aspect of the employees' attitudes to unionism within the team. This further demonstrated that employees had developed a workplace culture that was not entirely a management construct, nor was it a product of external union organising at the facility. The union organiser had routinely visited the site, but it appeared that the union saw the greenfield site as part of the total workforce and did not give it any particular focus.

We probably have only had one union meeting, and the organiser looked at our conditions and said 'Well you don't have it too bad here, these conditions are pretty good.' They [employees] don't seem to want to create too much drama (Darren, Team Leader).

Prior to the union visit and nomination of formal union delegates, they had already taken up the issue of overtime and rosters with management. Within the workplace, the workers formed their own collective view, nominated a spokesperson and negotiated directly with management to achieve a satisfactory outcome.

We had a union delegate but he didn't really want to present himself as the traditional union man, more as the guys' spokesperson, some can't put things in words as well and he could do that for the group (Dave, Production supervisor).

Several spoke of their nominated spokesperson as being a natural leader, and one of the most committed employees to the workplace culture. He was ultimately promoted to another position within the company, which was used by management as proof that the Metal Co workers were superior to others within the company.

It could be said that the approach management took to the union was a case of 'hiding in plain view'. That the greenfield site was located in the centre of the Parent Company's existing site caused the union to perceive this site as one and the same with the other Parent Company's operations onsite.

But for the union guy we are just a small place in a much bigger site; there are only 30 plus permanent guys among other plants with 100 people each. He doesn't get a lot of

interaction from us, which is probably good from his perspective (Liam, Site Manager).

The workplace values placed strong emphasis on people taking ownership of the workplace and their own work, so complaining to the union was seen as a major challenge to workplace culture.

We have to be able to have a discussion before we run to the union, I am not going to stop you going to the union, but we have to have the discussion first. Once you have a third party in the room, it is like having a third party in the marriage (George, Operations Manager).

This paternal attitude to workers belied some of the other inclusive statements made about workplace culture.

One time I had a call from the union guy about something I knew nothing about, so I got the guys together and said 'Is all this courage, trust and pride just bullshit? What's the point of having some guy ringing me up out of the blue when no one has ever raised it before?' They then had some time by themselves to talk about it and then one guy came to see me and apologised for not bringing it up directly and agreed that's not what we are about (Liam, Site Manager).

At the time the field work was being conducted, the Parent Company was in collective agreement negotiations for the site, and the Greenfield agreement at Metal Co was also up for renegotiation. Workers mentioned very few areas where they wanted some changes, most of the claims related to progression and pay. For instance:

The classification structure is a bit limited; you can only get to Level Two here, whereas you can get to Level Six in other areas, so some might want more opportunity (Ted, Quality Testing).

The previous contention over the payment of overtime in an annualised salary seemed to have been resolved, with workers decided that overall it was an advantage.

With the new agreement I now want to keep the additional hours; my wife looked at what we would lose [and] said we should keep it, so we are going to keep it (John, Operator).

A new collective agreement for Metal Co was certified in August 2012 and replaced the greenfield agreement made in 2007 (Employment, Department of 2010c). The inclusion of overtime into an annualised salary was continued.

4. Are these cases examples of ideal typical greenfield workplaces?

House Co and Metal Co are both examples of an ideal typical greenfield workplace (Baird 2001; Newell 1991), however there are several differences in key criteria that demonstrate the 'shades of green' concept (Leopold & Hallier 1999) particularly in terms of location, management philosophy and attitude to union involvement. Both cases are similar in the method of recruitment of employees. There is a focus on attitude rather than skills in the preferred type of employees, however the implementation of a high commitment team culture and the use of HPWS was a feature of Metal Co. The Manager at House Co took a more conventional approach to employment relations, developing employee engagement policies and seeking feedback without expecting the full commitment of the workforce.

In both cases, the primary consideration for the Parent Company when deciding to open the greenfield sites was the acquisition of new technology that would optimise production and reduce the number of employees needed to operate the facility. In both cases the, Parent Company gave the greenfield site Manager wide latitude to implement their own management philosophy. Further, at Metal Co there was explicit support to try out some new human resource management ideas and the focus on developing a high commitment team culture at Metal Co was much more explicit than at House Co, where culture was not really mentioned at all.

4.1. Management Philosophy and Practice

The use of human resource management strategy (Richbell & Watts 2001) is evident in both cases, however Metal Co placed more focus on developing a high commitment team structure (Baird 2002) than House Co. The employees' commitment to the team at Metal Co has been carefully constructed and maintained by management within the organisation. In saying this, it can be seen that the new manager is less engaged with the high commitment strategy than the original manager, preferring to focus on more conventional HPWS incentive strategies such as Key Performance Indicators and targets (Becker, W 2007; Lee 2003). As the Site Manager at Metal Co stated:

There wasn't so much pressure at the start up as it was a new facility and things were still settling in, but when I started the expectations were changing and production expectations were going up so I had to work with that (Liam, Site Manager).

This is in contrast with the original manager's focus on building relationships with employees and identity as a team, whose purpose was to surpass the Parent Company's expectations through exemplifying the key values (courage, trust and pride). This aimed to create a working environment where productivity was enhanced. All company information was shared with employees who were expected to make suggestions and contribute to decision making about production processes.

The employees on each shift competed to outdo each other's production tallies and it appeared that this internal competition amongst employees was a serious motivator. There were several references made to shift competition and shift pride in conversations with employees.

At House Co more conventional human resource management strategies are implemented. Employees are kept informed through regular tool box meetings which discuss production issues and management regularly report on the performance of the site compared to other factories in the Parent Company. A formal suggestion scheme is in place whereupon employees can raise ideas or report on aspects of production which can be improved. The manager keeps a record of all ideas submitted and those implemented which is made available to employees and reported on regularly. As is the case with many employee involvement schemes (Glover 2001), there is a tendency for management to implement the ideas that will improve production whilst being slower to take up initiatives that improve employee's wellbeing.

Neither Metal Co nor House Co have a formalised consultative committee to discuss the operation of the collective agreement or discuss other workplace issues, although the relevant parent organisation have a site consultative committee for its existing operations and it appears that a greenfield site delegate attended some meetings in the past. At Metal Co this is seen as unnecessary, as management perceive workers to be part of the team and so they share decision making. At House Co there is an 'open door' management policy which encourages employees to raise concerns directly with either the Production Manager, Site Manager or HR Manager, with management taking a paternalistic approach to employment relations with claims that the workplace is one big family (Victoria 2011). Employees in both organisations did not share management views on communication, perceiving that

management maintained its decision making prerogative and only selectively shared information with staff.

We get a say, we have the team meetings but not a lot gets said really, it's mostly management talking (Peter, Operator, House Co).

Social events, site barbeques and pizza lunches were used by both Metal Co and House Co to recognise and reward employees. Metal Co has a formalised productivity bonus scheme in place through the collective agreement that provides an annual monetary bonus based on productivity targets set by the Parent Company. As the facility had exceeded its targets set, bonuses have been paid quarterly. Workers at Metal Co all mentioned the non monetary recognition as a positive incentive.

We get player of the month and every Friday we get lunch. It's good that we all talk together with the management, people let their guard down and relax a bit more. The bonuses are good; it is beautiful when you get it (John, Operator).

House Co does not have a formalised bonus scheme in place. In line with the generally paternalistic management style (Wray 1996), the site manager prefers to keep the decision to award bonuses as his prerogative. Supermarket and department store vouchers are the preferred form of recognition. The manager identified that the families of the workers will share in the benefit, which he believed was good for overall employee morale.

Employees enjoy the social events organised by management and some appreciate the voucher system, whilst others would prefer a monetary reward. Overall, employees in both sites considered that their workplace was a good place to work. There was opportunity to be involved in a new project with all the attendant challenges of working out the best way to run the new plant. At Metal Co they were very involved with other employees in their teams, socialising outside of work and covering each other when necessary. House Co employees did not appear to have the same level of involvement and there was some hostility amongst lower production workers towards the higher classified 'hot end' employees whom they considered enjoyed special favour from management.

I don't think they do it the right way; it seems to have one set of rules for one end and one set of rules for the other end, the 'hot end' are the protected species. People have been sacked at the 'cold end' for the same offence that they just give the hot end guy a talking to (Peter, Operator, House Co).

This was largely due to a management policy of task rotation that had not been implemented consistently.

4.2. Location and Layout

Whilst House Co and Metal Co appear to be at opposite ends of the spectrum when considering the location for the greenfield site, they share some similarities of purpose. House Co made the initial decision to locate its new facility in a particular state to take advantage of a burgeoning market of opportunities for its product. However, the final determination of site location was to take advantage of a proximity to the source product and transport corridors as well as environmental factors. Metal Co chose to co-locate its facility on one of its existing large industrial sites; this also offered advantages in terms of proximity to source materials and transport. Managers at Metal Co had some interaction with other managers onsite through group management meetings, however it appeared that they experienced some hostility from other managers on the site who were aware that they had special status as an experimental facility onsite.

George had hollered long and loud about the success of the plant and it was the first major change when he left and I came on, I was conscious of it but didn't carry it as a burden. Everyone was wondering what would happen and some perceived it as a threat and others outside the plant said that it would probably all go to crap (Liam, Site Manager).

Both Metal Co and House Co utilised a single line layout typical of lean production, however there was no evidence of a particular focus on layout as a human resource management tool as found by Baird (2010a), for surveillance purposes or to maximise teamwork. The layout of the facility was purpose built to accommodate the layout of the plant, which was designed to feed raw materials in one end and the finished product at the other. Management offices were located adjacent to the plant but did not have direct overview of the factory floor, Managers and Production Managers stating that they spent much time on the floor rather than in their offices. Employees and managers shared facilities at both sites, although at House Co there were several meeting rooms and offices that were used exclusively by management. At Metal Co some employees complained that the barbeque area and lunch room they had built at start up had now been commandeered by management as a training facility.

4.3. Employees

House Co and Metal Co demonstrated the most similarity in terms of their employees. Both greenfield sites did not employ anyone from its existing sites. For example, House Co's existing facilities were interstate however there was no attempt to get existing staff to relocate to the new facility even though they had all the experience and skills required to operate the plant.

Metal Co, being located in the middle of a huge existing site had access to any number of existing employees to fill its needs. However, Metal Co deliberately chose to employ through a local recruitment agency, to whom they gave specific instructions as to the sort of people they were looking for, with the emphasis on those with no previous experience at any of the Parent Company's sites. While Van den Broek (2003) found that the main purpose of excluding employees from existing sites was to exclude potential union supporters, there was no evidence of this at either of the case study sites.

Both companies chose managers from among its existing subsidiaries to start the plant, although the managers had not had any experience in the product being made at the respective greenfield sites. The Production Managers at Metal Co had worked in other facilities on the same site for many years; the House Co Production Manager came from a local subsidiary which had downsized, but he also not no experience in making the product at House Co. This was the source of some pride in management that they had all come with no previous experience but had worked to make the factory productive in a relatively short period.

In both cases, previous experience or skill were not the criteria for recruitment amongst employees, a typical attribute of greenfield sites (Hallier 2001). Employees were hired on the basis of a positive assessment of their attitude to acquiring new skills, enthusiasm to be involved in a new project and attitude to dealing with changing requirements. Due to the proactive approach of the HR Manager handling the closure of a factory in a nearby industrial area, a number of employees from that facility were employed at House Co, however the House Co HR Manager did not feel that they 'imported' any of that facility's culture as they were careful to ensure that there were a mix of employees from other backgrounds on each shift. Some employees interviewed did compare House Co with their previous place of

employment, however there were mixed views on whether their new employer compared more or less favourably than the old.

Employees seemed to be largely satisfied with their employers, although some at House Co were looking for other employment as they felt that career progression was not available. At Metal Co, employees seemed happy with the working environment, although it appeared that there were only a handful of original employees remaining, with some original staff leaving to take up other opportunities in the Parent Company.

Due to the downsizing that had taken place at House Co, employees were somewhat disillusioned with management, feeling that they had not coped well since the return to two shifts and lower production. This was particularly the case with employees who wanted career progression and the opportunity to work extra shifts. Opportunities to move up the classification structure had almost disappeared when the facility reduced shifts. Consolidating the remaining workers into half the shifts resulted in higher classified workers than was required, so no promotions were occurring and employees felt that the process of promotion was based on favouritism rather than any objective assessment of employees' abilities.

Both House Co and Metal Co used casual employment as a proxy for the probationary period of employment provided by legislation (Employment, Department of 2009). Once the facility had commenced work, all new employees were recruited on a casual employment basis for an unspecified period until such time that management determined to offer permanent positions. The Production Manager at House Co admitted there were downsides to using casual employment:

We made a conscious decision to employ casuals; if they worked out we would keep them, if not we moved them on. The problem with that strategy is a good worker will not leave a permanent job for a casual one so the calibre of our employees would often not be there.

At this time all eligible casual employees were required to apply and be interviewed for the permanent positions available. A further period of regulatory probation would then apply. The collective agreements did not provide for any restrictions in the form of employment that could be utilised at either site. The managers expressed a view that this method of employment was necessary to ensure that they minimised the risk of employing unsuitable staff.

At Metal Co, management used casual appointments to fill vacancies, resulting in about half the workforce being casual at the time of the research. There was a formal process to select casual staff for permanent employment that involved assessment by other permanent team members as well as management.

The guys are quite fussy about who they work with, so if they find that one of the casual guys are not pulling their weight they will speak up about it (Brent, Production Supervisor).

Only five operators staffed each shift so it was important that they all worked harmoniously together to keep the plant running. If any of the team did not play their part or work well with others, the shift output would be compromised. Once a casual team member achieved permanency, they publicly committed to the team goals through a pledging ceremony; this included adding their name and thumbprint to a pledge board outlining the Metal Co motto and values.

There is a pledge board out at the main door; the pledge is out there and new employees take the pledge and have their thumbprint put on the board to demonstrate their commitment to the [company] values (Brent, Production Supervisor).

4.4. Work Organisation

Initial employees at House Co were sent interstate to the company's largest facility to learn how to operate the furnaces used in production. This is the most important aspect of the plant; if the furnace is not operated correctly the product quality is compromised and any disruption to furnace operation costs days of production. These employees are the highest classified within the facility and mostly do not rotate through other tasks as other production employees do. All subsequent training was done onsite by existing staff or management utilising programs and materials developed by the Parent Company. Due to the chaotic nature of the first two years of operation, many training tasks have not been completed and improving training and development is a priority for the House Co Manager.

Metal Co also trains all employees onsite. Initially, engineers from the European plant supplier worked with local staff to commission the plant and train employees in plant operation. As the site developed, the teams have developed their own production techniques. For example, adding an extra person to each shift to handle re-welds allowed the normal

welder more time to work on this task without having to move up and down the line. This improved quality and productivity and addressed a rising rate of injury.

We have had to adjust our work processes because we started to see our injury rates go up, so we had to look at getting the best tools we could get to do the job. The problem was that the more productivity went up, the more injury rates went up (Liam, Site Manager).

Health and Safety was a particular focus at both sites, lost time injury being a significant key performance indicator for employees and management. Both parent companies are workers' compensation self insurers and have extensive policies and procedures in place to reduce OHS risk.

4.5. Unions

Union membership was almost non-existent at House Co. There was no union structure onsite and the union did not actively participate in any employee forums. Management expressed no particularly hostility to the union; the union organiser visited the site on occasion for general recruiting, however all managers interviewed expressed the view that workers becoming unionised would be a sign of management failure.

We've have had no problem with the union coming out, they do their visits, set up in the lunch room, talk to the employees. But I hope people have thought, 'What's in it for me? How much is it going to cost? I don't really have any problems' (Production Manager, House Co).

However, organising campaigns had not been successful in recruiting employees to the union. Some employees interviewed were generally in favour of union involvement in collective agreement negotiations, yet all expressed dissatisfaction in the current Greenfield agreement, identifying various deficiencies in penalty payments and call back provisions. All those interviewed were aware that the current agreement was expiring in six months and had views on pay increases and changes they believed were required. This is in contrast to management who expressed general satisfaction in the collective agreement terms. In saying this, the management team were prioritising policy development rather than renegotiation of the collective agreement.

Union membership overall was not identified as a priority amongst employees. It appeared that employees viewed their fellow union member employees, who had all left the organisation, as poor examples. Collectivisation theories (Hyman 1989; Kelly, J 1998) emphasise the requirement for both leadership and collective sense of grievance to create solidarity. There was no sense of either of these factors being present at House Co.

In contrast, all employees expressed a strong commitment to unionism at Metal Co, seeing membership as a fundamental part of expressing commitment to the team. The concept of dual commitment to employer and union has been explored in a number of studies (Bemmels 1995; Deery 1994; Simms 2007). These found that employees who expressed such a dual commitment were not particularly active in union activities and that the evidence of dual commitment was more likely where the employer and union maintained a generally positive relationship as was the case at Metal Co. A strategy of union incorporation has been pursued in a number of greenfield sites (Cornette 1999; Garrahan & Stewart 1992a; Gunnigle, Patrick 1995), with management either encouraging union membership or taking a deliberately neutral stance to ensure that the preferred union maintained sufficient support to prevent a more militant union from gaining a foothold.

House Co and Metal Co are examples of contemporary greenfield workplaces where management has sought to remake employment relations. Metal Co has used many of the strategies considered typical of greenfield HRM, but has taken it in a new direction in the use of the language and framework of the sports team as a tool to develop a high commitment culture. House Co typifies the greenfield site that seeks employee commitment and engagement but retains managerial prerogative to a greater extent and applies a paternalistic philosophy towards employees. The House Co management culture is positively influenced by the parent company's philosophies and practices, while Metal Co used the negative aspects of the parent company culture to create a new team based work culture within the new facility.

5. Conclusion

This Chapter has examined how two greenfield workplaces in the manufacturing sector use the approach consistent with the ideal typical greenfield concept as a structure for understanding contemporary greenfield workplaces. Metal Co and House Co are greenfield

workplaces whose management strategies conform to the expectations of a typical greenfield site. It has been demonstrated that the management philosophy at Metal Co sought to create a new paradigm of high commitment and shared understanding between management and employees. In contrast, House Co has pursued a strategy of creating a positive employment culture to encourage employee involvement.

As part of an overall paternalistic management ambition to look after employees' interests and wellbeing, House Co management devised an employment relations strategy that focused on downward communication without a strong commitment to involving employees in decision making. Metal Co takes employee engagement to a higher level, creating an ethic of teamwork with an emphasis on mutual support between employees and management. Personal growth and development lies at the heart of the employment philosophy of the start-up manager, who sees the workplace as a site for employees to realise their potential and thus realise the productive potential of the workplace. Such an idealistic ambition seems bound to fail as the imperative to increase productivity subsumes finer considerations of achieving human potential, however Metal Co employees embodied these ideals to a remarkable level and reported a high level of satisfaction in their employment.

Both House Co and Metal Co have had unexpected challenges which have led to changes to the original plans of management. House Co experienced an unexpected surge in demand that caused the initial production schedules to be abandoned; staff were required to respond to these challenges in an environment that management admitted was somewhat chaotic. Employees had accelerated opportunities for advancement, largely responding positively to the challenges. The subsequent slump in demand, which caused the site to reduce its output and employee numbers, left many feeling disillusioned with both management and the workplace.

Metal Co did not experience the external drivers of change; internal management change during the second year of operation led to a new management philosophy that moved the workplace away from its focus on building a high commitment culture to incorporation of key performance indicators and formalisation of procedure typical of lean production. These changes were the initiative of the parent company to maximise productivity. There is ample evidence in other studies to support the argument that nurturing workplace culture is not a high priority in the boardroom (Konzelmann & Forrant 2003).

The evidence of the greenfield site studied in this chapter is that managers are using the opportunities created by a greenfield agreement and a new location, new employees and new technology which offer the 'exceptional opportunities for change, particularly in adopting human resource management policies and establishing good employee relations as noted by Newell (1993 p.20). The opportunity to re-establish relationships with unions is demonstrated by the substantially simplified and rationalised terms of the Greenfield agreements negotiated and the limited involvement of the union in workplace communication and consultation. The strategy of the management provides evidence of union substitution, albeit with some unexpected outcomes at Metal Co, where there is evidence of dual commitment to both union and workplace.

CHAPTER EIGHT: DISCUSSION AND CONCLUSION

1. Introduction

This thesis has been undertaken to describe and explain the features of Australian Greenfield agreements in the period from 2006 to 2012. This chapter brings the findings together to answer the question: What are the features, causes and transformational potential of Greenfield agreements?

Over the preceding chapters, I have undertaken a full examination of the uses of these agreements and have found that Greenfield agreements can be divided into several distinct segments. A discussion of these findings will take place in the first section of this chapter. This project then investigated whether there was any evidence of transformational employment relations by actors through the use of innovative strategies. The issue of the transformational potential of workplaces that make greenfield agreements was a primary focus of this research in the conceptual phase and this led to the initial design of the research.

This focused on investigating greenfield workplaces using a case study approach to determine whether the claims made by the literature could be substantiated and further elaborated in the current period. However an investigation of the workplace agreements dataset on Greenfield agreements demonstrated that most Greenfield agreements are not made for businesses which fit the usual criteria for a greenfield workplace. Greenfield agreements are most often made to set wages and conditions in short term projects, very few are for new ventures that fit the 'ideal typical' model of a greenfield site. As a result, for most of this study, the research method was adapted to a sectoral level analysis rather than an analysis of individual workplaces. However it was possible to undertake case studies in two sites which appeared to be implementing some of the ideal typical elements found in greenfield sites. The research

method therefore encompassed an initial examination of the previous research on new plants and greenfield sites, followed by an analysis of the greenfield database, a broad sectoral investigation of strategies used by actors making greenfield agreements and some individual workplace studies of the strategies used by managers within new workplaces, to determine whether there was evidence of typical greenfield management strategies.

The three main Greenfield agreement segments: project construction, third party service provision and new ventures, are identified in chapter four and discussed in chapters five, six and seven. Most of the analytical attention here has focused on the interactions between employers and unions who make Greenfield agreements, and considered whether Greenfield agreements provide these actors with opportunities to remake their employment relationships. The findings to this aspect of the research question have been mixed. There is some evidence that managers in new ventures who use these agreements have taken the opportunity to re-create their relationships with employees and unions. This was the subject of the previous chapter and will be further analysed later in this chapter.

However, most Greenfield agreements examined for this research were not made for new venture businesses and did not demonstrate any significant innovation. Rather the opposite was true for the majority of agreements registered for use in the short term construction project segment. Stability and continuity were the focus of both employers and unions in making these agreements to maintain existing conditions within the sector and to limit the potential for new projects to raise rates and conditions above incremental expectations. Lastly, a focus of this thesis has been a consideration of the influence of the external environment on the strategies of actors, in particular the changing regulatory environment brought about by the abolition of the *Workplace Relations Act (Workchoices Amendments)* 2005 and the introduction of the *Fair Work Act* 2009.

The influence of external factors has been pivotal in this research, as an initial hypothesis was that changing regulatory and political conditions would exert a major influence on the strategies of actors making Greenfield agreements. The findings to this question were also somewhat mixed. The database of agreements themselves did not show a major impact of regulatory change, although the research participants did view the changes as a significant factor in the employer/union relationship. Unions were seen by all parties to have more overall influence in greenfield negotiations under the *Fair Work Act*, and to be more

empowered in negotiations, although there was variation among industry sectors. This will be discussed further in this chapter in the context of each sector.

The research questions outlined in chapter one have been the focus of this thesis and the discussions in chapters four to seven have provided answers to these focus questions. As a study of greenfield agreements has never been undertaken in Australia and for this reason the findings are limited by the lack of previous data. The research design using a multi method approach was used to assist with this challenge and the findings of this research project are a significant contribution to the discipline by opening up a previously under studied area for research. A summary of the answers to the research questions appears below and is developed in this final chapter.

Research Question

- **What are the features, causes and transformational potential of Australian Greenfield Agreements?**

Greenfield agreements have a particular feature as a form of collective agreement that is made between a union and employer before any workers are employed at the new site. In Australia they make up a small but important part of the collective agreement landscape and are most used in the short term project sector for large construction projects. They are a necessary instrument for providing a consistent set of wages and conditions for employees in new sites, assisting the employer by reducing the need for consultation and negotiation with employees at the time of engagement.

The potential for transformation of employment relations is limited as the agreements are most often made many months before employees are employed on the site and the employers and unions that make agreements take a conservative approach to setting terms of employment for a site which may not be operational for many months. In the construction project sector there is a concern that if wages paid on a new project are a lot higher than the existing projects nearing completion, the workers on these projects will move prematurely to the new project. A careful consideration of the effects of a new greenfield agreement on existing projects is a central focus of both employers and unions in this segment.

Despite this limitation, the case studies on new ventures that utilised greenfield agreements did use them to transform some areas of employment. Classification structures are most

often streamlined into broad categories of work that collapse several award classification streams into a single structure. The use of HPWS such as job rotation and multi skilling were evident to make maximum use of human resources. The most salient feature of both case study sites in terms of a deliberate focus on transformation was the engagement of new employees and the deliberate decision not to transfer existing employees from the parent company's brownfield sites.

Sub Questions

- In what situations do actors make use of Greenfield Agreements?

As discussed a greenfield agreement was found to be made for a new workplace where no employees had yet been employed and the findings of this research were that these agreements may be divided into three broad segment – Short term projects, mostly in construction but also in shut down maintenance and performing arts; Third party labour service provision and New ventures. The focus of employer strategy is different in each of these segments and further discussion and findings for each of these segments will be made further in this chapter.

- Do actors use Greenfield Agreements to remake employment relations?

The findings of this research are specific to the segments identified above, but there was a common finding that employers sought to remake relationships with unions when negotiating a greenfield agreement. This finding is consistent with Baird's (2000) model in which remaking relationships with unions was a key focus. The ability to select a single union partner for the greenfield site is limited by legislation and the environment in the industry where the greenfield agreement was made. This finding is linked with the final research question in regards to the influence of regulation on the capacity of employers and unions to exercise their preferred strategy. The impact of changing legislation is elaborated further in this chapter.

- What are the influences on employment relations strategies for actors who are parties to Greenfield agreements?

The capacity for actors to implement their preferred business strategy in a new site is made within the restrictions of the external environment. The capacity for an employer to introduce new human resource management policies or new condition of employment in a Greenfield agreement was somewhat limited by the regulatory framework and industry environment. The Workchoices period enhanced employer's prerogative to limit negotiations to a single union or no union at all, using an Employer Greenfield agreement (Gahan, 2007) and prevented other unions from representing members on a site with a Greenfield agreement.

The Fair Work Act abolished Employer Greenfield agreements, after which employers were forced to negotiate all Greenfield agreements with a union, and the restrictions on union access to sites was relaxed, which resulted in employers in industries with strong union membership making agreements with multiple unions to restrict a union who was not a party to the agreement campaigning on the site once it is operational.

The most significant finding in this thesis is that it is the power capacity of workers organised through their unions that influences the outcome of Greenfield agreement negotiations. Where union membership is high and the workers are militant, the union has a much greater capacity to negotiate their preferred outcome in the Greenfield agreement. This is tempered by union negotiators reluctance to set wages and conditions too high above the current industry standard as this will have flow on effects in other areas of their membership on other sites. However rivalries between competing unions have resulted in wages in the construction project sector increasing at a much higher level than the rest of the construction industry. A focus of the 2012 enquiry into the Fair Work Act was a perception that Greenfield agreements were becoming unsustainable and the union rivalries in the sector were partly responsible for this claim.

In summary, this Chapter provides an overview of the steps undertaken in the research and the initial literature findings. It then summarises the findings of all three elements of the research, focusing firstly on the findings of the database investigation discussed in Chapter Four, followed by a discussion of the project construction segment in Chapter Five, the third

party service segment in Chapter Six and finally the findings of the new venture case studies in Chapter Seven. The features of each segment are analysed and compared in terms of the actors' strategies through the lens of strategic choice theory. Finally some findings are discussed on the how the Greenfield sector may be understood through the uses of power by the actors in each industry segment and implications are offered for further research.

2. Features and Differences between Greenfield Workplaces and Greenfield Agreements

In the first instance a review of the literature established that certain characteristics have been attributed to the greenfield workplace. This was the focus of Chapter Two. A new management philosophy, location and employees were identified as primary factors in defining a greenfield site (Newell 1991) and further developed with evidence of new forms of work organisation such as through strategic human resource management (Guest, D & Hoque 1996; Guest, D & Rosenthal 1993; Gunnigle, Patrick 1995; Gunnigle, Patrick, MacCurtain & Morley 2001; Townsend 2005). Redefining relationships with unions was also identified as a key factor by Baird (2001), although there was much evidence of a strategic approach to union recognition in many early case studies such as Whitaker's (1986) study of a Cadbury greenfield site and Nissan's new production facility (Garrahan & Stewart 1992b; Wickens 1987), both in the United Kingdom. These five elements may be present in many variants but at least some of them must be evident to consider the workplace a greenfield site.

A significant contribution was made by Leopold and Hallier (1999) who identified that a greenfield site may make a range of decisions on the key elements and still be considered a greenfield workplace. This further led to the conceptualisation of 'shades of green' in workplace arrangements on greenfield sites (Richbell & Watts 2001). It has long been argued that Greenfield agreements provide managers with optimal conditions to transform employment relations through high commitment work practices and attitudinal recruitment and selection (Baird 2001; Guest, D & Rosenthal 1993; Lamare et al. 2013; Newell 1993). The picture presented by much of the literature on greenfield sites creates the impression of managers transforming worksites from Taylorist facilities of impersonal production to places where individuals finally reach their potential as human beings through cooperation in a common goal (Hursthouse & Kolb 2001; Van den Broek 2004). However the commitment to the pursuit of excellence through high performance work systems has often been short lived

as both managers and workers are unable to maintain the early intensity of the greenfield site over the long term and external pressures are brought to bear on the business (Baird 2002; Becker, WS 2013; Boxall 2012; Rubinstein & Kochan 2001).

As this research project has studied workplaces that have negotiated a Greenfield agreement under Australian federal legislative arrangements, the minimum requirements for registering an agreement as a Greenfield agreement needed to be demonstrated by applicants. These agreements required that no employees be employed before the agreement was made and that the agreement be made with a union. A full discussion of this was undertaken in chapter four and is summarised below. As a result of this investigation it was determined that workplaces using greenfield agreements exhibited marked differences from those considered in previous studies, leading to the development of a research method, discussed in chapter three. This provided both answers to the primary research question and further investigated the strategy and influences on actors who negotiate Greenfield agreements and manage greenfield workplaces.

Kochan et al. (1994) cite the use of a greenfield strategy to develop a new business project as evidence of the use of strategic choice. The evidence from this study supports the view that actors make different strategic choices at different levels of activity (Kochan et al., 1994). However while a greenfield strategy provides actors with solutions to their organisational objectives which would not otherwise be achievable in an existing site, there are limitations to the application of strategic choice to sites with Greenfield agreements. This finding is tailored to the objectives of each greenfield segment and the focus of the strategy of employers and unions at the levels of long term strategy, collective bargaining and HRM and the workplace.

The influences on employers and unions and the strategies they attempted to implement in negotiations for Greenfield agreements became central in answering the research questions. As employees are not directly represented during these negotiations, bargaining power seems to favour the employer who can pursue their claims at the bargaining table without the need to consider employees claims. This perspective has been supported by a number of studies; with the Saturn case study as a notable exception (Sherman 1994), the union's role was mostly reduced to assenting to the claims of the employer to gain access and recognition

(Ackers & Payne 1998; Guest, D & Rosenthal 1993; Gunnigle, , MacCurtain & Morley 2001; Kelly, J 2004).

The findings of this study provide a different view of the relative power of actors who make Greenfield agreements. In some sites, most notably in project construction, the influence of the union on bargaining outcomes was much higher than would be anticipated, given the circumstances. In these cases the power capacity of workers within the industry provided bargaining power to the union. Union strategy exploited this advantage wherever possible and employers, under the pressure of stakeholder scrutiny, make concessions in bargaining negotiations that would otherwise be unnecessary to obtain an agreement. Negotiations for Greenfield agreements between the parties exhibited a greater level of complexity when the power capacity of workers in the sector was high. Further, external conditions in the industry and the relationship between the actors were highly significant elements to their greenfield site strategies. In analysing how this complexity influenced the actors' strategies, this research has drawn upon concepts of power developed by Lukes (2014), Marchington (1979) and Clegg (2011). Power is exercised by the organised mobilisation of workers by unions (Kelly, J 1998), which then influences the perception of their power capacity in employers with whom they negotiate. The repeated interactions between employers and unions on multiple sites and at many negotiations, results in bargaining relationships that are highly influenced by the dispositional power of each party in the negotiations.

The concept of power capacity and its influence on the outcome of Greenfield agreement negotiations has been analysed through the lens of the relative power capacity of actors in different greenfield segments and is further discussed later in this Chapter.

3. Greenfield Agreement analysis

Greenfield agreements made under the Australian employment legislation are a small but significant segment within the collective bargaining regime. These agreements are available to actors in all industries to provide employment conditions and pay prior to the commencement of employees on the site.

As discussed in Chapter Four, a Greenfield agreement must be negotiated with a union which has the capacity to represent the employees who will be employed on the site. The basis for

establishing which union (or unions) is (are) eligible to negotiate the agreement with the prospective employer is contained within union rules approved by the industrial relations tribunal. Some categories of employment can be represented by a number of unions, with rules that encompass general occupations such as manufacturing or labouring. Other occupations have a single union organisation for their occupations such as electricians and maritime workers.

The coverage rules for unions limit the scope for employers to make single union agreements and competition amongst unions in some sectors leads to disputes over recognition by employers to undertake greenfield negotiations. Employers must think carefully about their options before entering into negotiations with a single union in sectors where union competition is rife.

The analysis of Greenfield agreements undertaken in Chapters Four to Seven (inclusive) has revealed that there are a number of sectors in which Greenfield agreements are made in Australia. The largest number of agreements is made for regulating construction work in large infrastructure projects. The second most numerous group are those made by the third party service providers which provide labour services in occupations such as cleaning, hospitality, security and transport. The smallest group are those made for employment relations in new start ups. This latter group are businesses that have been known as greenfield sites and widely studied over the past 30 years. These sites have most often been in manufacturing but are also evident in industries ranging from telecommunications to retail providers and health.

4. Greenfield Agreement typology in Australia

The most salient fact about new start up venture greenfield sites is their often transitory nature. Most new ventures which made a Greenfield agreement during the research period did not survive until the expiry date of the agreement. Of those that did, some exhibit signs of innovation in employment relations and are attempting to create workplaces where the employer used the greenfield site to improve productivity and is associated with high levels of employee engagement. However most simply provide compliance with regulatory minimum terms and conditions and provide a safe employment relations environment upon which to launch a new endeavour.

Greenfield agreements are made to limit the uncertainty of engaging with employees in bargaining. These agreements can only be made when there is at least the appearance of a new workplace being created. In truth many of these workplaces are temporary construction worksites or projects, usually for infrastructure developments and with large injections of public money. The capacity of employers to reduce uncertainty through making an agreement is limited by the necessity to make these agreements with a union. The evidence of this research is that the industrial muscle previously demonstrated by workers creates bargaining power for the union that negotiates the Greenfield agreement. Where workers in an industry have a history of militancy, such as those in the construction sector, employers proceed with extreme caution in developing their employment relations' strategies. Unions in the sector come to the bargaining table with the power to determine bargaining outcomes to a far greater extent than in other sectors where Greenfield agreements are made.

4.1. Project Construction Greenfield

The focus of the principal contractors and employers in project agreements is to limit risk, particularly the risk of industrial disruption onsite and therefore deliver the product or project on time and on budget. Unions are less sensitive to the possibility of losing the capacity to organise workers on the site and so have a greater sense of leverage in negotiating agreements in projects where timelines are very tight and penalties often apply for late completion. Changing regulatory frameworks from Workchoices to the *Fair Work Act* have provided scope for employers and unions to alter their employment relations' strategies in negotiating Greenfield agreements. The *Fair Work Act* has created the conditions for more militant activities by unions who make Greenfield agreements in the construction project sector. Employers must bargain with unions who can represent the majority of the workers on the greenfield site. As the CFMEU and AWU can both represent workers in civil construction, they have competed aggressively to be the primary party to construction project Greenfield agreements and this has had ramifications in the sector. Employers interviewed for this research viewed the high cost outcomes of bargaining as a threat to the ongoing sustainability of the industry. Submissions by employer groups to the *Fair Work Act* Review of 2012 (McCallum, Moore & Edwards 2012) also claimed that Australia is becoming too expensive for investment in infrastructure projects .

A high level of industrial militancy amongst workers in this industry had been tempered by a high level of restrictive regulation under the *Workplace Relations Act's* Workchoices amendments. The ability of unions to use the bargaining power gained by this militancy was curtailed by the denial of access to workers, restrictions on the scope of bargaining matters and fines and penalties. The change through the *Fair Work Act* has released the power of the union from some of its bonds and this research demonstrates that the power balance between employers and unions had shifted towards labour in construction.

4.2. Third Party Service Provider Greenfield

In the third party service providers, workers are simultaneously impacted by job insecurity and having to be rehired by a new employer in each new contract period. Organisation that use outsourcing seek services at the lowest possible cost, particularly in the public service where neoliberal rationalisation policies have demanded that cost be the overriding factor in outsourcing decisions (Westcott, Baird & Cooper 2006). This results in frequent change from one service provider to another who has submitted a cheaper tender which often reduces pay and conditions to workers. During the Workchoices period the evidence of this research suggests that many employers in the service sector took the opportunities provided by the legislation to strip pay and conditions using Australian Workplace Agreements (AWAs) and Employer Greenfield agreements (EGAs). The change in legislation removed this option and forced employers to negotiate agreements with unions. However the evidence of other research demonstrates that the service sector has the lowest outcomes in pay and working conditions among all industries and many working in the industry are on casual arrangements (Ackers & Payne 1998) and agreements continue to feature low rates of pay and conditions that mirror awards.

An attribute of this part of the third party service sector is the lack of power for both employers and unions to determine the content in Greenfield agreements. The principal site operator, which may be a large public service department or mining company sets out the conditions under which the contract will operate, leaving little room to move in the negotiation of employment provisions or in the ability to innovate. Most innovation occurs around labour flexibility; many Greenfield agreements use the flexibility provisions in the legislation to squeeze more profit from the slim margins in these operations. Unions are least able to make demands for improvement or increased wage outcomes in Greenfield

agreements in a sector where increased costs or benefits in a contract will just make the cheaper option more attractive to the outsourcing client.

Unions' power capacity is limited to putting external pressure on the client to improve the terms of their tender; there is some evidence that this strategy was effective in the LHMU's Cleanstart campaign (Crosby 2009). Although it was reported that the results were 'patchy' in interviews conducted with an LHMU Official for this research, the effect on the industry was significant mostly due to the negative publicity about working conditions in the sector; this has had ongoing effects on employers' willingness to recognise the union.

Not all workers in the service sector are as marginalised as cleaners. Security service workers were reported to have the most leverage in contract negotiations, due to the licences required and the requirement for a smooth transition from one contract to the next with no interruption of security provision. In a few reported cases the workers were able to extract a better deal through refusing to take up employment with the new employer or taking industrial action over workplace health and safety issues. The capacity of these workers to disrupt the client organisation is the factor that incentivises clients to agree to higher premiums in the amount paid to contractors in this sector.

The capacity for workers in the sector to disrupt production is limited but most significant when it is enacted in the contract handover stage. The evidence of this research is that service sector employers have limited options available when recruiting workers to undertake work in the new contract. Remote locations and tight handover deadlines discourage the undertaking of extensive recruitment processes. In most cases the service employer will take on the existing workers to ensure continuity of service for the client. The timeframes that the third party service provider must comply with to meet the client's tender requirements can add further pressure to the union's claims. Unlike the project construction or new venture sector where agreements are made many months before work commences on the new site, the outsourcing organisation may only commence the tender process for a new contract a few months prior to the start of the new contract. The Greenfield agreement must be agreed by all parties before the contract commences to be legitimately certified, so unions can exert some pressure on employers and clients in negotiations if existing workers demonstrate that they will not accept lower conditions. This is a high risk strategy for individual workers as there is

no guarantee that they will be re-employed by the new supplier if they cause trouble on the clients site.

4.3. New Venture Greenfield

However the shoe is on the other foot in greenfield start ups. The employer has the advantage of controlling many of the elements of the new site. The motivation for establishment of the new facility is subject to a number of variables, but Baird (2001) and others have identified the remaking of industrial relationships as a key consideration.

Single union agreements are a feature of the new venture greenfield site both to reduce the complexity of employment relations onsite and to lock in the preferred union to a binding agreement. The evidence of this research is that unions may retain some residual bargaining power from their organisation of workers in the company's brownfield site as was the case at House Co but the restrictions on collective bargaining to making agreements for single enterprises reduces the capacity for unions to transfer conditions from one site to another. In many cases the union is focused on preserving jobs and security for its existing members in the brownfield site rather than achieving outcomes for the greenfield site.

The location of the new site is a significant advantage used by the Parent Company to find a place where conditions are optimised, often where labour costs are lower in areas of higher unemployment. Numerous studies have noted that siting new ventures in areas where socio-economic conditions are tough provide management with the optimal environment to remake employment relations (Garrahan & Stewart 1992b; Gunnigle, Patrick 1995; Hursthouse & Kolb 2001). Under these conditions, unions have far less bargaining power. The evidence of this research is that signing a Greenfield agreement is often less about creating optimum conditions than about getting access to the facility for representation purposes and ensuring other rival unions are kept out.

While some case studies found that the union did manage to organise workers and exert influence on the greenfield site, the evidence in this research is that the unions took very little active interest once the greenfield agreement was made. The relentless cycle of enterprise collective bargaining and the decreasing resources of unions to manage this workload have resulted in a focus on the bargaining cycle in organising teams while servicing members has been devolved to specialist service teams often located in call centres that do not focus on

recruitment or workplace development. It is somewhat of a 'chicken and egg' problem as while the workplace remains unorganised, membership will be low and it will remain under the radar for organising activity (Simms 2015). Workers in greenfield sites become aware of the shortcomings of the agreement by the time it is due for renewal but may be reluctant to join the union if they are perceived to be indifferent in the workplace or, even worse, the culprits of the agreement problems (Cooper & Briggs 2009). This was certainly true in the House Co site where workers were actively considering contacting other unions to be involved in the upcoming agreement negotiations. Ultimately the replacement collective agreement was certified in June 2012 with no union named as a respondent. The changes to collective agreement regulation in both the Workplace Relations Act and the Fair Work Act give employers the option of not renegotiating the second agreement with a union but directly with workers, a strategy that has been noted by Cooper et al. (2009) as a product of ongoing state intervention in collective bargaining to encourage direct bargaining between employers and employees without trade unions.

So the power capacity of workers in new ventures with Greenfield agreements remains largely unrealised through disorganisation. Previous studies have demonstrated that employee engagement strategies in new workplaces are designed to capture workers' commitment and keep it focused on the goals of the employer (Boxall, Hutchison & Wassenaar 2015; Van den Broek 2004). As was evident in these studies, new employees who are engaged in creating a new work dynamic use their collective power to realise productivity targets and make the new workplace a success. Particularly in the start up phase, everyone at the plant is engaged in something new and exciting; it is only once production begins to normalise that discontents emerge. At that point workers may start to flex their muscles but in the absence of collective organisation that capacity may be difficult to focus on achieving the desired change. In the case study sites, House Co suffered a severe setback and many workers were made redundant with management using this process strategically to get rid of people that managers perceived were malcontents among the workforce.

At Metal Co, contact with the union was unsatisfactory and workers were left to negotiate an outcome on their own, however it appears that turnover increased among the first group of employees from that time. It has been noted by Baird (2002) and others (Boxall & Macky 2014; Purcell 2014) that high commitment employment strategies place greater stress on employees and if their commitment is not returned in kind by the employer many will quit

rather than attempt to change the culture of the workplace. This was evident at Metal Co, where employee turnover had increased since the new management team commenced. It was less evident at House Co, however it was only a few months after the unexpected downturn in business had resulted in a significant reduction in employee numbers and employees interviewed were still feeling uncertain about the future after that event.

5. Power Capacity in Greenfield sectors

As was outlined in Chapter One, the level to which an organisation is dependent on a group of workers to carry out critical tasks is one measure of their power capacity. The other key factor is the likelihood that the organisation will be able to substitute these workers' skills and meet their organisational goals if these workers choose to withdraw their labour. Where workers are both critical to the functioning of the workplace, and also have skills that are not easily replaceable, and acknowledge and act on this power, Marchington (1979) would assert they have a high power capacity. Table 10 below demonstrates where each greenfield segment fits in this analysis.

Table 10: Power Capacity of Workers in Greenfield segments

Greenfield Segment	Employers Dependency on skills and knowledge of workers	Capacity for Employers to substitute workers easily	Workers Acknowledged Capacity to Disrupt	Power capacity of Workers
Project Construction	High	Low	High	High
New Venture	Moderate	High at the beginning	Moderate	Moderate
Third Party Labour Service Providers	Low	High	Low	Low

Workers in the project construction sector have demonstrable power capacity in the workplace. The employer is highly dependent on their skills, particularly at the early civil construction stage of the project. At this stage of construction, there are few options for project managers in finding substitutable tasks to go on with if the workers withdraw their labour. Union membership in the industry is relatively high and workers are educated and militant. The key unions in the civil sector are the AWU and CFMEU, and is one reason that interviewed employers talked about their influence the most. At later stages in the project when the fabrication and finishing trades are involved, there is more likelihood that some work may continue even if part of the worksite is in dispute.

Workers power capacity in new ventures is more uncertain. In the early stages employees are typically new to the industry and so are more substitutable if they do not perform to managers' expectations. However as the new site settles into production and workers are trained, their substitutability decreases, particularly if the employer has invested a large amount of time and money in their development, as was the case in both Metal Co and to a lesser extent at House Co. The employer is dependent on the workers to make the new workplace productive and ultimately profitable in the quickest time possible. The use of human resource management practices, such as attribute focused training and development, and high commitment work systems have been well documented in previous research (Newell 1993; Westcott, Baird & Cooper 2006; Wu et al. 2015). In greenfield sites, these activities are designed to encourage a united workgroup willing to put all their efforts into establishing a successful new venture. The evidence of this research is that these efforts were largely successful and since union activity was minimal, at least in the early stages of the project, workers remained largely ignorant of their power capacity. This is supported by other research (Sablok et al. 2013; Willman, Bryson & Gomez 2007) that identified the increased use of managerial strategy focussed on individual forms of employee voice that marginalised collective activity among employees.

Finally the power capacity of most workers employed by third party service providers is mostly low with the exception of workers in security provision. Cleaning and catering work done by third party service staff is largely unskilled and the workers who perform it are easily replaceable by the client and to a lesser extent the service provider employer. If the service provider is unable to meet the terms of the contract, fines are levied or the contract is broken and the client may seek the services elsewhere. If individual workers cause trouble on the

client's site they can be removed without penalty to the client. A withdrawal of service by these workers may prove disruptive to the client in the short term but they can make other arrangements to have the work done by others with minimal impact to their core purpose. The service provider is more exposed to potential disruption but the evidence of this research is that in this sector it is the client who has all the power in the relationship. Experienced workers in this sector are aware of this dynamic and this knowledge leads to a realisation that their power capacity is low.

6. Sectoral typology of greenfield sites

Greenfield agreements fall into one of three categories based on the type of workplace the agreement is made to cover. The outcomes of negotiations for agreements in each sector are dependent on a number of variables such as the intended time span of the work and whether the principal employer directly hires employees or divests this responsibility to subcontractors. These factors are influenced by the level of risk the employer is undertaking in deciding to develop the new site. Galbraith (1974) posits that organisations make strategic decisions primarily to avoid uncertainty; a greenfield agreement is one method of achieving the risk profile that is acceptable to the organisation undertaking a new project (Garrahan & Stewart 1992b). The underlying considerations in strategic decisions made in greenfield negotiations revolve around the power capacity of the workers and the exposure of the site to risk of disruption. In greenfield agreements a premium is paid to try and avert the potential for disruption. Where there is little potential for workers to take action in their own interests, the outcomes in wages and conditions reflect this lack of power capacity.

New ventures have a lot of control over the operational decisions in establishing a new site and the choice of management systems and technical design. Power capacity amongst workers is considerable, but this is restrained by the initial newness of the workplace and the use employee engagement strategies in an environment free of the baggage of old wounds. The union's bargaining power is confined to debating the possibility of future problems when workers become disillusioned.

Project agreements have a high level of risk that comes from a large and complex site that must be kept on track under tight deadlines. The transient nature of the workforce defies the use of high engagement strategies and the lack of commitment to the site creates an

environment where problems can quickly escalate into disputes and lost time. Unions are the ‘managers of discontent’ (Watson 1988) on construction sites and must navigate between serving the interests of disgruntled members and compliance with the terms of the Greenfield agreement. Employers seek out unions that moderate their bargaining power gained through worker militancy, but these unions are also under pressure from the activities of more militant unions.

The power capacity of workers in the service sector is disorganised by their status as peripheral workers to the principal client’s site. At any time the client can bar them from the worksite and the service provider has little capacity to challenge this decision. The service employer is beset by uncertainty over whether they will retain the confidence of the client and gain a new contract. Prioritising the client’s needs is the most important strategic consideration after which employee rights comes a distant second. Bargaining power gained through workers’ power capacity is negligible so unions have turned to other strategies such as community campaigns (Tattersall 2008) and pressure tactics on the client’s corporate social identity to achieve better outcomes for workers with weak bargaining power.

Overall the problem of achieving harmonious employment relations in the workplace is dependent on gaining and keeping workers’ commitment to the goals of management (Lawler 1991). Greenfield agreements seem to offer employers the option of dismissing the power of workers by making an agreement before they are employed. However this research demonstrates that this evaluation is superficial. The power capacity of workers is the primary underlying factor in the strategic development of Greenfield agreements. Unions who negotiate with employers to make Greenfield agreements draw on this capacity to create bargaining power and where the capacity is high and commitment is low, a premium must be paid to gain cooperation. A detailed discussion of the theoretical basis for this evaluation is the focus of the next section.

7. Theoretical evaluation of greenfield agreements

The purpose of Greenfield agreements is to provide some measure of certainty for the parent company and financiers when beginning a new venture. The Greenfield agreement has become the major device to create a period of industrial peace at the beginning of a new

venture. It gives managers optimal control over the development of employment relations in the new workplace.

7.1. Dealing with uncertainty in greenfield start ups

Galbraith's (1974) organisational design theory analyses the aversion of organisations to uncertainty and asserts that most strategic management decisions are focused on reducing exposure to disruptive events. Strategies to deal with uncertainty include utilising rules and procedures to standardise work, implementing controlled technology and management by surveillance (Beaumont, 1985). The use of key performance indicators and targets also assists organisations to control performance (Galbraith, Downey & Kates 2001). When confronted with unexpected changes in the environment and system breakdown, the organisation may choose to reorganise production. Greenfield agreements are a tool for organisation to manage change with minimal uncertainty, at least in the implementation stage.

Managing risk is the primary determinant in the use of Greenfield agreements. Considering Galbraith's (1974) organisational design model, new venture greenfield agreements clearly fit the concept of using technology and organisational design such as high performance work systems (HPWS) to increase productivity. The trade-off for implementing management systems of shared control is a high power capacity for workers to disrupt production when they become disillusioned with management and lose their commitment to achieving the organisations' goals. The findings of this thesis and previous research is that most workers in new venture sites will willingly commit themselves to the goals of the organisation in the start-up phase and express a high level of satisfaction and engagement. However as the workplace matures and work practices settle into a routine, human resource management also return to a more hierarchical model of control and workers become disillusioned.

Project greenfield agreements have some levels of uncertainty regarding the capacity of the project management team to complete the project on time and budget and therefore avoid costly fines for overruns; this is highly influenced by the level of disputation. These agreements attempt to limit uncertainty by making a Greenfield agreement that will be used by all contractors and their employees on the site containing wages and conditions that are equal or superior to those paid in the industry. An informal but non negotiable convention of compliance ensures that subcontractors conform to the conditions of the project agreement.

The complexity of ensuring adherence to the rules agreed by the principal contractor and unions causes breakdowns in communication and disputation onsite; this exacerbates the sensitivity of the key actors to further risk of disruption. This has led to an increased bargaining power for the unions who make Greenfield agreements in this sector.

Finally the service sector operates in conditions of insecurity and uncertainty, as there is no guarantee that the client will award the employer a contract to supply labour. Greenfield agreements are made with a focus on compliance to the requirements of the client. The ability of the third party labour supplier to implement strategic employment relations' goals is secondary to ensuring that the client is satisfied. Innovation in workplace design is limited, some gains might be made through implementing team work practices however this is subject to the approval of the client organisation. The evidence of this research is that service sector employers identified employee engagement as a key strategic goal, and managers attempted to direct employees' commitment towards the goals of the service sector company over the host organisation. This was a difficult task and largely unsuccessful due to many employees having an employment history with many service providers at the client's site that resulted in them forming a stronger relationship with the client's management. The service provider therefore relied on a system ensuring compliance to rules and standard operating procedures to avoid uncertainty.

Evidence presented in this research is that greenfields agreements are made in all sectors to limit the uncertainty of managing workers in new sites, whether it is a permanent site for a new venture, a short term project, or service based contract. This uncertainty is based on the potential power capacity of employees and the desire to channel that capacity to supporting the goals of the employer. Managers consider the likelihood for workers to act in their own interests and factor that information in when determining the strategy to be pursued at the new site and the working conditions that will be acceptable to employees to avoid disruption. The outcomes of these considerations are factored into the bargaining outcomes in Greenfield agreements and are discussed in the next section.

7.2. Power Capacity

The findings of this research are that organisations that utilise Greenfield agreements can be divided into three broad sectors and that the outcomes for actors in these groups are markedly

different based on the power capacity of the workers within each sector. Marchington (1979) suggests that the capacity of the work group to create immediate disruption to production is a measure of their 'power capacity' which renders the organisation dependant on their cooperation. Should these workers determine that they no longer support the goals of management, they have the capacity to rapidly disrupt or halt production. This research has demonstrated that workers in the project construction sector not only demonstrate a high power capacity, but that this capacity is exercised frequently and is the source of a high level of bargaining power for the unions who represent them in Greenfield agreement negotiations. New venture and third party service sector Greenfield agreement negotiations are not usually as preoccupied by this consideration.

Agreements in the service sector are made with a focus on the requirements of the client; consideration of the capacity of employees to create disruption is limited to those who have demonstrated this capacity in the past, namely security personnel. Pay and conditions for these workers are superior in recognition of their capacity to act in their own interests. Cleaning service workers have benefitted by community campaigning and solidarity actions and won some improvements but this has not transferred more widely into the service sector. Workers remain distinctly disempowered through the structural conditions of their industry. New ventures are focused on creating the best environment to stimulate high productivity at the new site, using new technology and high engagement employment strategies with the new workforce. The evidence of this research is that workers in new ventures are highly engaged and committed to the performance goals of the organisation but that this wanes over time as the workplace matures. Disappointment in managers who change their initial open style of communication and shared decision making to a more authoritarian style causes disillusionment among workers who then begin to challenge management's authority. While there had been no industrial action at either of the case study sites, workers interviewed were planning to seek changes when the new collective agreement was negotiated.

7.3. Strategic Choice Theory and Greenfield Agreements

Strategic choice theory claims that actors develop industrial relations' goals at three levels of organisational activity. The highest level of strategy is on long term strategic goals, the middle level is in the development of collective bargaining and human resource management policy and the lowest level is that of creating and maintaining productive relationships in the

workplace (Kochan, Katz & McKersie 1994). Proponents of strategic choice theory claim that actors have the capacity to make and implement plans at all three levels, but this research finds that the sectors which use Greenfield agreements have varying degrees of development of strategy in the three levels. Table 12 presents data adapted from Kochan et al (1994) and presents the key objectives at each level of strategy. The purpose of the activity for actors in each greenfield sector demonstrates differences in strategic focus.

Table 11: Three Levels of Greenfield Industrial Relations Activity

Strategic Choice	Project	Third Party Service Providers	New Venture
Long term strategy of employers	Profit maximisation Risk avoidance	Contract renewal Compliance Profitability	Create new paradigms Maximise productivity Reinvigorate industry
Long term strategy of unions	Increased influence and power Maintain and increase membership	Increased influence and power Maintain and increase membership	Increased influence and power Increase membership
Middle Level Collective bargaining - Employer	Single project agreement Focus on ensuring compliance to established norms	Client determines scope Provide minimum conditions.	Employer creates scope Reduce complexity compared to brownfield site.
Middle Level Collective Bargaining - Union	Focus on incremental improvement to existing standards. Provide access to site and workers during the project.	Protection of previous conditions, where existing workers are transferred to new labour supply contract.	Protect job security of brownfield site workers and ensure industry pay and conditions are met.
Workplace level	HRM devolved to subcontractors Union access to ensure compliance	Engagement strategies Compliance with rules and standards	Attribute focused training and development HPWS

			Workplace culture
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The long term strategy of actors in the construction project sector is focused on the ongoing viability of the principal contractor in managing large projects. Risk avoidance ensures that the project manager is seen as a safe pair of hands to manage the huge sums invested in these projects. Unions' overall strategy is to ensure their representation rights in project agreements and exert maximum control over the terms under which work is performed.

Construction project greenfield sites focus more directly on the overall strategic uses of the middle level of collective bargaining and personnel policy, with little focus on the workplace level, where it is largely left up to subcontracting companies to manage their workforce. Long term strategy is subsumed by the immediate concerns of ensuring that the current project objectives are achieved. The primary focus is on creating the collective agreement that binds the whole site to a single set of conditions, as part of an overall employment relations' strategies designed to minimise risk.

Union involvement in the development of workplace organisation is limited to dealing with grievances and promoting union rights onsite. Other than designated union meetings there is very little formal consultation onsite. Informal consultation with employees is during toolbox meetings with their direct employer and is the main form of day to day communication. Workplace health and safety issues are the most frequent causes for union involvement, followed by disputes involving subcontractors' adherence to the collective agreement terms. Employers in the sector cite inter-union rivalries as the cause of some disruption onsite and this is somewhat supported by union officials who reported problems with the behaviour of other unions in the sector as a key strategic consideration.

Greenfield agreements in the service sector cover a diverse range of occupations, however they are mainly unskilled or semiskilled workers who provide ancillary services to the principal industry. Unlike the construction sector, the workers in these industries are often not well unionised; employees are often from disadvantaged sectors such as migrant workers and are employed on a casual basis. The employers in service sector companies focus on winning the contract for work and then maintaining a positive relationship with the host employer. Human resource management focuses on ensuring that the service workers comply with the requirements of the host organisation. Some of these principal organisations require a clear

statement regarding the service providers' employment relations' capacities. The provision of a Greenfield agreement demonstrates that the tendering company can deliver labour at a predetermined price. Service organisations may work to establish some team based structures among employees onsite however as many of these organisations have limited management capacity other than direct team leadership, workplace level HRM initiatives are limited.

Unions make Greenfield agreements with third party service sector employers to attempt to preserve conditions of employment for employees who may transition from one employer to the other with no change to the workplace other than the employer who takes over the contract of work. The *Workplace Relations Act* provided limited protection for these employees' entitlements or conditions, leading to some workplaces experiencing stagnation in pay and a decline in conditions over time. In some cases unions have taken a high level strategic view of the situation in the service sector and attempted to use Greenfield agreements to establish new conditions within the sector as was the case in the LHMU Cleanstart campaign. However, the union predominantly remains powerless to exert much influence over industrial relations in the sector. The primacy of the power of the principal client to award contracts dominates the strategy in this sector.

Long term employer strategy and policy in new greenfield ventures engages in all three levels of industrial relations' activity. It is these types of greenfield sites where previous research on greenfields focuses heavily on the workplace and organisational relationships and to a lesser extent on the long term level of policy making and strategy, particularly in human resource management strategy. The sites chosen for this research did undertake extensive workplace level development, particularly to develop a culture of commitment to the goals of the workplace with workers with no background in the industry.

Unions may be involved in workplace development through involvement in formal consultative arrangements or through union delegate structures at the workplace. Case study sites examined in this research employed consultation strategies to circumvent the union, one to a much greater extent than the other. Union organisation in these sites remained under developed, although union membership was a feature at Metal Co, there was no evidence of union representation structures in either workplace.

Greenfield sites are often strategically important for the union locally if they hold the promise of a renewal of industry in areas where traditional industries are in decline. Union leaders work positively with both employers and government to bring these new industries to

fruition, and the making of a greenfield agreement may put the union into a central position in the development of employment relations on the site. While the Metal Co site was strategically important to the union it remained largely invisible to the union as the focus on developing workplace culture was outside of the scope of the union's experience.

Hyman (2009) claims the conceptualisation of 'strategic choice' is misleading since "strategic choice exists not because of the absence or weakness of structural determinations, but because these determinations are themselves contradictory" (p. 30). According to Hyman, where strategic choice does exist, it is merely "the programmatic choice among alternatives, none of which can prove satisfactory." In other words, there is no choice as to whether management needs labour to get work done. The only choice is how that is to be achieved given numerous constraints. Moreover, as Hyman (2009) suggests, the internal contradictions within these choices limit their utility. Strategic choice has limited applicability to the analysis of sites utilising Greenfield agreements. The external regulatory environment constrains actors from exercising complete choice, employers are forced to negotiate with a union to make a Greenfield agreement and all parties must meet the minimum standards required by the industrial relations legislation. Furthermore, both employers and unions are constrained by the expectations of the future employees whose expectations of the conditions in the new workplace are influenced by the industry norms. The power capacity of employees is more influential on employers and unions choice than is normally considered by strategic choice theory.

8. The influence of legislation in employer strategy

Employers and unions struggle for power and recognition in industrial legislation. The regulation of employment relations in the Workchoices period drew much condemnation from unions for limiting the scope of their activities and access to workplaces (Cooper et al. 2009). The Fair Work Act drew criticism from employers as it returned to unions much of the access to the workplace lost under Workchoices and restored collective bargaining as the primary method of setting wages and conditions (Todd 2012). Both unions and employers are critical of the regulation of Greenfield agreement making.

This can be demonstrated by submissions of employers and unions to the *Fair Work Act Review* (McCallum, Moore & Edwards 2012) in which all parties complain that they are

hampered by the restrictions of the Act in achieving their goals. Employers demand that the government remove restrictions in the Act that require them to engage with unions while seeking more power for the Commission to regulate negotiation. Unions similarly want less regulation over what they can include in collective agreements and more attention on regulating employers' prerogative to determine the nature of employment in the workplace.

The 'problem' of unions' involvement in greenfield agreements was a chief complaint of employers and their representative associations in the review of the *Fair Work Act* conducted in 2012 (McCallum, Moore & Edwards 2012). Employers complained that unions cause delays to the implementation of projects due to lengthy negotiations for Greenfield agreements, citing cases where the union unreasonably refuses to reach an agreement in order to settle issues that are not primarily about the greenfield project, such as disputes on other sites involving parties to the greenfield agreement. The *Fair Work Act Review* (McCallum, Moore & Edwards 2012) recommended that good faith bargaining requirements be applied to greenfield agreements to overcome this possibility (p. 173), however employers' preference is to be able to choose the union to negotiate with, or a return to the Workchoices provision of unilaterally determining wages and conditions in greenfield sites.

Underlying these complaints is the difference between the expectations of employers and unions when undertaking collective bargaining. The employer sees the enterprise agreement as the conclusion of the relationship with the union. Once the agreement is made, they expect the terms to be binding on the union and that little further interaction should be required. The union on the other hand, see the making of the agreement as the basis of an ongoing relationship with the workplace, providing right of entry for organising workers, developing union structures and implementing communication facilities. In light of the long term strategic focus of employers and unions proposed in strategic choice theory, this may well be an expected outcome, however it would appear that there is a dissonance between the parties that would lead to further problems at the level of bargaining and the workplace.

Some unions focus on workplace organising to a greater extent than others, in some cases the union will not attend a workplace unless notified of a dispute or where site meetings are agreed with the employer, while other unions routinely send organisers to sites to recruit and set up union delegate structures. The findings of this research are that employers prefer the limited form of union activity and prefer to deal with this type of union in greenfield deals. The *Fair*

Work Act requires that Greenfield agreements be made with the union/s that can represent the majority of workers, limiting the capacity of the employer to choose the union they would prefer to deal with. The *Fair Work Act* Review notes that employers believe that this reduces competition amongst unions, however the outcome of the research is that this provision actually increases competition amongst unions. Unions who compete against each other for membership such as the AWU and CFMEU are now thrown into closer competition for members on greenfield sites, with the result that the AWU (which would usually be less active onsite) becoming more active to ensure legitimacy amongst its members and taking a more militant stance in negotiations than it previously took under *Workchoices*.

9. Limitations and future research

Limitations to this study were mostly related to limits to data collection in many different greenfield workplaces. Travel costs restricted the capacity for the researcher to travel to remote sites. Many construction projects undertaken during this period were located in very remote parts of Australia and access to these was not possible. The decision to focus on senior managers from employer organisations and senior officials of unions alleviated this constraint to a degree, as these managers were located in urban areas on the east coast of Australia.

The performing arts Greenfield Agreements slice of the short term project greenfields segment were not fully explored due to a lack of registered agreements during the period and difficulty with accessing sufficient respondents for interview. An interview with an industrial officer from the MEAA provided most of the information on this part of the research. Some of this information was provided off the record however and overall there was insufficient data on these agreements to include in this thesis. However this would be an interesting area for further research as it is a very different short term project to the project construction sector that was the focus of chapter five.

Similarly, access to new venture sites with greenfield agreements was limited. The two case study sites were some of a very small number of operative greenfield sites that appeared to fit the ideal typical typology. A number of other sites were approached but did not give permission for study. The response from some of these sites to the request for access was that as the site was so new, the manager did not want any potential disruption from an

external researcher. Unfortunately this is a continuing problem in Australia, many workplaces are reticent about being scrutinised as the subject of academic research.

Future research on all the segments of greenfield agreement making would be useful, this research project has only begun to explore the complexities of each of the segments and more thorough exploration of each of these sectors in detail would be a useful contribution to the understanding of those workplaces that use a greenfield agreement before work commences on the site.

10. Conclusion

This research project has examined new workplaces that utilised a Greenfield agreement as their industrial relations' instrument between 2006 and 2012. These workplaces are not a subset of those that may be understood to be a greenfield site in the 'ideal typical' definition most common in existing literature. Through an examination of these agreements, this research determined that there are three distinct categories of new workplaces that utilise a Greenfield agreement: Project Construction, Third Party Service Provision and New Venture start ups. This research has studied these three categories and determined that actors use Greenfield agreements for a range of reasons but primarily to reduce uncertainty.

Newell (1991) suggests that greenfield sites offer management with exceptional opportunities to remake employment relations however the evidence of this research is that this is not always the case. Management may set out with an objective to undertake new initiatives in human resource management or they may merely wish to avoid the risk of failure. Reducing uncertainty is the primary motivation in undertaking strategic negotiations for a Greenfield agreement for a new site. The structural conditions of the industry determine what strategic choices the parties can make when developing new endeavours that utilise Greenfield agreements.

Employers in the project construction sector face highly unionised workforces represented by unions with a militant history. The decision to make Greenfield agreements with unions is a strategy designed to minimise disputes and bind the union to the terms of the agreement before workers are involved. The unions who make the agreement 'own' the agreement and therefore have to sell it to the workforce and maintain credibility with a group of workers who have a high capacity for mobilisation and who are extremely aware of relative wages

and conditions due to their mobility from job to job. The focus of bargaining strategy is on ensuring that large infrastructure projects do not create new precedents in wages or conditions that will flow through the sector and 'leapfrog' over the conditions of existing projects. Too much improvement causes disharmony and disruption onsite as workers either leave to go onto the better project or demand increases to match the conditions. The inter-union rivalries driving much of the internal decisions of unions in the sector have frustrated much of this ambition, particularly since the introduction of the *Fair Work Act*. Unions in this sector are highly influential as the managers of expectation and the players that must moderate their demands and play the game of incremental improvement, against the backdrop of employers who would prefer to increase flexibility and reduce labour costs if the power capacity of the workforce were reduced.

Workers employed by third party service providers have limited power capacity. Often the workforce is hired on a casual basis and the capacity for unions to organise in these sectors is extremely limited. Outsourcing organisations hold all the power to determine the conditions under which contracts will be awarded. This results in ensuring compliance as the primary strategy of service providers. Employee commitment to the service provider is often low, instead it is directed towards the client who the employees correctly perceive as holding all the power. The unions' bargaining power is hampered by the difficulty of influencing the real powerbroker in the deal when making Greenfield agreement before the contract is awarded. Where claims for improvement with the service provider company are successful, subsequent tenders by the company for the contract work may not be successful and the contracts are awarded to service providers who can undercut the existing company's costs. Union tactics in this sector sometimes have to focus on creating minimum standards in the client organisations tender policies, using shaming tactics by comparing the client's position against the poor conditions of the service workers.

Workers in new ventures may exercise power over time, however many new Greenfield ventures recruit workers with no previous experience in the industry. These workers rely on the employer to provide training, which provides the employer with the opportunity to instil their preferred workplace culture without the cynicism of the unrealised expectation of a brownfield workplace. Strategic incorporation of high commitment work practices is common in greenfield workplaces, however this research suggests that employers are unwilling or unable to fully commit to sharing decision making with employees, leading to

the development of cynicism amongst the workforce and the risk of disruption. Employers have the advantage over unions in negotiations for Greenfield agreements in new ventures by locating new sites in areas of social disadvantage where workers will willingly align themselves with the goals of the employers. The evidence of the case study sites in this research is that unions find it difficult to engage with workers in the early stages of the project and where they are not successful in recruiting workers may decide not to put organising resources into the workplace. Further work is needed to determine whether unions can be successful in organising workers in greenfield sites during the life of the agreement. However the implications of this research are that the workplace will not be conducive to union organising until it has reached maturity and is undertaking the next agreement negotiation.

Regulatory change has impacted on the making of Greenfield agreements, particularly in the project construction sector. Employers would prefer to choose an industrially moderate union to make Greenfield agreements with, but this has been frustrated by the requirements of the *Fair Work Act*. The object of the Act was to ensure that Greenfield agreements were made with the union which most properly represents the interests of the workers in the proposed new workplace but this has led to an increased level of inter-union rivalry, particularly amongst the AWU and CFMEU on greenfield sites. The result of the increased competition among unions for members on greenfield sites is a more militant stance in previously moderate unions to compete for membership, and this is facilitated by the representation provisions in the Act.

Overall bargaining power has increased for unions making Greenfield agreements under the *Fair Work Act*. Even where the union lacks the support of a strong power capacity in the workers in the industry, there is more capacity to extract better conditions through the lack of other options for employers who want to reduce uncertainty when undertaking new endeavours. Employers will continue to choose this strategy if there is an option to make an agreement in the development stages of a project with the perceived benefit of improved bargaining power for employers, the Greenfield agreement will continue to be utilised. It may seem on first examination that workers can have no influence on the terms of Greenfield agreements however this is not always the case. The power capacity of workers in the sector is the primary reason that employers choose to make these agreements and avoid direct involvement, considering the potential of workers who may disruptive industrial action. Power capacity is still the motivator for the strategies of both employers and unions when sitting down to

negotiate Greenfield agreements. Workers remain very much in consideration and employers will pay a high premium to buy industrial peace, whether directly in monetary terms or by investing in high performance work systems and power sharing.

Greenfield agreements remain an important instrument for regulating employment in new workplaces. The opportunity to define the parameters of wages and conditions and make an agreement with a union prior to any employees being engaged is an attractive option for employers. This is despite the perceived power imbalances between the employer and union in the short term construction project sector. The regulation of agreement making provided by legislation has relocated power from the employer in the Workchoices period to being more balanced under the Fair Work Act between employer and unions. It remains to be seen whether further changes to legislation will move this power balance again, however the history of employment relations in Australia demonstrates that unions and employers will continue to lobby government for changes in their favour. The transformational potential of workplaces that use Greenfield agreements is limited to workplaces undertaking new ventures that choose to implement HPWS, the vast majority of workplaces use Greenfield agreements to contain the risk of industrial disruption and reduce the power of workers and their unions.

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APPENDIX A

List of Interviews undertaken.

Employers and Employer Associations		Date Interviewed
Senior Manager	Principal Contractor	8 March 2012
Senior IR Manager	EPCM Company	15 May 2012
Senior Manager	Building and Construction Employer Association,	29 February 2012
Senior Manager	Electrical Employer Association	23 February 2012
Senior IR Manager	Third Party Labour Service Provider	5 April 2012
Site Manager,	House Co	1 June 2011, follow up 26 August 2011
Production Manager	House Co	26 August 2011
Human Resource Manager	House Co	26 August 2011
Site Manager	Metal Co	24 November 2011
Former Site Manager	Metal Co	24 November 2011
Production Manager	Metal Co,	24 November 2011
Fair Work Commission		
Commissioner – Fair Work Commission.	The Commissioner had served on the panel for the construction industry,	18 October 2012

Unions		
Organiser	Electrical Trades Union	29 February 2012
Industrial Officer	LHMU (United Voice),	6 September 2012
Organiser	Australian Workers Union	25 November 2011
Assistant Secretary	Australian Workers Union	12 November 2012
State Secretary	Australian Manufacturing Workers Union	30 March 2012
National Industrial Officer	CFMEU,	30 March 2012
Industrial Officer	MEAA	15 March 2012
Senior Industrial Officer	Trades and Labour Council	9 January 2013
Employees		
Brad	Operator – House Co	26 August 2011
David	Operator – House Co	26 August 2011
Gary	Shift Supervisor – House Co,	26 August 2011
Graham	Shift Supervisor – House Co	26 August 2011
Justin	Operator – House Co	2 September 2011
Martin	Operator – House Co	2 September 2011

Peter	Operator – House Co	2 September 2011
Brent	Supervisor – Metal Co	24 November 2011
Darren	Production Operator – Metal Co,	24 November 2011
John	Operator Metal Co	24 November 2011
Ted	Quality Control – Metal Co	24 November 2011

I would like to thank all those who participated in this research by agreeing to be interviewed and giving up their time.

APPENDIX B

Research Protocols for interviews.

All interviews were semi-structured.

<p>Research Question</p> <ul style="list-style-type: none"> What are the features, causes and transformational potential of Australian Greenfield Agreements? <p>Sub Questions</p> <ul style="list-style-type: none"> In what situations do actors make use of Greenfield Agreements? Do actors use Greenfield Agreements to remake employment relations? What are the influences on employment relations strategies for actors who are parties to Greenfield agreements? 				
	Research Question 1 Features and Causes	Research Question 2 Characteristics	Research Question 3 New forms of employment relations	Research Question 4 Internal and external factors
Would you give me an overview of the operations of the site? How has this developed over the past few years?		RQ2		
Can you tell me a little about how the site was established and the initial thinking that formed the employment strategies?	RQ1			
Were you present in the initial decision making process about how the new site would operate? If so, what was the mandate given to managers in regards to the new site?	RQ1			
Why was that particular strategy adopted?	RQ1			
What influence did the changes in government policy have on strategic decisions? EG Industrial Relation, WHS				RQ4

And the GFC, has that had an influence?				RQ4
How have those initial decisions played out over the last few years?			RQ3	
What effect will the proposed carbon tax have on the business? Other policy changes?				RQ4
How does the strategy of the site interact with XXX's other XX sites? Has there been any cross fertilisation between sites?		RQ2		RQ4
What factors influenced decisions regarding the location of the site?	RQ1			
A new site provides a lot of opportunities for determining the best layout, can you talk about the factors that were the most important influences on the layout of the workplace? i.e overall observation of production, support areas located near production. What would you change about the layout now production has begun?		RQ2	RQ3	
Who takes on the main tasks in recruiting new employees?		RQ2		
What were you looking for in an employee for the site? I.e Skills, attitude, experience. How has this developed as the site matured?	RQ1		RQ3	
Are you able to take advantage of any govt funded employment programs?				RQ4
How do the parent companies recruitment policies interact with the site strategies?				RQ4
Has the local labour market been able to supply appropriate candidates? What are the positives/negatives of the local labour market?				RQ4
How has this influenced your recruitment strategy as the site			RQ3	

has become established? Have you had to amend your expectations in the current labour market?				
What sort of training/induction programs do you have in place at the site?		RQ2		
Have these programs changed since the site began? What changes would you like to make in the future?	RQ1		RQ3	
How are your employees organised within the workplace? Is this the same as your original concept?		RQ2	RQ3	
How do employees become involved in the workplace? Are there formal programs for employee involvement? How do employees raise issues or ideas regarding work?		RQ2	RQ3	
Can you tell me a little about how you encourage the best performance among your employees? Has this strategy changed since the site was established and if so why?		RQ2	RQ3	
In regards to performance management for poor performance, can you give me an example of how you might deal with an employee in this instance?		RQ2		
How does CSR's performance management strategy influence this site?				RQ4
You chose to utilise a greenfield agreement made with a union at the commencement of the new site. Can you tell me a little about why that decision was made and how it influenced the initial employment strategies?	RQ1			

What part did the parent company play in determining the industrial relations strategy at the site?	RQ1			RQ4
Has this changed as your site developed its own identity?			RQ3	
Since work commenced at the site, what role has the union played in the workplace?		RQ2		
What is your view regarding the appropriate role of the union?			RQ3	
Since the site was established there have been some significant changes in employment regulation, how has this impacted on the business?				RQ4