

## **Employment Relations: An Integrated Approach**

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# Chapter 1

## Introduction to Employment relations

### Opening Vignette

### Learning Objectives

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After studying this chapter you should be able to:

- Understand what is meant by Employment Relations (ER), Industrial Relations (IR) and Human Resource Management (HRM)?
- Identify and explain the distinct characteristics of the employment relationship
- Recognise the main actors in the employment relationship.
- Understand how the study of employment relations has evolved over time and why it is important in our lives today.
- Identify the three key theoretical frameworks used to discuss employment relations

## Introduction

This book aims to examine the intricate nature of Employment Relations through three main areas, People at work, Employment Regulation and Human Resource Management. First, **People at work** includes an introduction to the employment relationship, the changing nature of work and employment, employee representation and participation and employer strategy and representation. Second, **Employment Regulation** includes the role of the state in regulating Employment Relations, diversity and inclusion and workplace health and Safety (OHS). Third, **Human Resource Management** includes staffing, learning and development, performance management, reward management and negotiation. Refer to the diagram below.

### Textbook road map

**Figure 1.1 Textbook roadmap: Where are we going?**

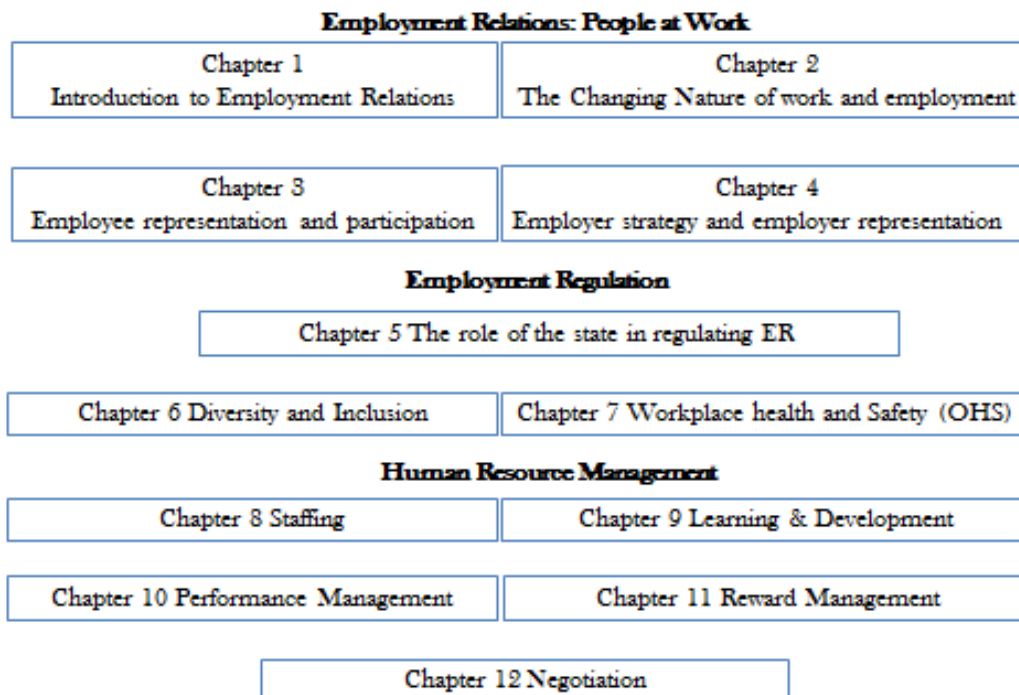
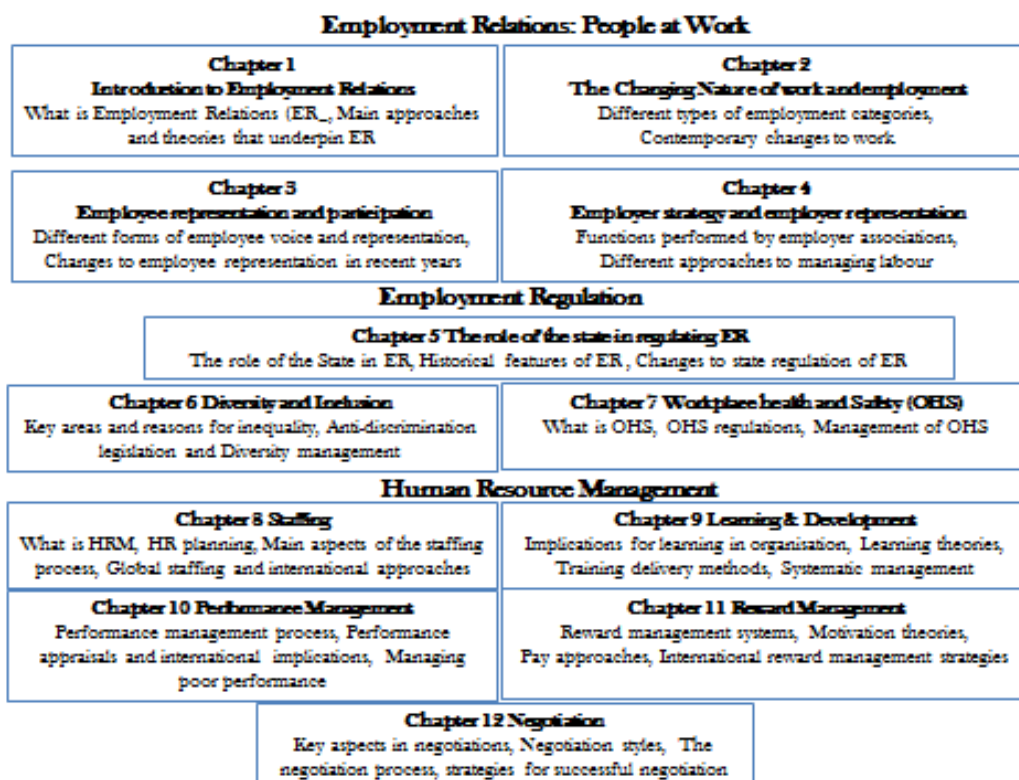


Figure 1.2 Textbook roadmap: Where have we been?



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## What is meant by ER, IR and HRM?

### Employment Relations

Employment Relations (ER) covers a broad range of topics relating to the world of work. ER is concerned about the behaviour and interaction of people in the workplace and is primarily associated with the relationship between employers and their employees. The incorporation of a pluralistic frame of reference and the integration of Industrial Relations and Human Resources Management into some kind of whole creates a discipline called 'Employment Relations' (Slade, 2002). It can be argued that Industrial Relations, Human Resources Management and Employee Relations are each representative of differing ideologies. Industrial Relations might be seen as encompassing a set of ideologies that are pluralist in character, whilst HRM is largely unitarist in nature (Slade, 2002).

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**Ideology** is a program by which one might comprehend and make sense of the world

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Table 1.3 Industrial Relations and Human Resource Management

Industrial Relations (IR) + Human Resource Management (HRM) = Employment Relations (ER)	
Industrial Relations	Human Resource Management
Macro and Micro environment	Micro environment
Recognises that conflict is inevitable	Cooperation is the main focus
'Pluralist' perspective dominate	'Unitarist' perspective dominates
Power relations and the State plays an important role	External environment and its regulatory roles are understated
Emphasis on broad social relations at work, including efficiency/equity, rights/responsibilities	Emphasis on the employee life cycle in the organisation
Workers efforts control the relationship and employer response	Management efforts controls the relationship

## Industrial Relations

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Industrial Relations

<End margin definition>

## Human Resource Management

**Human Resource Management (HRM)** is the process of designing management systems to ensure that human talent is used effectively and efficiently to accomplish organisational goals. 'Human' represents the dimension of HRM which relates to the soft aspects: such as the commitment of employees through participation and understanding that the most important assets are the employees. 'Resource' represents the hard aspects, such as the strategy link of HRM and the importance of the efficient utilisation of employees. "Management" represents the role of HRM as part of management. This implies that it is not only an administrative function that carries out the formulated policies, but it is also a managerial function which contributes to the formulation of strategy.

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**Human Resource Management (HRM)** is the process of designing management systems to ensure that human talent is used effectively and efficiently to accomplish organisational goals.

<End margin definition>

### Soft versus Hard HRM Approaches

Human Resource Management (HRM) as described by Kleiman (2000) is a concept with two distinct forms; soft and hard approaches. The soft approach of HRM is associated with 'human' or 'human relations' and the hard, on the other hand, sees people as a 'resource' or 'human resource'. **Soft HRM** aims to have employees responding better (motivated, satisfied, happy, high performing) because an organisation responds to their individual needs. The work of Maslow relates to soft HRM, stating that humans have a 'hierarchy' of needs that individuals strive to achieve. This theory claims that organisations that recognise and addresses these needs will have a happier, more fulfilled, more loyal and productive workforce. Maslow's theory of motivation will be discussed in more depth in the forthcoming chapter. Conversely, **Hard**

**HRM** sees people as a resource. A resource is viewed (in a business sense) as something that must be obtained as cheaply as possible, used sparingly, developed and exploited as much as possible. As indicated by Kleiman (2000) in this view, HRM is concerned with efficiency and achieving results. Performance management is crucial and tightly controlled employee activities are seen to be the best way for this to be achieved.

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**Soft (HRM)** focuses on people and is associated with the 'human' side of Human Resource Management.

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**Hard HRM** sees people as a resource and is associated with the 'resource' side of Human Resource Management.

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Historical developments in Human Resource Management

There have been various contributing factors in the development of modern Human Resource Management. The first was the Industrial Welfare movement in the 1880s-1940, which led to a shift in the way that managers viewed and treated employees. Employees were not just seen as a 'resource', (hard HRM) to enhance the productivity and profitability of the organisation, but more as 'humans' (soft HRM) where their rights and feelings were considered (Storey, 1995).

Another important influence was Frederick Taylor (1911) who outlined management methods for gaining greater productivity from low level production workers. Taylor was an American mechanical engineer who sought to improve industrial efficiency. He is regarded as the father of scientific management and was one of the first management consultants. Frederick Taylor played a significant role in the development of the personnel function (now known as Human Resource Management) in the early 1900s. Taylor's pioneering research involved **incentive systems** that rewarded employees for their performance. These incentive systems were known as piece-rate pay systems, whereby employees were paid more as they produced more output. The main focus was on increasing performance and efficiency. However, although this led to short-term increases in performance, negative outcomes, such as boredom, dissatisfaction, de-

motivation and turnover were found in the long-term. One of the primary methods to optimise efficiency was to create a controlled and mechanical environment where employees were given simplified and specialized tasks, and the process was tightly controlled by superiors. For example, workers were told when to start work, when to break. The repetition of tasks, little flexibility and no autonomy proved to be detrimental to the happiness and well-being of employees. This created important lessons that have helped foster the development of Human Resource Management. Although Taylor focused primarily on increasing efficiency in manufacturing environments, his principles laid the ground-work for future HRM development (Denisi & Griffin, 2007).

<Start margin definition>

**Incentive system** is where employees are rewarded employees for their performance.

<End margin definition>

Elton Mayo's Hawthorne Studies is another pioneering milestone which has influenced the development of Human Resource Management. George Elton Mayo was an Australian psychologist, sociologist and organisation theorist. He lectured at the University of Queensland from 1911 to 1923 before moving to the University of Pennsylvania. He spent most of his career at Harvard Business School (1926 - 1947) where he was Professor of Industrial Research. **The Hawthorne Studies** conducted in the 1920s and 1930s at Western Electric (a large manufacturer of electrical parts), sparked interest on the social and informal aspects of the workplace. The Hawthorne Studies involved conducting a number of experiments to see how groups of workers reacted in different situations. Firstly, changes were made to the employees' physical surroundings, such as lighting and the cleanliness of workplace, to see how these changes influenced the productivity of workers. Few relationships were found. However, when changes were made to the design of the job, such as group work, there was an increase in the level of productivity. The Hawthorne Studies demonstrated the importance of social relationships and individual needs in the workplace prompting the Human Relations movement and paving the way for what we know as Human Resource Management today (Bruce, 2006; Bruce & Nyland, 2011).

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**The Hawthorne Studies** were research experiments conducted in the 1920s and 1930s at Western Electric and involved conducting a number of experiments to see how groups of workers reacted in different situations.

<End margin definition>

Equal employment opportunity and affirmative action not only increased the complexity of the HRM function, but also enhanced its importance in modern organisations. In the 1970s HRM became a recognized profession with the introduction of courses in prestigious learning institutions. Complexities have been added to the field since the 1980s and continue to exist today, due to the changing nature and demographics of the workforce, advancements in technology and globalization. These historical foundations have created shifts in HRM over the years, such as changes from personnel to human resources, from administration to management and from human relations to organisational effectiveness and now, the importance of aligning HR with the strategy of the organisation (Dessler, 2004; Storey, 1995).

## **The Employment Relationship**

Lewis, Thornhill and Saunders (2003, p. 6) define the employment relationship as ‘an economic, legal, social, psychological and political relationship in which employees devote their time and expertise to the interests of their employer in return for a range of personal financial and nonfinancial rewards’. ER has a multi-disciplinary and interdisciplinary foundation and it is influenced by sociology, economics, history, psychology, political science and law. This allows ER to benefit from insights from these disciplines as well as benefitting from an interdisciplinary approach (Rasmussen & Lamm, 2002). Kaufman (2004) and Ackers (1994) have urged that employment relations should take on a broader focus and should include all behaviours, outcomes, practices and institutions that are associated to the employment relationship.

<Start margin definition>

**Employment Relations** is concerned about the behaviour and interaction of people in the workplace

<End margin definition>

## **The psychological contract**



The psychological contract is the expectation that employers and employees have of each other (Noe, 1999) and their working relationship. Early definitions of the psychological contract (Schein, 1965) state that there is an implied agreement of contributions that exist between parties and focuses on 'an individual's belief that a promise has been made and a consideration offered in exchange for it, binding the parties to some sort of reciprocal obligations' (Rousseau, 1989, p. 123). Although, definitions may vary slightly in the literature, the common notion is that psychological contract is central to the employment relationship and involves perceptions of both parties' reciprocal promises and obligations (Guest, 2004; Latornell, 2007; Pate & Malone, 2000).

According to Latornell (2007) the concept of the psychological contract is more suitable to broader, 'contemporary' definition of employment relations. The nature of the relationship between individual employees and their employer has become increasingly important in the contemporary view, in comparison to the more traditional employment relations perspective (Latornell, 2007). As workplace decisions have become more informal and individualised, the psychological contract offers various insights on how to manage the employment relationship (Guest & Conway, 2002; Guest, 2004). There is a potential problem for the psychological contract in that it has typically been studied from the individual worker's perspective (Guest, 2004), originating from the field of organisational behaviour (Latornell, 2007). However, research on the psychological contract has often been related to outcomes such as absence, turnover and withdrawal of cooperation which are important to the employment relationship.

Guest and Conway's (2002) study of 1306 UK employment relations managers found that 36 percent agreed that the psychological contract was helpful in managing the employment relationship and many others considered it to be useful. Furthermore, linkages were found between greater application of the psychological contract and positive employee attitudes and behaviours.

Guest (2004) outlines five factors that help to further explain the relationship between the psychological contract and the employment relationship. First, the *Contextual and background factors* are examined to explore the nature and consequences of the psychological contract. At the individual level it is important to consider different responses based on diverse background experiences and personal values. At the organisational level it is important to consider differences in terms of strategy, industry sector and size. Second, *Policy and practice* relates

to the role of HRM and the type of culture prevalent in the organisation. The types of procedures and practices that govern the organisation will influence the nature of the psychological contract. Third and fourth respectively, *Psychological contract and the State of the Psychological contract* relates to the responses to the contract and the degree to which employees and employers engage in reciprocal promises and how much the fairness in the promises made will lead to a trusting relationship between the two parties. Finally, *Outcomes* are influenced by all of the factors previously mentioned and are particular influenced by the level of trust that is created in the belief that each party will fulfil their promises and obligations. The outcomes may be attitudinal such as commitment, satisfaction and motivation and/or behavioural such as attendance, intention to stay, performance and organisational citizenship behaviour (OCB). Refer to the figure below.

<Insert Figure>

**Figure 1.3 The psychological contract and the employment relationship**

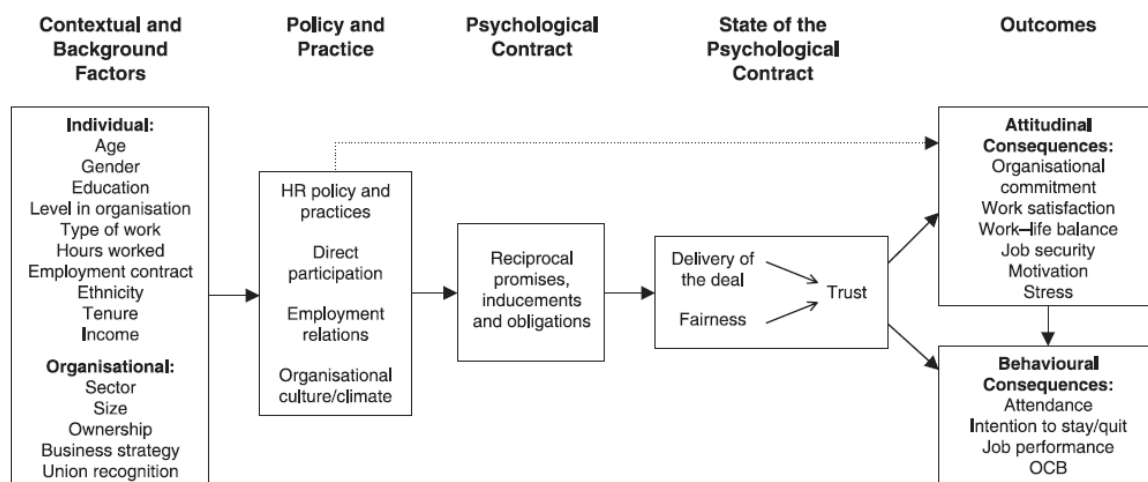


FIGURE 1. A framework for applying the psychological contract to the employment relationship.

(Guest, 2004)

Source: Guest, D. E. (2004). The Psychology of the Employment Relationship: An Analysis Based on the Psychological Contract. *Applied Psychology*, 53(4), 541–555.

<Start margin definition>

**Psychological contract** implied agreement of contributions that exist between parties

<End margin definition>

## The new employment relations model

A new employment relations model by Baker (2005) looks at how traditional employment values have changed over time and that management needs to consider how this will influence the psychological contract. Baker (2009) contends that it is important that the conceptualisation of the new employment relationship takes into account the dual perspective of the employer and the employee. The authors suggest that the dual perspective is crucial for both researchers and practitioners due to the changing expectations of employees and the strain that this has placed on the psychological contract. Baker (2005) found that traditional employment values included specialised employment where work was broken down into smaller parts. This increased the efficiency and productivity of the work, however, often lowered the motivation and satisfaction of workers. However, more contemporary values include more flexible work options (team work, job sharing and, telecommuting to name a few). Traditionally, there was also more of an internal focus on serving the manager and fulfilling the requirements of the job, rather the satisfying the customer's needs or the needs of other stakeholders. More contemporary approaches place importance on the customer, focuses on team and project work and there is an emphasis on learning and commitment. Employees are included in the decision making process and the workplace is more than a means to an end. Employees are being empowered, work is meaningful and human spirit is high. Refer to the tables below.

**Table 1.1 Traditional employment values**

<b>Values</b>	<b>Individual</b>	<b>Organisation</b>
Specialised employment	Work in an organisational setting and specialise	Encourage workers to specialise and remain in one unit
Internal focus	Focus on serving the manager rather than the customer	Emphasis on organizational policies and procedures
Job focus	Focus on fulfilling your job requirements	Link rewards and benefits to organisational dependency
Functional-based work	Accept yourself as a functional worker	Focus on organisational functions
Human dispirit	Accept any work	Provide any work
Loyalty	Loyalty to the organisational processes and procedures	Loyalty to employees who are loyal to the organisation
Training	Commit to achieving qualifications	Train employees in organisational processes and procedures
Closed information	Be willing to carry out managerial instructions	Providing employees with enough information to carry

		out their organizational function
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**Table 1.2 New employment values**

<b>Values</b>	<b>Individual</b>	<b>Organisation</b>
Flexible employment	Work in more than one organisational setting	Encourage workers to work in other organisational units
Customer focus	Serve the customer not your manager	Information and incentives for external focus
Performance focus	Focus on what you do, not where you work	Link rewards and benefits with performance rather than organisational dependency
Project-based work	Accept and embrace yourself as a temporary employee	Focus on projects rather than organisational functions
Human spirit and work	Find work that is meaningful	Provide work that is meaningful
Commitment	Commitment to achieving organisational outcomes	Loyalty to enhancing employees' personal objectives
Learning and development	Learning and growing on the job	A partnership for employee development
Open information	Contributing to decision-making processes	Providing employees with access to information about company goals, needs, and HR systems

**(Baker, 2005, p. 231)**

Source: Baker, T. B. (2009). Towards a new employment relationship model: Aligning the changing needs of individual and organization. *Leadership & Organization Development Journal*, 30(3), 197-223.

## **Characteristics of the employment relationship**

There are various elements which characterise the employment relations.

1. The Employment Relationship is **multifaceted and continuous**. The employment relationship is not a simple, straight forward transaction such as buying an apple or a laptop. Instead, the relationship involves people who come from different backgrounds, have different personalities and different needs.

2. The Employment Relationship is **complex** and involves many dimensions such as Economic (unemployment, wages and availability of labour), Social (values, diversity and equity), Cultural (teamwork, power-distance, work-life balance, ageing workforce), Legal (Workplace health and safety, legislation) and Psychological (Emotions and Personality)
3. The Employment Relationship involves **mutual responsibilities**. It is important that both employees and employer carry out their duties and responsibilities. Employer responsibilities include paying wages or salaries as agreed, providing a safe working environment and reimbursing any expenses incurred. Employee responsibilities include obeying reasonable, lawful and safe instructions, working in a competent manner to take reasonable care and not harm employer's interests.
4. The Employment Relationship includes **tangible and intangible** elements. The tangible elements may include pay, company car and conditions of employment. The intangible elements may include more motivational aspects such as a sense of satisfaction and self-fulfilment.
5. The Employment Relationship is **indeterminate and incomplete**. It is difficult to provide a definitive list of all aspects involved in the relationship. Also, as the relationship evolves, new terms and conditions of employment are often generated.
6. The Employment Relationship denotes the importance of **cooperation and conflict**. It is important to cooperate and work with people to develop long-term successful relations. However, the acknowledgement of conflict in the relationship may also help to overcome differences and create new and innovative ways of conducting business.
7. The Employment Relationship is about **balancing power**. Power should be balanced between the employee and the employer. The involvement of the state and employee and employer representatives helps to ensure that the balance of power exists in the employment relationship.

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**Hungry Jack's tells its staff whoppers**

Bradley Pinkerton worked at Hungry Jack's Miranda for 2 1/2 years before it shut in February 2013. It appears his employer didn't pay him a cent in super or leave. Ditto Matthew Manson, employed there for five years. Both started with Hungry Jack's as teens and were supposed to have obtained training qualifications as part of their employment. Mr Manson didn't receive his. Mr Pinkerton's training never started.

In a statement to a local newspaper, Hungry Jack's said it "takes its responsibilities to crew members, customers and the communities in which it operates very seriously".

However, in an email, Hungry Jack's has been at pains to point out it has no responsibility. The failed store was an independent entity, it said. "Hungry Jack's is a creditor like any other creditor. Like any other creditor, Hungry Jack's has no obligation to seek to have the debtor company wound up and will consider whether the cost of it initiating the process to do so is likely to be money well spent. The training arrangements are a matter between (franchise owner) Mr (Boro) Chadevski's company and the government."

Attempts to contact Mr Chadevski, were unsuccessful. However State Training Services is ensuring an alternative training organisation contacts Mr Pinkerton. And federal Workplace Relations Minister Bill Shorten has asked the Fair Work Ombudsman to investigate his case. The ombudsman can pursue Mr Chadevski for any unpaid entitlements.

1. Why is the employment relationship different from other types of contracts found in the business world?
2. List the 'parties' to the employment relationship involved in this case. What role has each party played in this case? Who is responsible for the unpaid super, leave and undelivered training?'

Source: Modified from The Telegraph online  
<http://www.dailytelegraph.com.au/news/nsw/hungry-jack8217s-tells-its-staff-whoppers/story-fni0cx12-1226662967836>

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## The main actors in the employment relationship

### The state

#### Government

The role of the government and its agencies is to provide an enabling environment for the production of goods and services. The government and its agencies expect tax in return for their services in providing the environment for the production of goods and services in organisations (Ayantunji & Ayantunji, 2013). According to Godard (2005) the state has five roles in the

employment relationship, regulative, employer, facilitative, structural and constitutive. First, in the regulative role, laws regulate workers, unions, and companies. Second, in the employer role, the state is a public sector organisation with its own employees. Third, in the facilitative role, the state establishes social norms and provides support services for the employment relationship. Fourth, the structural role consists of economic policies that shape the economic environment. Finally, in the constitutive role, the state determines how the employment relationship is constituted by the type of economic system embraced by the state (Budd & Bhave, 2006).

<Start margin definition>

**The state** refers to a governed entity (country) or a sub-entity (territory of a country).

<End margin definition>

<Start margin definition>

**Government** is the people and processes by which an entity (country or territory) is governed.

<End margin definition>

## **Institutional actors**

### **Employees and Trade unions**

The role of the employees and their trade unions is the supply of the skills necessary for the production of goods and services. Employees and their trade unions expect generous salaries and other favourable conditions of employment in return for their services (Ayantunji & Ayantunji, 2013).

<Start margin definition>

**Employee** is someone who provides labour and/or expertise in exchange for a wage/salary

<End margin definition>

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**Trade unions** are organisations which represent the interests of workers or employees

<End margin definition>

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**Australian Council of Trade Unions (ACTU)** is the largest peak body representing workers in Australia.

<End margin definition>

## **Organisational actors**

### **Employer and Employer Associations**

The role of the employer is to provide raw materials including human resources and finance for the production of goods and services. Employers and their associations expect good profits in return for their investments in raw materials and other resources supplied by them for the production of goods and services (Ayantunji & Ayantunji, 2013). Employers' interests often refer to the organisation's interests which are consistent with the interests of the shareholders, executives, and managers (Budd & Bhawe, 2006).

According to Budd and Bhawe (2006) there are three primary views on the interests of employers: profit maximisation, shareholder value and power and control. The first view is profit maximization where an organisation's objective is to structure work to generate the highest profit level possible. The second view broadens the objective of profit maximization to include other stakeholders such as employees. The third view is the quest for power and control over employees this goes beyond that necessary to maximize profits.

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**Employer** is a person or organisation who offers wages/salary in return for labour and/or expertise

<End margin definition>

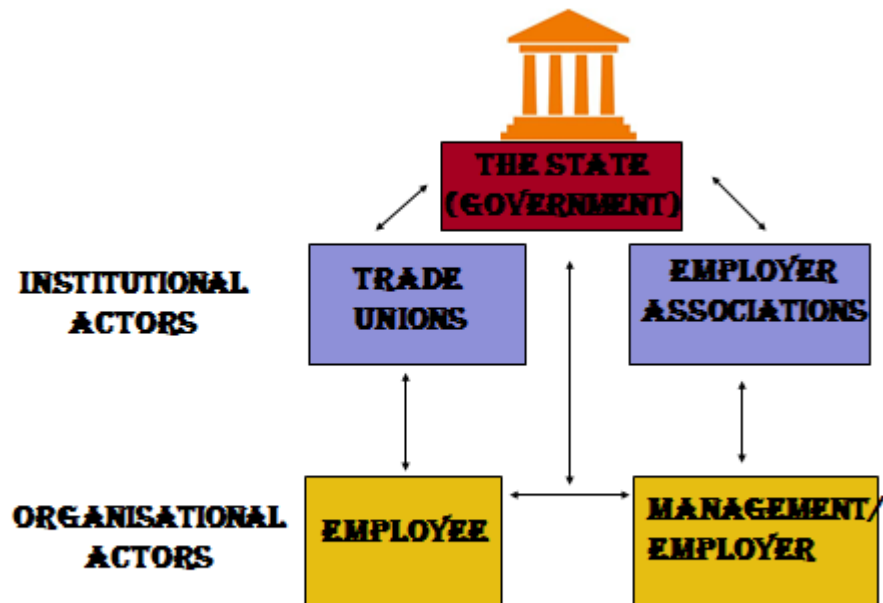
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**Employer associations** are organisations which represent the interests of the employers

<End margin definition>

**Figure 1.1 Actors in the employment relationship**





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**Shorter Shifts for Students: Flexibility, Common Sense or Exploitation**

**Details of the case**

In late June 2011, after a 16-month battle and three rounds of arbitration in front of the national industrial relations tribunal Fair Work Australia (FWA), tribunal vice-president Graeme Watson granted an application from the National Retail Association (NRA) to reduce the minimum shift period for secondary school students working in the retail sector. The reduction was from a minimum of three hours to 1 1/2 hours. The employee must be a full-time student and the hours worked must be between 3pm and 6.30pm on a school day. The employee and their parent or guardian must agree on the shorter period. The shorter period is allowed only if employment for a longer period is not possible because of the operational requirements of the employer or the unavailability of the student.

In February 2010, six youths had lost their after-school jobs at a Victorian hardware store because their new award stipulated they had to be employed for a minimum of three hours a day, compared with the previous state award that had a two-hour minimum. Leticia Harrison, who, along with fellow sacked youth Matthew Spencer, campaigned for the shift requirements to be eased, said she had fought for the changes so other people would get more opportunities to have after-school work.

## **The Government and Opposition Response**

Then Prime Minister Kevin Rudd expressed satisfaction with an initial FWA decision upholding the three-hour minimum. As Workplace Relations Minister, Julia Gillard argued that the three house shift minimum was not unreasonable. After the ruling, a spokesman for Workplace Relations Minister Chris Evans said the ruling reflected "careful consideration by the independent umpire, taking into account the need to promote youth employment and social inclusion". Opposition Workplace Relations Spokesman Eric Abetz applauded the decision, but said it was "cold comfort for the hundreds of after-school student workers who have lost their jobs in the 12 months it's taken to address the situation".

## **Employers**

Charlie Duynhoven, who employed the six teenagers at the Terang and District Co-operative, 210km southwest of Melbourne, said "...common sense has prevailed," he said. "It gives us a chance to employ these students again and train them up, to give them experience in customer service, in how to handle money and product knowledge."

Employers Associations also thought the change was positive. Gary Black, executive director of the NRA, which brought the application, said the ruling was "a victory for flexibility and common sense in the workplace relations regime". Peter Anderson, chief executive of the Australian Chamber of Commerce and Industry (ACCI), said "it's unfortunate such a sensible step took three rounds of national arbitration to achieve," he said. "That fact alone highlights restrictions imposed by Australia's workplace relations system, and award rules which are yet to become truly modern. Industrial tribunals must continue to actively review award conditions, many of which still reflect a time when the Australian economy was based around Monday to Friday, nine to five-style working arrangements. That situation is a far cry from the current reality, with customer demands requiring a much more diverse and flexible array of business arrangements."

## **Unions**

Trade unions warned that the decision would encourage employers to cut back the afternoon shifts of adult workers and replace them with "kids working for \$7 an hour". Australian Council Trade Unions (ACTU) secretary Jeff Lawrence said that "Unions will work to ensure this

decision does not impact on the jobs or incomes of adult workers in this industry. These workers are already facing cost-of-living pressures and losing an hour or two off the end of their shifts could tip them over the edge. Unions are also concerned that this decision could mean children have to work for 90 minutes just to earn \$11 - a wage that would barely cover the costs associated with getting to work.... It just opens up a gateway to exploitation... In the end, market forces will probably mean that very few employers get away with offering short shifts."

1. Why is the employment relationship different from other types of contracts found in the business world?
2. List the 'parties' to the employment relationship involved in this case. What role has each party played in this case?
3. Do you think that the reduction in minimum shift hours "opens the gateway to exploitation" of young workers? Why/why not? Explain with reference to power in the employment relationship.

Source: Modified from: Hannan, E "After-school jobs back with Fair Work victory", *The Australian*, June 21 2011, available:<http://www.theaustralian.com.au/national-affairs/after-school-jobs-back-with-fair-work-victory/story-fn59niix-1226078855718> and "Shorter student shifts 'raise exploitation risk'" ABC News Online, June 21 2011 available: <http://www.abc.net.au/news/stories/2011/06/21/3249089.htm?section=justin>

<End insight box>

## **The study of employment relations**

### **Theoretical frameworks in employment relations**

Since the mid 1960's the distinction between unitarism and pluralism frameworks were seen as two incompatible conceptualisations of the organisation and the employment relationship. The unitarist approach views employment as a relationship between members of a group with a common purpose (Cradden, 2011). The pluralist approach views employment as a strategic relationship between strangers. Employees and employers have different and competing goals and values and have no common purpose. Employment is characterised by conflict and any co-operation is based on the mutual need to attain the separate goals (Cradden, 2011).

## Unitarism

The Unitarist perspective perceives the organisation as an integrated and harmonious system where all members share the same objectives and interests. Trade unions are deemed as unnecessary and conflict is perceived as disruptive. The unitary approach is often characterised by flexible working practices, effective communication, good relationships, teamwork, employee participation and positive conditions of employment. Furthermore, policies and practices are designed to enhance motivation and engage employees (Guest & Peccei, 2001).

Employees are valued and their well-being is carefully considered to ensure their loyalty and commitment to the organisation (Ackers & Payne, 1998). A major strength of the unitarist perspective is that it integrates employer and employee interests (Guest & Peccei, 2001) as well as other stakeholders. According to Kessler and Purcell (2003) a major weakness of this perspective is that it fails to recognise that power inequalities that exist between employers and employees which generate diverse kinds of conflicts. Furthermore, conflict is considered to be negative and any positive outcomes associated with conflict, such as being able to generate positive change are not considered (Kaufman, 2008).

<Start margin definition>

**Unitarism** denotes individuals and groups with similar objectives and interests

<End margin definition>

## Pluralism

The Pluralist perspective perceived the organisation as a divergent group with varying goals and interests. This approach sees conflicts of interest and disagreements between managers and workers over the distribution of profits as normal and inevitable. Trade unions are deemed as legitimate representatives of employees. Conflict is dealt with by collective bargaining and is viewed as a necessary means that could foster positive change (Kaufman, 2008). Conflict is managed effectively so that it can be used to understand underlying tensions, so they can be identified and properly addressed (Kessler & Purcell, 2003). The pluralist perspective makes use of conflict management strategies to engage groups that are in conflict, so that resolutions can be discussed and implemented (Kessler & Purcell, 2003).

<Start margin definition>

**Pluralism** denotes individuals and groups with diverse goals and opinions

<End margin definition>

Radicalism/Marxism/Neo-Unitary

## Chapter summary

### Key Terms

Employee

Employer

Employer associations

Employment Relations

Government

Human Resource Management

Ideology

Industrial Relations

Institutional actors

Organisational actors

Pluralist

Radicalist

The state

Trade unions

Unitarist

### Discussion questions

1. Discuss the importance of employment relations and outline three of the characteristics of the employment relationship.

2. Outline each of the actors in the employment relationship? Discuss the importance of the interrelationships between these actors.
3. Compare and contrast the advantages and disadvantages of the Unitarist and Pluralist perspective of employment relations.
4. Critically analyse the statement “Industrial Relations and Human Resource Management are often termed as distinct, but complementary”.

<Start end of chapter case study>

Case Study – supplied by Cengage

<end case study>

## Further reading

Baker, T. B. (2009). Towards a new employment relationship model: Aligning the changing needs of individual and organization. *Leadership & Organization Development Journal*, 30(3), 197-223.

Latornell, J. (2007). The Relationship between the 'Psychological Contract' and 'Employment Relations'. *Journal of Industrial Relations*, 49(2), 277 - 286.

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