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Approaches to Industrial Relations

Everything you need to know about the approaches to industrial relations. The concept of industrial relations has been extended to denote the relations of the state with employers, workers and their organizations.

The subject, therefore, includes individual relations and joint consultations between employers and work people at their workplace, collective relations between employers and their organizations and trade unions and the part played by the state in regulating these relations.

The scenario of industrial relations is perceived differently by different people. For some, industrial relations are related to class conflict, others perceive it in terms of mutual co-operation, and still others understand it in terms of competing interests of various groups.

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Some of the important approaches to industrial relations are:-

1. Unitary Approach
2. Pluralistic Approach
3. Marxist Approach
4. Systems Approach
5. Oxford Approach
6. Industrial Sociology Approach

7. Action Theory Approach
8. Social Action Approach
9. Human Relations Approach
10. Gandhian Approach
11. Human Resource Management Approach.

The scenario of industrial relations is perceived differently by different people. For some, industrial relations are related to class conflict, others perceive it in terms of mutual co-operation, and still others understand it in terms of competing interests of various groups. HR managers are expected to understand these varying approaches because they provide the theoretical underpinnings for much of the role of HRM.

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Also, authors are of the opinion that there is no one right approach, rather these approaches, individually or collectively, provide an opportunity for creating a paradigm for understanding the complexity and diversity among the various actors and players in Industrial Relations.

Approach # 1. Unitary:

The unitary approach is based on the strong argument that there is only one source of authority i.e., the management, which owns and controls the dynamics of decision making in issues relating to negotiation and bargaining. Under unitary approach, industrial relations are grounded in mutual co-operation, individual treatment, team-work, and shared goals.

Work place conflict is seen as a temporary aberration, resulting from poor management, from employees who do not mix well with the organizational culture. Unions co-operate with the management and the management's right to manage is accepted because there is no 'we-they' feeling.

The underlying assumption is that everyone benefits when the focus is on common interest and promotion of harmony. Conflict in the form of strikes is not only regarded as necessary but destructive.

Advocates of the unitary approach emphasize on a reactive industrial relations strategy. They seek direct negotiations with employees. Participation of government, tribunals and unions is not sought or is seen as being necessary for achieving harmonious employee relations.

The unitary approach is being criticized as a tool for seducing employees away from unionism and socialism. It is also criticized as manipulative and exploitative.

Approach # 2. Pluralistic:

The pluralistic approach totally departs from the unitary approach and assumes that the organization is composed of individuals who form distinct groups with their own set of aims, objectives, leadership styles, and value propositions.

The organization is multi structured and there will be continued tension due to conflicts within and between the various sectional groups. In contrast to the unitary approach, the pluralistic approach considers conflict between management and employees as rational and inevitable.

The pluralistic approach perceives:

- i. Organizations as coalitions of competing interests, where the role of the management is to mediate amongst the different interest groups.
- ii. Trade unions as legitimate representatives of employee interests.
- iii. Stability in industrial relations as the product of concessions and compromises between management and unions.

Legitimacy of the management's authority is not automatically accepted. Conflict between the management and workers is understood as inevitable and, in fact, is viewed as conducive for innovation and growth. Employees join unions to protect their interests and influence decision-making by the management.

Unions, thus, balance the power between the management and employees. In the pluralistic approach, therefore, a strong union is not only desirable but necessary. Similarly, society's interests are protected by state intervention through legislation and industrial tribunals which provide orderly process for regulation and resolution of conflict.

The theories on pluralism were evolved in the mid-sixties and early seventies when England witnessed a resurgence of industrial conflicts. However, the recent theories of pluralism emanate from British scholars, and in particular, from Flanders and Fox.

According to pluralists, industrial conflict is inevitable and it needs to be contained within the social mechanism of collective bargaining, conciliation, and arbitration.

Approach # 3. Marxist:

Also known as the 'Radical Perspective', the Marxist approach is based on the proposition that the economic activities of production, manufacturing, and distribution are majorly governed by the objective of profit. Marxists, like the pluralists, regard conflict between employers and employees as inevitable.

However, pluralists believe that the conflict is inevitable in all organizations. Marxists see it as a product of the capitalist society. Adversarial relations in the workplace are simple one aspect of class conflict. The Marxist approach, thus, focuses on the type of society in which an organization functions.

Conflict arises not only because of competing interests within the organization, but because of the division within society between those who won or manage the means of production and those who have only their labour to offer. Industrial conflict is, thus, seen as being synonymous with political and social unrest.

The Marxist approach argues that for social change to take place, class conflict is required. Social change initiates strong reactions from the worker class and bridges the gap between the economically settled owners of factors of production and the economically dependent worker class. This approach views pluralism as unreal and considers industrial disputes and class conflicts as inevitable for the circular functioning of an industry.

Trade unions are seen both as labour reaction to exploitation by capital, as well as a weapon to bring about a revolutionary social change. Concerns with wage-related disputes are secondary. Trade unions focus on improving the position of workers within the capitalist system and not to overthrow. For the Marxists, all strikes are political.

Besides, Marxists regard state intervention via legislation and the creation of industrial tribunals as supporting management's interest rather than ensuring a balance between the competing groups. This view is in contrast to the belief

of the pluralists who argue that state intervention is necessary to protect the overall interest of society.

To Marxists, the pluralist approach is supportive of capitalism, the unitary approach anathema. Consequently, enterprise bargaining, employee participation, cooperative work culture, and the like which help usher in cordial industrial relations are not acceptable to Marxists.

Such initiatives are regarded as nothing more than sophisticated management techniques designed to reinforce management control and the continuation of the capitalist system.

Approaches to Industrial Relations – Given by Eminent Management Thinkers: A. Prof. John T. Dunlop, Flanders, Margerison, Henry Sanders and a Few Others

1. A. Prof. John T. Dunlop – Systems Approach in “Industrial Relations Systems” 1958:

Among the contributions, the most outstanding has been that of Harvard University. His systems treatment deserves special mention in view of its wider applicability. His book *Industrial Relations Systems* (1958) was a pioneering volume in which he presented an analytical framework of industrial relations.

Dunlop defines an industrial relations system in the following way – An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology, which binds the industrial relations system together, and a body of rules created to govern the actors at the workplace and work community. There are three sets of independent variables – the ‘actors’, the ‘contexts’ and the ‘ideology’ of the system.

The actors are – (a) hierarchy of managers and their representatives in supervision, (b) a hierarchy of workers (non-managerial) and any spokesmen, and (c) specialised governmental agencies (and specialised private agencies created by the first two actors) concerned with workers, enterprises, and their relationships. The contexts are the environment in which the actors are interacting with each other at various levels and the ideology is their philosophy of industrial relations.

2. Flanders – the Oxford Approach:

According to this approach, the industrial relations system is a study of institutions of job regulations and the stress is on the substantive and procedural rules as in Dunlop's model.

Flanders, the exponent of this approach, considers every business enterprise a social system of production and distribution, which has a structured pattern of relationships. The "institution of job regulation" is categorised by him as internal and external – the former being an internal part of the industrial relations system such as code of work rules, wage structure, internal procedure of joint consultation, and grievance procedure.

He views trade unions as an external organisation and excludes collective agreements from the sphere of internal regulation. According to him, collective bargaining is central to the industrial relations system.

The "Oxford Approach" can be expressed in the form of an equation – $r = f(b)$ or $r = f(c)$ where, r = the rules governing industrial relations

b = collective bargaining

c = conflict resolved through collective bargaining.

The "Oxford Approach" can be criticised on the ground that it is too narrow to provide a comprehensive framework for analysing industrial relations problems.

It over emphasises the significance of the political process of collective bargaining in and gives insufficient weight to the role of the deeper influences in the determination of rules. Institutional and power factors are viewed as of paramount importance, while variables such as technology, market, status of the parties, and ideology, are not given any prominence.

3. Margerison – the Industrial Sociology Approach:

G. Margerison, an industrial sociologist, holds the view that the core of industrial relations is the nature and development of the conflict itself. Margerison argued that conflict is the basic concept that should form the basis of the study of industrial relations. The author criticised the prevalent approach to industrial relations, which was more concerned with studying the resolution of industrial conflict than its generation; with the consequences of industrial disputes than on their causes.

According to this school of thought, there are two major conceptual levels of industrial relations. One is the intra plant level where situational factors, such as job content, work task and technology, and interaction factors produce three types of conflict – distributive, structural, and human relations. These conflicts are being resolved through collective bargaining, structural analysis of the socio-technical systems and man-management analysis respectively. The second level is outside the firm and, in the main, concerns with the conflict not resolved at the intra-organisational level. However, this approach rejects the special emphasis given to rule determination by the “Systems and Oxford models”. In its place, it suggests a method of inquiry, which attempts to develop sociological models of conflicts.

4. Henry Sanders – the Action Theory Approach:

Like the systems model, the action theory approach takes the collective regulation of industrial labour as its focal point. The actors operate within a framework, which can at best be described as a coalition relationship. The actors, it is claimed, agree in principle to cooperate in the resolution of the conflict, their cooperation taking the form of bargaining. Thus, the action theory analysis of industrial relations focuses primarily on bargaining as a mechanism for the resolution of conflicts.

Whereas, the systems model of industrial relations constitutes a more or less comprehensive approach, it is hardly possible to speak of one uniform action theory concept.

5. Karl Marx – the Marxist Approach:

The class conflict analysis of industrial relations derives its impetus from Marxist social thinking and interpretation. Marxism is essentially a method of social enquiry into the power relationships of society and a way of interpreting social reality. The application of Marxian theory as it relates to industrial relations derives indirectly from later Marxist scholars rather than directly from the works of Marx himself. Industrial relations, according to Marxists, are in the first instance, market-relations.

To Marxists, industrial relations are essentially politicised and part of the class struggle. For Marxists industrial and employee relations can only be understood as part of a broader analysis of capitalist society in particular the social relations of production and the dynamics of capital accumulation. As

Marx himself put it, “the mode of production in material life determines the general character of the social, political and spiritual process of life.”

The Marxist approach is primarily oriented towards the historical development of the power relationship between capital and labour. It is also characterised by the struggle of these classes to consolidate and strengthen their respective positions with a view to exerting greater influence on each other. In this approach, industrial relations is equated with a power-struggle. The price payable for labour is determined by a confrontation between conflicting interests.

The capitalist ownership of the enterprise endeavour to purchase labour at the lowest possible price in order to maximise their profits. The lower the price paid by the owner of the means of production for the labour he employs, the greater is his profit.

The Marxist analysis of industrial relations, however, is not a comprehensive approach as it only takes into account the relations between capital and labour. It is rather, a general theory of society and of social change, which has implications for the analysis- of industrial relations within what Marxists would describe as capitalist societies.

6. Kerr – the Pluralist Approach:

Pluralism is a major theory in labour-management relations, which has many powerful advocates. The focus is on the resolution of conflict rather than its generation, or, in the words of the pluralist, on ‘the institutions of job regulation.’

Kerr is one of the important exponents of pluralism. According to him, the social environment is an important factor in industrial conflicts. The isolated masses of workers are more strike-prone as compared to dispersed groups. When industrial jobs become more pleasant and employees’ get more integrated into the wider society, strikes will become less frequent.

Ross and Hartman’s cross national comparison of strikes postulates the declining incidents of strikes as societies industrialise and develop appropriate institutional framework. They claim that there has been a decline in strike activity all over the world in spite of an increase in union membership. The theories on pluralism were evolved in the mid-sixties and early seventies when England witnessed a dramatic resurgence of industrial conflicts.

However, the recent theories of pluralism emanate from British scholars, and in particular from Flanders and Fox. According to Flanders, conflict is inherent in the industrial system. He highlighted the need for a formal system of collective bargaining as a method of conflict resolution.

Fox distinguishes between two distinct aspects of relationship between workers and management. The first is the market relationship, which concerns with the terms and conditions on which labour is hired. This relationship is essentially economic in character and based on contracts executed between the parties.

The second aspect relates to the management's dealing with labour, the nature of their interaction, negotiations between the union and management, distribution of power in the organisation, and participation of the union in joint decision-making.

The major critics of the pluralist approach are the Marxists according to whom exploitation and slavery will continue unabated in the institutional structure of pluralism. The only difference is that in such a social structure, the worker will be deemed to be a better-paid wage slave.

7. Max Weber – the Social Action Approach:

The social action approach of Weber has laid considerable importance to the question of control in the context of increasing rationalisation and bureaucratization.

Closely related to Weber's concern related to control in organisations was his concern with "power of control and dispersal". Thus, a trade union in the Weber's scheme of things has both economic purposes as well as the goal of involvement in political and power struggles.

Some of the major orientations in the Weberian approach have been to analyse the impact of techno-economic and politico-organisational changes on trade union structure and processes, to analyse the subjective interpretation of workers' approaches to trade unionism and finally to analyse the power of various components of the industrial relations environment – government, employers, trade unions and political parties.

Thus, the Weberian approach gives the theoretical and operational importance to "control" as well as to the power struggle to control work organisations – a power struggle in which all the actors in the industrial relations drama are caught up.

8. Elton Mayo with Roethlisberger, Whitehead, W. F. Whyte and Homans – the Human Relations Approach:

In the words of Keith Davies, human relations are “the integration of people into a work situation that motivates them to work together productively, cooperatively and with economic, psychological and social satisfactions.”

According to him, the goals of human relations are – (a) to get people to produce, (b) to cooperate through mutuality of interest, and (c) to gain satisfaction from their relationships. The human relations school founded by Elton Mayo and later propagated by Roethlisberger, Whitehead, W. F. Whyte and Homans offers a coherent view of the nature of industrial conflict and harmony.

The human relations approach highlights certain policies and techniques to improve employee morale, efficiency and job satisfaction. It encourages the small work group to exercise considerable control over its environment and in the process helps to remove a major irritant in labour-management relations. But there was reaction against the excessive claims of this school of thought in the sixties.

Some of its views were criticised by Marxists, pluralists, and others on the ground that it encouraged dependency and discouraged individual development, and ignored the importance of technology and culture in industry.

Taking a balanced view, however, it must be admitted that the human relations school has thrown a lot of light on certain aspects such as communication, management development, and acceptance of work place as a social system, group dynamics, and participation in management.

9. M K Gandhi – The Gandhian Approach:

Gandhiji can be called one of the greatest labour leaders of modern India. His approach to labour problems was completely new and refreshingly human. He held definite views regarding fixation and regulation of wages, organisation and functions of trade unions, necessity and desirability of collective bargaining, use and abuse of strikes, labour indiscipline, and workers participation in management, conditions of work and living, and duties of workers.

The Ahmedabad Textile Labour Association, a unique and successful experiment in Gandhian trade unionism, implemented many of his ideas.

Gandhiji had immense faith in the goodness of man and he believed that many of the evils of the modern world have been brought about by wrong systems and not by wrong individuals. He insisted on recognising each individual worker as a human being. He believed in nonviolent communism, going so far as to say that “if communism comes without any violence, it would be welcome.”

Gandhiji laid down certain conditions for a successful strike. These are – (a) the cause of the strike must be just and there should be no strike without a grievance; (b) there should be no violence; and (c) non-strikers or “blacklegs” should never be molested.

He was not against strikes but pleaded that they should be the last weapon in the armoury of industrial workers and hence, should not be resorted to unless all peaceful and constitutional methods of negotiations, conciliation and arbitration are exhausted. His concept of trusteeship is a significant contribution in the sphere of industrial relations.

According to him, employers should not regard themselves as sole owners of mills and factories of which they may be the legal owners. They should regard themselves only as trustees, or co-owners. He also appealed to the workers to behave as trustees, not to regard the mill and machinery as belonging to the exploiting agents but to regard them as their own, protect them and put to the best use they can.

In short, the theory of trusteeship is based on the view that all forms of property and human accomplishments are gifts of nature and as such, they belong not to any one individual but to society. Thus, the trusteeship system is totally different from other contemporary labour relations systems. It aimed at achieving economic equality and the material advancement of the “have-nots” in a capitalist society by non-violent means.

Gandhiji realised that relations between labour and management can either be a powerful stimulus to economic and social progress or an important factor in economic and social stagnation. According to him, industrial peace was an essential condition not only for the growth and development of the industry itself, but also in a great measure, for the improvement in the conditions of work and wages.

At the same time, he not only endorsed the workers’ right to adopt the method of collective bargaining but also actively supported it. He advocated voluntary arbitration and mutual settlement of disputes.

He also pleaded for perfect understanding between capital and labour, mutual respect, recognition of equality, and strong labour organisation as the essential factors for happy and constructive industrial relations. For him, means and ends are equally important.

10. Human Resource Management Approach:

The term, human resource management (HRM) has become increasingly used in the literature of personnel/industrial relations. The term has been applied to a diverse range of management strategies and, indeed, sometimes used simply as a more modern, and therefore more acceptable, term for personnel or industrial relations management.

Some of the components of human resource management are – (a) human resource organisation; (b) human resource planning; (c) human resource systems; (d) human resource development; (e) human resource relationships; (f) human resource utilisation; (g) human resource accounting; and (h) human resource audit. This approach emphasises individualism and the direct relationship between management and its employees. Therefore, it questions the collective regulation basis of traditional industrial relations.
