

## Chapter 3: Employment Relations Theory

Understand why it is useful to analyse values when studying employment relations

- Frame of reference

### Values in employment relations derived from the work of Alan Fox

Category	General assumptions about the employment relationship
<i>Unitarism</i>	The employment relationship as essentially harmonious, w/ employees and employers sharing common interests, embodied in organizational goals
<i>Pluralism</i>	The employment relationship as having the ever-present potential for conflict bc employers & employees sometimes have different interest; these conflict, however, are legitimate & can be accommodated by an appropriate network of procedural & substantive rules
<i>Radicalism</i>	The employment relationship as subject to enduring conflict in which the control exercised by employers over employees is illegitimate & can only end when major social change is achieved

Define and compare the three types of values: unitarism, pluralism and radicalism

### Main features of unitarism

Aspect	Unitarist perspective
<i>General philosophy</i>	The employment relationship as essentially harmonious, w/ employees and employers sharing common interests, embodied in organizational goals
<i>Role of management</i>	<ul style="list-style-type: none"><li>- Provide strong leadership to effectively define organizational goals</li><li>- Ensure the commitment of employees to the job &amp; to the larger organizational goals</li></ul>
<i>Role of employees</i>	To be loyal to the organization & its management in recognition of their common objectives
<i>Industrial conflict</i>	Conflict is pathological (a disease), being the result of: <ol style="list-style-type: none"><li>1. poor management</li><li>2. the work of agitators</li><li>3. a failure of employees to grasp the commonality of interests</li></ol>
<i>Role of unions</i>	External 3rd parties that disrupt relationships & compete w/ management for the loyalty and commitment of employees
<i>Role of the state</i>	External forces whose agencies are unwelcome, except to the extent that they promote cooperation in the employment relationship

### Main features of pluralism

Aspect	Pluralist perspective
<i>General philosophy</i>	The employment relationship as having ever-present potential for conflict because employers and employees - legitimately - sometimes have different interests
<i>Role of management</i>	To define & achieve organizational goals in ways that recognize & reconcile conflicting opinions and interests
<i>Role of employees</i>	To advance their personal and sectional interest, while also recognizing the legit interests of others
<i>Industrial conflict</i>	An understandable & resolvable outcome of the structural conflicts of interest inherent in the employment relationship
<i>Role of unions</i>	To advance the interests of employees, as their legit reps, by challenging management but also by accepting a responsibility to seek compromise
<i>Role of the state</i>	Guardian of the 'public interest', protecting the weak, restraining the power of the strong & creating institutional arrangements that promote compromise

### Main features of radicalism

Aspect	Radicalist perspective
<i>General philosophy</i>	There is a <u>fundamental &amp; inherent conflict of interest</u> btwn workers and employers, a conflict that derives from: <ul style="list-style-type: none"><li>• the private ownership of the means of production</li><li>• the consequent unequal distribution of power</li></ul>
<i>Role of management</i>	To control workers in order to produce the profit required for private enterprise to prosper
<i>Role of employees</i>	To realize their subordinate position & struggle w/ employers to protect their interests
<i>Industrial conflict</i>	The inevitable outcome of an unequal employment relationship, reflecting an unequal society, which can only ever be resolved via fundamental social change
<i>Role of unions</i>	To represent workers in the class struggle, challenging: <ul style="list-style-type: none"><li>- the control of management</li><li>- the unequal distribution of income</li></ul>
<i>Role of the state</i>	To protect the interests of employers, who own the means of production

Provide examples of each of the three types of values and how they underline the theories and research of different scholars in employment relations

### Unitarism

- The work of management scholars, especially in the scholarship of HRM
- Scientific management – *Fredrick Taylor*
  - o Gave employees economic incentive for cooperating w/ management
- HRM – *scholars at Harvard*
  - o Unique...emphasis on strategy & 'strategic fit' btwn HR & business strategy
  - o Competitive advantage via strategic use of HR
  - o Top-down communication of organizational goal & employees' role
  - o 'Employee voice' only to help managers better run the organization

### Pluralism

- The theory & empirical evidence research of most scholars in ER
- Sidney and Beatrice Webb
- Critiqued by Fox as a sophisticated form of managerialism
  - o aimed at finding ways to contain conflict via a regulatory framework that maintains order

### Radicalism

- The work of Marxist & other left-wing scholars
- Fox's account was based on a critique of pluralism
- Marxism
  - o See ER as a part of all social relations
  - o Capitalism = division between
    - the bourgeoisie - own the factors of production
    - the proletariat - no capital, only have labour power
  - o Inevitable conflict
- 2 Marxist roles of trade unions – *Richard Hyman*
  - o Optimistic view - unions are an important vehicle by which workers are educated & trained to take part in revolutionary struggles
  - o Pessimistic view - unions are an impediment to revolution bc they are too focused on incremental, economic goals & therefore too embedded in the capitalist system to advance its overthrow

Provide examples of the three types of values and how they underlie the words and actions of different parties in the practice of employment relations

### Unitarism

- The words & practice of conservative politicians =, employer representatives & enterprise managers
- Policies of the Howard Coalition Government
  - o *Workplace Relations Act 1996* (Cth)
    - Unions seen as hindering the realization of common e/e interests

- BCA review of the *Fair Work Act 2009* (Cth)
  - o Term 'direct engagement' = efficiency = manager + employees w/o unions
  - o Unions disrupt workplace cooperation

### Pluralism

- The words & behaviour of many moderate left-wing politicians, union officials and some managers
- The Accord between the ACTU and the Hawke and Keating Labour governments 1980-1990s
- Statements of the ACTU
  - o Unequal power must be balanced by 3rd party intervention - unions + govt

### Radicalism

- The words & behaviour of some Marxist & left-wing politicians
- Unions
  - o Mistrust of employers
  - o Inequity of 'the system'
- Communist Party of Australia 1930s onwards
  - o Sought to influence trade union policies
  - o Convince members of a need for revolution
  - o Major strike wave after WW2
  - o Subsequent decline

## Appreciate the limitations of values as an explanation for action and behaviour in employment relations

- There is more to the theory & explanation of practice than just values
- Other factors influence actions and behaviours
- Parties can act contrary to the values they state
  - o Lying
  - o No power to implement their preferences

### Key terms

**Values:** principals or standards

**Unitarism:** a set of values that sees the employment relationship as essentially harmonious, w/ employees & employers sharing common interests, embodies in organizational goals

**Pluralism:** a set of values that sees the employment relationship as having the ever-present potential for conflict bc employers and employees sometimes have different interests, these conflicts, however, are legitimate & can be accommodated by an appropriate network of procedural & substantive rules

**Radicalism:** a set of values that sees the employment relationship as subject to enduring conflict in which the control exercised by employers over employees is illegitimate & can only end when major social change is achieved