The Approaches & THEORIES OF Industrial Relations

DCE 5634
Organization, Employee and Community Relations

Approaches to Industrial Relations

- The nature of work organization:
  - Unitarism
  - Pluralism
  - Radical/Marxist

  These lead to differing IR practices and policies. The nature of industrial relations is determined to a large extent on how we approach and analyze specific issues and situations within industrial relations (Salamon, 2001).
Unitarist Perspective

- All employment units are cohesive, with each member striving for a common goal.
- There is one source of authority, accepted and recognised without question – the Management.
- Conflict is not normal – and is caused by agitators or a breakdown in communication etc.
- There is no need for unions.
- Unions are divisive in that they constitute a second focus for loyalty.
- Unitarism implicitly underlies HRM approaches.

Main premise about Unitarist Approach

- **Workplace relations**
  - Both management and employees share common interest
  - Management is recognized as the legitimate authority.

- **Workplace conflict**
  - Should be avoided
  - Is caused by poor management, dissidents, agitators or poor communication

- **Trade unions**
  - Unwelcome
  - Regarded as a competing and illegitimate source of authority
  - An unwarranted intrusion in the workplace
  - Source of conflict.

- **Assumptions about collective bargaining**
  - Generate workplace conflict rather than resolve it
Pluralism

- Ownership and management are separate entities.
- Workplace is comprised of differing interest groups, each in pursuit of their own sectional interests.
- Conflict is accepted and recognised as endemic in the employment relationship.
- Regulated through representative organisations, institutions and processes. Trade unions are deemed as legitimate representatives of employees,
- Temporary compromises on both sides are achieved through collective bargaining.
- The role of management is more toward persuasion and coordination rather than towards enforcing and controlling and

Main premise about Pluralist Approach

- **Workplace relations.**
  - managers and employees have different objectives. Therefore need various sources of legitimate authority
- **Workplace conflict**
  - inevitable due to different opinions and values, benefit between employer & employee. Therefore, require trade unions to avoid conflict.
- **The role of trade unions**
  - a legitimate part of workplace relations. Unions are not the cause of conflict
  - they represent the collective expression of diverse workplace interests and need that always exist
- **The role of collective bargaining**
  - Regarded as the most efficient means for institutionalising employment rules
  - Provides a fairer outcomes because it consider employee and management needs. A means to balance power of employer-employee
Proponents of pluralistic approach suggest that the application of a pluralistic approach to IR:

- Encourages planning, orderliness and consistency in the management of relations with a unionised workforce.
- Enable issues to be legitimately raised by worker representatives and management will listen.
- Allows formalised consultation and communication procedures that improves the flow of feedback from staff
- Stability is sought through compromises that are acceptable to all the parties to a dispute.
- It balances the interests of the various stakeholders (owners, management, workers, etc. involved in the creation of the firm’s wealth).

Source: http://www.bola.biz/unions/pluralistic.html

Critique to the pluralistic approach

- Too much emphasis on collective bargaining which focuses mainly on pay and basic terms and conditions.
- The solutions of pluralistic approach were right for the 1960s but such approaches cultivate "anti-organisational" and adversarial attitudes.
- The very procedures for conflict resolution themselves promote "them and us". Bargaining becomes a necessary ritual for everything.
- It is superficial to suggest that feedback from and to employees improves via the conduit of representative participation encourages employee participation.
- Modern team, project and group methods at work provide greater employee involvement and provide greater opportunity to influence decisions that are meaningful to employees.

Source: http://www.bola.biz/unions/pluralistic.html
HRM/ minded companies today see less need to give so much managerial attention to the institutionalization of conflict via negotiating and bargaining stances (old trade unionism).

Many organizations are more people oriented, encourages employee participation and involvement.

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Marxist Analysis

- By-product of a theory of capitalist society and social change
- Concerned with structure and nature of society
- Conflict in employment relationship reflective of structure of society – Conflict is welcomed
  - Conflict is seen as a reflection of not just organizational demands and tensions but also the economic and social divisions within society.
- Focus on division between capital and labour
- Predict that this conflict will result in a political revolution and overturn of societal norms
- Economic and political issues cannot be separated.

Source: http://www.bola.biz/unions/pluralistic.html
Theories of IR

- Unitary Theory – Human Relations Theory/Neo-Human Relations Theory
- System Theory – J.D Dunlop
- Social Action Theory – associated with the Max Weber. Emphasis on individual response of the social action
- Conflict Theory
  - Pluralism
  - Post-Capitalism Theory/Marxist Theory

Social Action Theory

- Emphasises individuals’ freedom of action and ability to influence events
- IR actions best understood in terms of their subjectively intended meanings
- How do managers, employees, unions react to a given situations.
- Actions not solely influenced by specific work situations but also by:
  - attitudes, values and expectations
  - naturalist as opposed to positivist
**Systems Theory**

- Arose from a desire for an integrated approach to study of IR
- Prior to this IR had been studied from the perspectives of differing disciplines
- John Dunlop, 1958 – system approach
  - Attempt to create a focused and integrated approach to the subject
- Academic respectability for IR
  - Coherent paradigm
  - System with four parts
  - Actors, environment, rules and ideology.

**Systems Analysis (contd)**

- **Actors**
  - Managers and their reps. – supervisors
  - Employees and their reps. – unions
  - Government and third parties, i.e. Labour Court etc.

- **Environment**
  - technology, budget constraints, power in wider society

- **Rules**

- **Ideology**
  - Underlying belief system – if all actors hold the common belief = stable IR
Focus on:
- Focus on management hierarchy (ignore owners role)
- Emphasis on role rather than people hierarchy
- Belief on common ideology – implies that IR system is based on common ideology – how are conflict handled in such a system
- Focus on workplace
Concepts & Values in IR

- IR not an objective science.
- Individual & value-laden: based on primarily on a belief of what is right/wrong, fairness, power/authority.
- IR is concerned with subjective, values judgments about concepts for which there is no universally accepted criteria (Salamon, 2001).

IR concepts & values
- Fairness & equity
- Power & authority
- Individualism & collectivism
- Integrity & trust
References

- www.auscampus.net/current.../Chapter%201%20Overheads.ppt (provides a very good explanation about approaches to IR)
- http