



## Chapter 1: Overview

- What is employment relations (ER)?
- ER: Levels & interest groups
- Frames of references
  - ▣ System approach
  - ▣ Social action approach
  - ▣ Conflict frame of reference approach
    - Radical pluralism & marxism, pluralism, unitarism

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“Issues in employment relations have a habit of re-surfacing and the debates of the 1890s are often relevant in 2000. Examples of such recurring issues are: the role of government in employment relations; how to protect individual and collective rights; how to ensure that workers are not exploited; the appropriate balance between efficiency and equity, and the balance of power between employers and employees.” (p. vii).

This chapter shows that the existence of the multi-disciplinary foundation of ER, different levels of analysis, different interest groups, and different frames of references all contribute to a variety of opinions about ER. It also contributes to productive ‘tensions’ which promotes new theoretical debates and new empirical questions, analyses & understanding.

The understanding of ER is often associated with particular experiences, social norms, upbringing, etc. It is heavily influenced by media reports (see Deeks & Rasmussen 2002: 12-14 for an overview & the Chronicle in the *New Zealand Journal of Industrial Relations* for a overview of current events).



## *What is employment relations?*

- ☉ It is concerned with:
  - ▣ Employment, unemployment & self-employment.
  - ▣ How individuals, groups, organisations or the state have their interests represented
  - ▣ What these interests are
  - ▣ How individuals manage & promotes their interest within an organisation
  - ▣ The way conflict is managed & regulated

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“The definition of employment relations has broadened over time and is still evolving. The subject of employment relations has developed an interdisciplinary approach using concepts and ideas derived from sociology, economics, psychology, history and political science. Our current definition incorporates conceptual elements from both UK industrial relations and USA labour relations as well as from human resource management theory.” (p. 1).

This implies that ER is a rather wide-reaching topic with many different angles. It has grown in subject areas & in the range of analyses conducted. This makes for both a dynamic & complex field of study.

ER has a multi-disciplinary & interdisciplinary foundation and it is influenced by sociology, economics, history, psychology, political science, law, etc. This allows ER to benefit from insights from these disciplines as well as benefitting from an interdisciplinary approach (see tables 1.1 & 2.1 in Deeks & Rasmussen 2002 for an overview).



## *Levels of employment relations*

- ☉ The various levels of analysis provide different aspects & types of questions:
  - ▣ International
  - ▣ National
  - ▣ Industry
  - ▣ Organisational or corporate
  - ▣ Workplace
  - ▣ individual

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The book only mentions 5 levels. However, in light of the ER changes post-1990, the individual level should also have been mentioned.

It is interesting that ER often focuses on national regulations when there have major shifts at international, organisational & individual levels. The traditional industry focus has become less prevalent in NZ post-1990.

The international level has become more important with 'globalisation', growth in multi-national organisations, labour standards, international collaboration (eg. EU or APEC), inspiration from overseas 'ER models'.

After the ECA 1991 & with the growth in HRM, corporate & workplace ER changes have become crucial as they often give effect to national regulations & establish ER outcomes (including pay distribution & career paths).

The individual level is associated with the rise in individual employment rights (see chp. 5), with individual norms & aspirations becoming major 'drivers' of organisational & public policy changes (eg. career theory, 'psychological contracts', personal grievances, information rights). Managers' aspirations & styles have also had a crucial impact on ER processes & outcomes.



## *ER is contentious*

- ✦ It is multi-disciplinary with many different & often conflicting angles on ER issues
- ✦ It is influenced by wider society changes & norms
- ✦ Our own perspective is based on an individual set of beliefs & values
  - ▣ We often align ourselves with those who share our views (media, employers, unions, etc.)
- ✦ Frames of reference: different ways of seeing ER

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There are many different interests & interest groups in ER; the most important 'stakeholders' are: government, employers, unions, employees. For an overview of these interest groups – see pp 5-9.

The government has always had a key impact on New Zealand ER and this has continued in the recent times – see chp. 3, 4 & 5. While the government has altered the ER framework, it has also shift focus of ER: “As a result of these fundamental changes, the responsibility for employment relations rests firmly with employers and employees.” (p. vi).

Society norms influence what is acceptable behaviour & rights in ER but each individual has their own perspectives. These perspectives are influenced by media reports, peer groups etc. There is tendency to reinforce these perspectives in our search/selection of information about ER.

The frames of reference provides some general views of ER; they are 'general theory' approaches to ER. These general theories are normally associated with more specific theories. For example, the pluralist-unitarist distinction can be supported by theories about management styles or union theories & rights.



## *Systems approach*

- ⊕ Treats ER as a distinctive system although it partially overlaps & interacts with social, economic & political systems
- ⊕ Emphasises the interdependencies & interactions between org. & their environment
  - ⊞ Inputs => processes => outputs => feedback
- ⊕ Concerned with how order & stability are established in a changing environment

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Dunlop's 1958 formulation of the *Industrial Relations Systems* coincided with similar approaches in political science, international relations, sociology, etc.

The systems approach is an attempt to establish a general theory/framework of IR and it provides a overview which has greatly influenced ER thinking. Its generality makes it easier to understand ER, but it is less able to pick up nuances & theory shifts, compared to a multi-disciplinary understanding.

The interdependencies imply that a change in one area or to one element can reverberate through the whole system and bring about unanticipated changes. This will also impact on the feedback mechanisms.

While the traditional actors – state, employers, unions, employees – still play a major role, there is a growing emphasis on contexts & ideology. This is partly an attempt to understand the wider impacts on ER (including 'globalisation'), partly a function of a multi-disciplinary perspective and partly an effect of considerable ideological and theoretical debate over core theoretical issues of ER (see eg. the discussion surrounding the ECA 1991 on pp. 38-40, or the debates prior to the ERA 2000, on pp. 64-66).



## *Systems approach II*

- ☛ Rules & practices are key ER outputs
  - ▣ Written rules, oral rules, custom & practice
- ☛ Limitations of systems approach
  - ▣ More of a descriptive framework than an explanatory & analytical approach to ER
  - ▣ It is preoccupied with rules & stability
  - ▣ It tends to overlook the dynamics of interest divergence & conflict

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“There are *written rules* such as those contained in an employment contract or organisational/job manual. *Oral rules* may be part of a verbal agreement or supervision on the job. *Custom and practice rules* can be described as habitual acts not written or even spoken of and are only exposed if transgressed.” (p. 11).

While rules have become a focus for the systems approach it has probably been over-emphasised. “authors such as Geare (1994: 249) argue that while rules are important, they are not the main purpose of employment. Instead they are there to help employers, employees and the government achieve their objectives.” (p. 2).

The systems approach was developed when US industrial relations (in terms of collective arrangements) had had a major growth period & it appeared fairly stable. Since then, there has been a sea change: a rise in individualism, decline in unionism, increased employer power & significant changes to work & employment patterns.

Thus, the emphasis on rule-making, stability & order may be less appropriate in an environment where ideologies are less compatible, contexts are fast changing and new processes & outcomes are sought. Can the descriptive framework provide enough analysis of the new dynamics in ER?



## *Social action approach*

- ⊕ It provides an individual, subjective & action orientated approach to ER
  - ⊞ How does the individual 'see' or interpret ER (be it changes, rules or empl. Relationships)?
- ⊕ It recognises that people may not share similar ideology & often attach different meanings to ER interactions & changes
- ⊕ It tries to explain individual behaviour
  - ⊞ Motivation, bargaining, conflict resolution

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While the social action approach has been linked to the German sociologist Max Weber, its current impact is influenced by psychology, the impact of HRM, and the rise in individual rights & aspirations. It can be associated with new theoretical areas such as career theory, the psychological contract, motivation, commitment & trust. Recent emphasis in HRM on communication & employee feedback on changes, as well as cultural differences (chp 5), are other examples.

“The emphasis, therefore, is on the actions of others. This can relate to their past, present or future (expected) behaviour, and to how their lives and experiences are shaped by their work. It can also relate to their hopes and frustrations in the job.” (p. 12).

“The ‘action’ perspective as an explanation of the social behaviour of employers and employees has a great deal of support. The fact that the social action frame of reference embraces change and endeavours to explain individual behaviour makes it popular in areas such as motivation, bargaining and conflict resolution.” (p. 13).



## *Social action approach II*

- ☛ The strength of the social action approach is also its weakness:
  - ▣ Its explanations tend to be subjective and are often ideologically motivated
  - ▣ The individual & subjective angles tend to bypass structural or systemic explanations
  - ▣ It is difficult to obtain a comprehensive view of ER changes & interactions

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Differences in ideology & the scope for many different interpretations of issues & events allows for a rich, multi-dimensional understanding of ER. This can also be a drawback as the many details & individual interpretations can hamper a more general understanding of ER issues.

It is important, therefore, to link subjective interpretations by individual actors with an assessment of more 'objective' trends. Otherwise, it can be difficult to understand why certain event and trends are crucial in defining the current key issues of ER





## *Conflict frames of reference*

- ⊕ Wide coverage: from unitarism to marxism
- ⊕ Radical pluralism (influenced by marxism)
  - ⊞ Social phenomena are interrelated
    - Isolated analysis of ER does not make sense
  - ⊞ Conflict is inherent in ER
    - power imbalance between employer & employees
  - ⊞ Unions can counter but not overcome exploitation of employees.

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The conflict frames of reference attempts to explain why conflict exists in the workplace, what status should be attached to conflict (is positive or negative?), and how conflicts should be addressed by employers, unions & employees.

Conflict frames of references constitute, therefore, a general view of employer-employee relationships which can be further developed by using 'lower' level theories about management styles, union strategies & roles.

The conflict frames of reference is influenced by that they were developed in the UK in the 1960s & 1970s (Fox, Flanders, Clegg, Hyman) where concerns over industrial conflicts & employer-employee relationships were prompting a re-examining of the 'British IR system'.

Radical pluralism is heavily influenced by marxism and this has contributed to its understanding of ER & especially the unions' role. "radical pluralism sees employment relations as being 'integrated with and not separated from the political and economic spheres'." (p. 14).

Radical pluralism puts emphasis of power differences & the importance of ownership of the means of production: employers have power & use it to further their own goals. The state is less of neutral actor and is influenced by the structures & power constellations of the capitalist society.



## *From radical pluralism to pluralism*

- ✿ Radical pluralism focusses on conflict, with little to contribute re: other outcome types
  - ✦ Contributes to criticism of pluralism
- ✿ Pluralism
  - ✦ Has often been a 'favourite' of ER researchers
  - ✦ ER as a complex system with different 'actors' (groups, individuals) having different interests
  - ✦ 'mutual survival' overlays sectional interests

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Radical pluralism has had a significant impact on ER through its criticism of pluralism. It has kept power differences, the role of the state & unions, exploitative work & employment practices at the forefront of ER debates.

Pluralist proponents have “argued that employment relations are much more than a single system held together by one ideology and individuals and groups are pursuing their own goals, yet each is dependent upon the others for mutual survival.” (p. 15).

The pluralist approach puts emphasis on the dynamic & often decentralised processes & outcomes of ER but there is also scope for stability & power balances through the means of custom & practice, bargaining & legislation.

It provides a focus on what kinds of different *interests* exist, why they exist & whether these interests leave any scope for mutual beneficial solutions.

Conflict is accepted as both inevitable and legitimate though it can be tempered and controlled to some degree through appropriate structures and procedures. Negotiation, compromise & concessions feature prominently in the mind-set of pluralism with less emphasis on decisions by fiat.



## *Pluralism*

- ✦ Acknowledges managerial prerogative & employee rights: a continuous balancing act
- ✦ Collective & individual approaches
- ✦ Criticisms
  - ✦ may focus too much on conflict resolution & how to accommodate change & power differences
    - Need a more comprehensive analysis of conflict
  - ✦ Could put more emphasis on government influences & how power differences exist at all ER levels

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While employers, employees & unions may have different interests they also have some compatible interests which make accommodation & power sharing possible. Managerial prerogative is always crucial in ER decision-making & work organisation but a strong role for employee influence is possible through collective action & individual employment rights.

In the 1970s, it was expected that pluralist approaches would become dominating in ER as collective action & stronger individual rights would lead to more power-sharing. The rise of managerialism & HRM has to some degree foiled this expectation, with a growing interest in different 'regulation models' either at international or national level.

There is a tendency to focus on collective over individual approaches though both types of approaches can easily be accommodated within pluralism.

The emphasis on 'solutions' tends to overlook more fundamental reasons for conflict. It also bypasses more subtle, often individual, forms of dealing with conflict (withdrawal, staff turnover, resistance to change). Likewise, government regulation often lacks a power perspective as well as the potential detrimental effect of power differences on pluralist approaches to ER.



## *Unitarism*

- ☉ Paternalistic approach: little 'room' for conflict, unions or employee influence
- ☉ Managerial prerogative is stressed
- ☉ Neo-unitarism: certain forms of HRM
- ☉ Criticisms
  - ▣ Harmonious understanding of ER & power
  - ▣ Bypasses different views & employee rights

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The unitarist frame of reference builds on images of the army, family, sports team, to justify the alignment of employee behaviour & interests with the employer/organisational/manager interests. It often view unions as unwanted 'third parties' whose irritating, 'trouble-seeking' interventions spoil a productive employer-employee relationship.

The neo-unitarism 'label': It has been asserted that weakened union & employee power has increased the importance of managerial prerogative & a more pro-active management approach to ER (including different management styles being applied to different employee groups in the same organisations).

"Managers who subscribe to this frame of reference create a sense of common purpose and corporate culture, set targets for their employees, and invest in training and management development. Techniques to facilitate commitment, quality and flexibility include performance-related pay, profit-sharing and employee involvement. Interesting, the rise of neo-unitarism in New Zealand has coincided with an increase in the number of human resource managers, many of whom espouse the neo-unitarist view." (p. 16).

See fig. 1.3 & the discussion of application of frames of reference (p. 17).