

Lecture 3 - Employment Relations Theory

Substantive Rules: The rules governing essential terms for labour. (*Minimum Standards and Wage Rates*)

Procedural Rules: Predetermined rules for certain processes to be taken in response to different situations (*Grievance Procedures*)

Theories arise from observations of empirical patterns and thus have predictive capacity. They aim to explain general phenomena that is universally applicable rather than specifically relevant.

Unitarist Theory

Assumes that employees and employers have **common interests** within the organization. Focuses on '**direct engagement**' between employers and employees without intervention from third parties.

Business Council of Australia: Argued against union intervention stating that the Unitarist values of direct engagement were more important. Criticised Fair Work Act 2009.

"Promotes collaborative, rather than adversarial, relationships and minimizes industrial conflict"
(BCA 201, pp78)

Eg. Scientific Management (Frederick Taylor) and Human Relations (Hawthorne)

Conflict: Only arises in a *temporary lack of fit* between the employer and employee rather than an overall failure in the management strategy. Blame on employee's' failure to understand business mission.

Power: Stupid ass managers, from the Unitarist perspective, believe that employees and employers have equal power in the organizations

Trade Unions: Seen as *irrelevant and intrusive*. Unitarists believe that Trade Unions lead to undermining the employer's authority.

State: Unwanted third party that CREATES conflict rather than assists in resolving issues.

Critiques

- Very naive theory, that fails to consider the imbalance of authority from employees and employers that arise conflict.

- Does not address how conflict will be dealt with fairly without intervention of Unions and State.

Pluralism

Understand that HR is made of several different groups rather than just one whole. Therefore recognizes **different interests and different needs**.

“The parties to the employment relationship are viewed as tied together in an enduring web of partially conflicting and partially common interests” (Kochan 1998, pp37-8)

Conflict: **Inevitable**, employees and employers have different interests. Also internal conflict due to competition. Use consultative committees to voice employees interests.

Power: Is diffused amongst main negotiating groups.

Trade Unions: Relevant to support employees with their bargaining power.

State: Courts and tribunals as neutral parties important to protect the **‘Public Interest’**. Do so by creating legislation or institutions to regulate organizational behavior.

Criticism

- Power is not really diffused evenly, it is mainly in the manager's hands.
- Scholars cannot decide on a solid definition of pluralism therefore no consistencies.

Neo- Institutional Theory- Focused on ER, not the stability of the system.

Radicalist Approach

Sees ER in the context in the view of broader social issues of class division, and argues that the state is in favor of the working class.

Conflict: Fundamental and inevitable as a win for the Bourgeois (Managers) is a complete loss for the working class.

Power: Fundamental imbalance of power that is the cause of all conflict

Unions: Channel the power of the employees. Marxists however, see that unions are too passive and focus on economic equality rather than social justice.

State: Protects interest of capital and is the core of the issue.

Critiques

- Outdated. Created in the time of Marx, 19th century industrial revolution when there was a lack of employee rights. The modern capitalist world is not as divided.
- **Theory is not internally consistent.** Application in China and the Soviet Union showed that the Radicalist approach lead to unions and laws being in favour of the employers.
- State: The State is not equal with the capital. Instead it is argued that there has been an increasing regulations that restrict employees rather than aim to increase capital.

Gender Theory

Argues that the traditional ER theories are gender blind as they all infer that both parties are in the interest of males.

Although Male Bread Winner model is not as prevalent as it was pre 20th century, Gender Theorists believe the issue still endures.

Veritcal Segregation: The fact that women are faced with a glass ceiling when excelling to higher positions on the ladder.

Horizontal Segregation: Based on industries that are male/female dominated.