

The field of employment relations

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Abstract

The field of Employment Relations has been a matter of great debate among the academicians, researchers and practitioners. There have been significant changes in the employment relations scenario across the globe. This paper elaborates the theoretical approaches to the field of Employment Relations and puts in a case for a multidisciplinary approach to confront the issues of modern employment relationship.

Keywords: industrial relations, employment relations, paradigm, employer, employee

Introduction

“He shall protect agriculture from the molestation of oppressive fines, free labour, and taxes... The servant shall get the promised wages. As to wages not previously settled the amount shall be fixed in proportion to the work done and the time spent in doing it... Disputes regarding wages shall be decided on the strength of evidences furnished by witnesses. In the absence of witnesses, the master who has provided his servant with work shall be examined. Failure to pay wages shall be punished with a fine of ten times the amount of wages... Guilds of workmen (sanghabhritah, workmen employed by Companies) as well as those who carry on any cooperative work (sambhúya samutthárah) shall divide their earnings (vetanam = wages) either equally or as agreed upon among themselves.” - Kautilya in Arthashastra.

Although often the term “employment relations” has been conveniently used interchangeably with “industrial relations” and “workplace relations” in common parlance, arguably there is seldom any no unanimity regarding the vital role it play regardless of the debate over its subject matter and intellectual boundaries. Employment relations play a crucial role in establishing and maintaining industrial democracy for the sustainable growth of the firm as well as the economy. Employment relations scenario is the indicator of a complex socio economic condition prevailing at a particular time frame. Employment relations is the study of the regulation of the employment relationship between employer and employee, both collectively and individually, and the determination of substantive and procedural issues at industrial, organisational and workplace levels (Rose, 2008). Since its inception, employment relations have generally been considered interdisciplinary terrain devoted to both science building and real-world problem solving ^[1]. For employment relations discipline is so wide to include a comprehensive blend of concepts from various disciplines, it often provides the field where new concepts are tested and cultivated. The term employment relations is increasingly used in the literature to reflect the interconnectedness of labour-management relations, industrial relations and human resource management (see Locke *et al.* 1995; Kochan *et al.* 1997; Gardner & Palmer 1997; Kitay & Lansbury 1997; Katz & Darbshire 2000). Giles (2000) has recently argued for the use of the broader notion of

‘work relations’ to take into account issues such as self-employment, subcontracting and voluntary work ^[2].

The field of Employment Relations has been a matter of great debate among the academicians, researchers and practitioners. There have been significant changes in the employment relations scenario across the globe and especially in India after the crucial reforms of the 90s.

Industrial/Employment Relations: The Theoretical Approaches

A theory could be viewed as a coherent group of assumptions or propositions put forth to explain a phenomenon. A theory is an abstraction of reality and is synonymous with perception, viewpoint, assumption, frame of reference or a perspective. The relevance of theory in any field of endeavour cannot be over emphasised. Theory attempts to observe, understand, explain, predict and control events or phenomena. A Theory is different from a model. Thus, a model or paradigm refers to the representation of reality. Models are simplified descriptions of real situations (Waters, 1998). According to Cooper and Schindler (2001), there is a distinction between a model and a theory. Thus, models differ from theories in that a theory’s role is explanation whereas a model’s role is representation and simulation. Model is a representation of a system that is constructed to study some aspects of the system or the system as a whole ^[3].

Institutionalism, neo-classical labour economics, and social systems theory in organizational analysis have all provided valuable contributions to the field of industrial relations.

The field of study of labour, employment and work life in Industry and academia is generally known as the discipline of industrial relations or employment relations. There is no agreed or universal definition of industrial relations in the literature neither the term is used systematically and rigorously in the academics or practitioners. Often the definitions of industrial relations are too broad or narrow. In its strict sense, the term “industrial relations” means “relationship between management and workmen in a unit or an industry”. In its wider connotation, it means the organisation and practice of multi-pronged relationships between workers and management, unions and workers, and the unions and managements in an industry ^[4]. Industrial relations is the study

of the processes of control over work relations; and among these processes, those involving collective worker organisation and action are of particular concern ^[5]. Hoffmann *et al.* (2002) defined it as: “Industrial relations consist of a web of institutionalised relationships between employees and their representatives (trade unions), employers and their representatives (employers’ association), and the state the relations exist on different levels and between different actors.” While the totalitarian/collectivistic view which considered it as a system of people and institutions and their comprehensive relationships is generally considered ideal, it has its own problems from the practicality and research point of view. Over the years there has been a tendency of researchers and academicians to define industrial relations in such a way that focuses on some specific issues or key concerns. But these definitions do no justice to state the core concept of industrial relations. “IR field has not yet settled on what represents its core organizing principle or concept, which also makes theorizing difficult. Here is a small sampling of opinions drawn from the literature: rules of the workplace (Dunlop 1958); job regulation (Flanders 1965); social regulation of production (Cox 1971); the employment relationship as structured antagonism (Edwards 2005); social regulation of market forces (Hyman 1995); process of capitalist production and accumulation and the derived political and social class relations (Caire 1996); conflict of interests and pluralist forms of workplace governance (Kochan 1998); class mobilization and social justice (Kelly 1998); the advancement of efficiency, equity, and voice in the employment relationship (Budd 2004); collective representation and social dialogue (European Industrial Relations Observatory 2002); and representation and political regulation of different interests (Eberwein, Tholen, and Schuster 2002).” ^[6] But as stated above (Hayman; 1975) the roots as well as core principles of industrial relations was the study of employment relationship. Dunlop (1958), for example, defines industrial relations as the study of employment rules and their variation over time. In his notion of industrial relations system he argues that an industrial relations system includes three sets of ‘actors’ and their representative organisations (‘the three parties’): employers, workers, and the state. The original field of industrial relations was concerned with employment relationships. “Its central focus is employment, in all aspects (micro and macro, individual and group): labour marketing, labour relations, personnel management and the like” ^[7] dealing with all aspects of the employment relationship, including human resource management ^[8].

According to Farnham and Pimlott (1995), there are five theories by which industrial relations institutions, structures and processes are analysed. These are the unitary, systems, conflict, Marxist and social action theories. Salamon (2000) posits that industrial relations theories are unitary, pluralist or pluralistic, Marxist, systems and social action. Green (1994) classifies industrial relations theory as unitary perspective and a more recent variant, the neo-unitarist perspective; conflict theory, including the Marxist and pluralist perspectives; systems approach and the contrasting social action perspective.

The Unitary Theory

The unitary frame of reference is credited to Alan Fox (1966). In this approach organisations are viewed as unified entities. All parties have common objectives. Primacy of managerial

prerogative and Management as single source of authority are the determinants of power. Employment relationship is essentially consensual reflecting common interest. Conflict is unnatural / irrational; where conflict exists, it is the result of trouble-makers or agitators, misunderstanding or miscommunication. According to Rose (2008), under the unitary perspective, trade unions are regarded as an intrusion into the organisation from outside, competing with management for the loyalty of employees. The unitary theory tends towards authoritarianism and paternalism. It is pro-management biased and emphasises consensus and industrial peace. The underlying assumption of this view is that the organisation exists in perfect harmony and all conflict is unnecessary.

Pluralist theory

Conflict theory is synonymous with the pluralist or the pluralistic frame of reference which is also credited to Alan Fox (1966). An organisation comprises a coalition of different sectional interests and groups. Parties have both shared and diverse interests and objectives. Management leads but its authority can be legitimately contested and questioned. Power relations are fluid and the relative ‘dominance’ of parties can change over time. Conflict is inherent, unavoidable and, within limits, legitimate and healthy. ‘Industrial action’ is a legitimate expression of conflict. Range of processes needed to maintain ‘dynamic equilibrium’. Conflict of interests should be contained and resolved through rules, negotiation and collective bargaining. This view recognises trade unions as legitimate representative organisations which enable groups of employees to influence management decisions (Rose, 2008). Rose further states that the pluralist perspective would seem to be much more relevant than the unitary perspective in the analysis of industrial relations in many large unionised organisations and congruent with developments in contemporary society.

Radical/Marxist Theory

Relationship between capital and labour based on class conflict – ‘them’ and ‘us’. The employment relationship is marked by deep conflicts of interest (class conflict rather than group conflict). Fundamental imbalance of power. Power lies with owner of means of production (employers) reflecting – an exploitative relationship. Constant, inevitable and irreconcilable conflict of interests. Disputes may be settled but underlying conflict remains until the structure of society changes. Social unrest required to break the status quo. Employee relations processes do not fundamentally alter the status quo. Trade unions are viewed as employee response to capitalism. Marxist theory emphasises exploitation and alienation.

This perspective is critical of capitalist society and its system of production, distribution and exchange and emphasises the importance of collective action including strike action and action short of strikes (Rose, 2008).

The Industrial Relations System

An industrial relations system is a subsystem of the social system. It is on the same logical plane as an economic system. An industrial relations system is comprised of three groups of actors - workers and their organizations, managers and their organizations, and governmental agencies concerned with the

work place and work community. These groups interact within a specified environment comprised of three interrelated contexts: the technology, the product and factor markets or budgetary constraints and the power relations in the larger community, and the derived status of the actors. An industrial relations system and its larger setting create an ideology or a commonly shared body of ideas and beliefs regarding the interaction and roles of the actors that helps to bind the system together ^[9]. Blain and Gennard (1970) presented a dynamic model based on Dunlop's industrial relations system. Their work centred on classifying the variables in an industrial relations system into dependent and independent variables, a task the Dunlopian model made difficult to achieve. They expressed the industrial relations system algebraically as:

$$r = f(a, t, e, s, i).$$

Where, r = the rules of the industrial relations system

a = the actors

t = the technical context of the work place.

e = economic or the market/budgetary constraint

s = the power context and the status of the parties

i = the ideology of the system.

Conclusion

As an intellectual endeavour, the diversity of employment relations is both a strength and a weakness. It is a weakness when adherents of different views are isolated and talk past each other. It is a strength when diverse perspectives can help us understand the complex issues inherent across the entire spectrum of the world of work. To foster this strength, competing and shared values, ideologies, and frames of reference must be given explicit recognition in our scholarship and discourse. A true understanding of employment relations requires an appreciation for the diverse values, ideologies, and frames of reference in the world of work ^[10]. The Industrial Revolution (credited to year 1769, when James Watt invented steam engine in England) brought rapid technological and organizational development which further gave birth to development of free labour market and a contract-based employer - employee relationship. Though there was a concentration of industrialism in the initial phase, the expansion of Industrial Revolution to other countries shaped the industrialization pattern and the role of the state in matters of employment relations. The Capitalist Revolution of the late 18th century witnessed the emergence and rise of capitalism and the spread of market economy which were based on the instruments of private property and freedom of contract. Adam Smith's book "The Wealth of Nations" was published in the year 1776 which is also the year of American Declaration of Independence and birth of Democratic Revolution.

Thus, there is a strong interconnectedness as well as interdependence between industry and the employment relationship. The conflict of the capitalist and democratic interest inherent in the two divergent participants has been hitherto addressed largely by personnel management (which later became HRM) and industrial relations. Kaufman (2008) argues that the original industrial relations paradigm was centred on the employment relationship and included both union and non-union sector and personnel/human resource management and labour-management relations. This paradigm went into eclipse in the 1930s and disappeared by the 1960s. It was largely replaced by a second; more narrowly constructed

paradigm centred on the union sector and associated topics, such as collective bargaining, labour-management relations and national labour policy, which he called Modern Industrial Relations (MIR) paradigm and proposed that integrating human resource management (HRM) into the IR field is a welcome and overdue development. Hence, a new multidisciplinary approach is required to monitor and address the needs of the of modern day employment relationships.

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