

Enterprise Bargaining: The Truth - A Reply

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At issue in this debate is whether the relative productivity question in the Australian Workplace Industrial Relations Survey (AWIRS) can give reliable data for the dependant variable in Crockett, Dawkins and Mulvey's equations. We claim it cannot; they claim it can.

Their Comment suggests the argument turns on four points:

- (i) Does the distribution of responses suggest effects which might pollute the data?
- (ii) Did the 'subjective' nature of the productivity estimates leave scope for 'error'?
- (iii) Are the likely statistical effects of this 'error' important?
- (iv) Do independent and informed authorities support their judgement that the data is useable?

On point (i) they argue "it is entirely possible for 87% of respondents to claim accurately that their workplaces' productivity was the same or higher than for the industry as a whole". We concede this point. But the data should still raise suspicions. Table A.40 in *Industrial Relations at Work* shows that 45% of respondents claimed relative productivity was "much higher" or a "little higher", 44% said it was "the same", and only 11% said it was a "little lower" or "much lower" (Callus, et. al, p. 268). Responses are clearly skewed above the average. Why? Crockett et.al. remind us that responses were confined to firms which measure productivity, and infer that such workplaces might have higher productivity consciousness and relative productivity. It follows that respondents may have replying accurately. But they offer no evidence for these assumptions.

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Our counter-claim arises under point (ii). We argued that the AWIRS question called for a subjective response. Respondents did not have to hold *relative* productivity data. Since they were allowed to guess how they compared with others in their industry they might reply in a way that would create a “good impression”. Crockett et. al. reject this. They claim it is an attack upon AWIRS in general. It is not. It is an attack upon a specific question. Also they think we treat managers as “frivolous people” to “cook up a false productivity estimate”. This is absurd. It shows a failure to grasp the difference between subjective and objective questions. Since respondents need hold no data on which to base a factual response to the question, it follows their estimates may be subjective. Such “opinions” should not be confused with cooking up false figures. It is also important to understand that management opinions are often optimistic. They do tend to report their workplace in a favourable light. This is clearly shown in Table A.65 where managers rated the “relationship between employees and management at this workplace” far better than did union delegates in the same workplace (Callus, et. al, p. 293). The relative productivity question gave managers a similar chance to say something nice about their workplace and they seem to have taken it.

We now turn to point (iii) – the statistical effects of ‘error’. Since the relative productivity question seems to have reported optimistic opinions, then there will be an ‘error’ or gap between these opinions and the actual relative productivity position. What is the statistical effect of this ‘error’? Will the error be “approximately the same” for each respondent, correlated with any explanatory variable, or random noise? Clearly the onus of proof here lies with Crockett et. al. since they wish to use the data while we do not. Crockett, et. al., themselves seem uncertain how to categorise the ‘error’ factor. But let us speculate. If as is possible, some managers held accurate relative productivity data which they reported truly, while others did not and offered optimistic guesses, then the error will not be even. Nor may it be random. In fact the distribution of ‘error’ could have been highly structured. But we speculate. The point is that the survey gives us no independent factual data to resolve these competing claims, and this should confirm resistance to use of the data.

Point (iv) concerns independent and informed authorities who have demonstrated faith in the data. Crockett et. al., cite the “AWIRS team themselves” since they presented this data in their book (caveat emptor) and included it in a single index. Yet it is also true that members of the AWIRS team cautioned Crockett et. al., against excessive reliance on this data at an ACIRRT seminar where the disputed econometric work was presented. Weren’t they listening?

Our final rejoinder concerns their silly proposition – the higher the level of unionisation, the less a manager is likely to overstate relative productivity to an interviewer from AWIRS. We are invited to invent a theory to support this proposition. Crocket et. al. offer this invitation, putting back on us the onus to explain the statistically significant coefficients on the union variables equations where relative productivity was the dependant variable. But logically, if the data for the dependant variable is junk then the independent variables have nothing to explain. Who cares if the coefficients are strong or not? There is nothing worth explaining.

We remain unrepentant. The data are badly skewed; the most likely reason for this is that the subjective nature of relative productivity opinions left scope for ‘error’; and the statistical effects of this error cannot be discounted because its nature cannot be verified. Neither in their original paper nor in their Comment do Crockett et. al., provide a credible defence of their use of the AWIRS relative productivity question data.

Reference

Callus, R., Morehead, A. Cully, M. and Buchanan, J., (1991), *Industrial Relations at Work*, AGPS, Canberra.