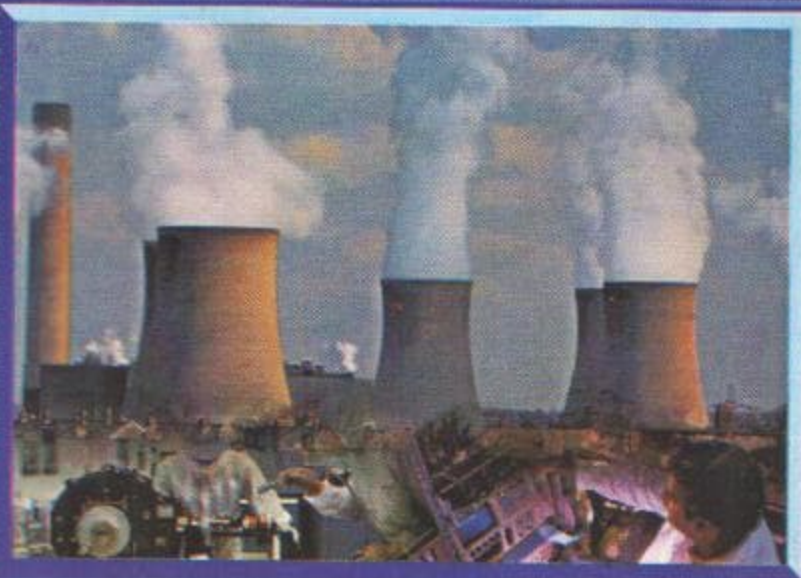


Industrial Relations Theory

**An Introductory reading Text
for Management Students**



OLAWALE SHABI

Global Consult Publishing Ltd.,

***INDUSTRIAL RELATIONS THEORY:
AN INTRODUCTORY TEXT FOR
MANAGEMENT STUDENTS.***



Olawale Shabi

Lecturer in Industrial Relations and Personnel Management

Lagos State University

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Published August, 2003

National Library of Nigeria Cataloguing In Publication Data.

ISBN: 978-37405-1-2

Printed in Nigeria by:

 **SEGE PRINTS**
publisher • commercial printers • stationeries
08023079269

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PREAMBLE

The desire to write this book stems from the realizations that the development of industrial relations as a course for study in all industrial context must unavoidably be based on some acceptable theoretical foundations. This I realized far back as a master degree student and it became a challenge when I was charged with the responsibility of teaching Introduction to Industrial Relations Theory. This motivated me to focus on this area, knowing full well that the deployment of theories of industrial relations must be done with a high sense of responsibility and caution. Thus, this book is made up of extracts, from my master's degree, Industrial Relations Theory seminar papers, profitable intellectual interactions with my senior colleagues and review of relevant books on the subject matter. Hence, the book seeks to improve the reader's (students) knowledge of the phenomena and contexts of industrial relations theory in a rapidly developing African economy.

The book is organized to reflect the considerations of industrial relations theory comprehensively and is divided into five chapters. Aside from the Introduction, that treated the definition of theory, industrial relations theory conceptualization and role of theory in industrial relations, the topics that are further discussed in the intervening three chapters are: approaches to industrial relations theory; operational controversy in industrial relations theory orthodox approaches and alternative approaches. Finally, chapter five discusses application of industrial relations theories in developing countries. At the end of the last chapter, practice questions were designed to stimulate discussions and further reading thereby making it more provocative than instructional for industrial relations theory students in higher institutions.

Industrial relations theory (An Introductory Text for Management Students) is the first in a series.

I must express my sincere gratitude to Professor Richard Hyman of the Department of Industrial Relations, London School of Economics for some of his advise and corrections on this work via the internet, Professor O.J Fapohunda, Dean Faculty of Management Sciences and Professor Segun Matanmi Director School of Part Time, Lagos State University for the tutelage i received from him. I am also grateful to Dr Oyelekan Ayantunji (HOD IRPM, LASU), Dr. Fajonyomi, Mr Sola Animashaun, Mike Aremo, and all my colleagues in the department. My special thanks also goes to Miss Florence Ilo for painstakingly typesetting this work.

All errors in this work are entirely mine.

Olawale Shabi

Lagos, August, 2003

CHAPTER ONE

INTRODUCTION

To facilitate a better understanding of the course Industrial Relations theory, it is pertinent in this chapter to operationalize the term industrial relations and theory. The term 'industrial relations' is not new to many of you, since most of you had already taken one or two courses in the discipline. In this sense, I can assume that every one of you possesses at least a rough knowledge of the discipline. However, a discourse of this nature is useful because of different positions and arguments often put forward by the proponents in the field, sometimes complimentary, antagonistic or controversial, but then, the need for cross-fertilization of such perspectives can only but enrich everyone involved. Therefore, industrial relations (IR) is a discipline and an area of industrial practice. It may be defined broadly as the concepts, theories, policies, practices, procedures, understanding and designing network of interactions between the relevant actors as well as the institutions and processes which bring about peace in such relations. It should however be noted that it is essentially the study of institution of trade unionism and processual machinery for regulating collective relations at work, and in the wider society. (For further explanation on I.R see Shabi and Animashaun, 2000).

On the other hand, a theory is a statement of invariant relationship among measurable phenomenon with the purpose of explaining and predicting the phenomenon. To some, theory is a higher level law because apart from being a statement of invariant relations

between variables of a phenomenon, it also explains and predicts the properties of the phenomenon. A theory consists of constructs, definitions and propositions and all these are put together to present a systematic view of a phenomenon, specifying relationships between the concepts and variables that are testable and that can be used for purposes of prediction. Thus, a theory is often characterized by **reliability**, that is, capable of been used for more or less accurate predictions; **universality**- its application transcends the place of its origin; **empiricism**, that is, demonstration of a theory should be practically observable and physically verifiable; and **causality**, that is, been able to establish cause-effect relationships between two events. Furthermore, a theory is based on the use of abstract deductive reasoning that enables conclusions to be drawn from a set of hypothesis or assumptions about any real world problem. This therefore contrasts with applied studies which is inductive in nature.

Having said these, **What then is industrial relations theory?** Industrial relations theory is therefore a theoretical framework that have been adduced or put forward to explain, analyze and discuss the network of social relations at work which is largely determined by the relations of production, as well as the management of all labour problems in a society. Hence, in specifying the framework for Industrial Relations theory, two categories need mentioning; the idea of the 'institutions and process of mediation' from Richard Hyman {1975} and 'the politics of production' from Michael Burawoy. While Hyman was careful to argue for 'theory in Industrial Relations' rather than Industrial Relations theory, I believe that his work and those of others we will discuss allow us the basis for contesting the labour/ production relations with the tradition of institutionalist industrial relations. On the other hand, Burawoy's ideas of the politics of production succinctly addresses the area that conventional industrial relations is concerned with (Adesina, 1992). Dunlop (1958) for instance sees industrial relations theory as the provision of the "tools of analysis to interpret and gain understanding of the widest possible range of industrial relations facts and processes" And he implies that Industrial

Relations is about "the work place and the work community" which offers the prospect of going beyond the bargaining table.

In view of the fore-going, since theorizing is a continuous exercise and no model or approach has satisfied every one terms of taking into account all variables at play, attempts to provide more comprehensive theoretical expositions on the industrial relations have not stopped. More recent contributions to the theory of industrial relations, piece-meal in fashion depending on which variable attracted attention, have been made by Sociologists of various persuasions, economists, psychologists, political scientists, historians and legal scholars and for the purpose of adequate understanding, we are going to mention some of them later on. Again, most of the writers in the orthodox industrial relations tradition could be described as liberal – pluralists in terms of their ideological perspectives.

But then, critiques of such perspectives argue that the orthodox approaches are parochial and generally ignore the work outside a narrow definition of industrial relations. In view of this, both the orthodox approaches as well as alternative approaches will be explored and fully discussed in subsequent chapters. Before then, of what purpose is theory in Industrial Relations?.

THE PURPOSE OR ROLE OF THEORY IN INDUSTRIAL RELATIONS

Social and management scientists are in agreement as regards the role of theory in the development of a science, so also are industrial relations scholars. There is however so much confusion pertaining to the nature of theory in general and what kinds of theories industrial relations scholars produce. A large number of theories have been accepted into the body of knowledge of industrial relations, although each valid theory emphasises only little aspects of the field. There is yet to emerge a general theory of industrial relations (Fajana, 1995).

Generally, theories are needed first and foremost as an aid to understanding events and problems in the practical world of labour. Theories have been required to answer questions like these in industrial relations: why is there constant strike actions in both public and private sectors? why as there been an upsurge in militancy among some senior staff in Nigeria? and why has there not been a total transfer of industrial relations practice from the advanced countries to developing countries? Dunlop (1958) posited that theory is needed for the purpose of explaining observations. He decried the mounting up of facts on the plains of human ignorance, and called for a speed up of integrated theory to help interpret, explain and relate them. In view of this, we can therefore attribute the practical problems in industrial relations predominantly to the inadequacies of theoretical analysis.

Theory also serves as an aid to prediction. This is because the more industrial relations theory enables such forecasting, the more useful it will be to practitioners helping them get ready for what may be in store (Walker, 1976). Despite this, only a few attempts have been made to employ industrial relations theory as an aid to prediction. But then, a lot of scholars have made an interesting attempt to use theories for identifying issues, controversies, features and options that confronts industrial relations systems.

Theory is also needed as an aid in research. As Flanders (1965) explained that at its simplest, theory is needed to pose the rights questions and research to provide the right answers, but even that, there must be a constant interplay taken place between the two. Dunlop (1958) also recognised the role of theory in industrial relations research. His goals in fashioning out Industrial Relations systems was to illustrate a type of research inquiry which may well provide a basis for a number of further volumes of comparative studies of industrial relations among different industries and countries.

Another reason is that theory assists practitioners in policy formulation and decision making. This is no doubt stems from the prediction purpose or role. Theory might be useful to practitioners if it could help them to bring about desired changes in the present or the future (this includes avoiding undesired events). In addition, theory is needed not only for academic reasons but also for public and private policy formulation. Hence, policy relevance is a sufficient rationale for interest in theories of industrial relations.

Lastly, theory are also desired in industrial relations to validate existing theories through various researches and tests to authenticate the validity and reliability of such existing theories. For example, in industrial relations, most of the popular models or approaches have undergone heavy criticisms and review which has no doubt led to the modifications and adjustments of majority of them.

Nevertheless, if industrial relations theory is to live up to the above expectations, then theories must themselves be valid, generally acceptable and testable. It is quite unfortunate that some of these theories of IRs do not possess these qualities because their explanatory power might be very weak

To sum up this discussion, the most serious problem hampering the development of stable, general and valid theories of industrial relations is perhaps the confusion of different stages of theory formulation. The controversies and antagonisms that surrounds industrial relations theories could be avoided if the theorists could be conscious of their levels of theorizing and the limitations of such levels. From this, current approaches of industrial relations may be viewed not to amount to theoretical systems. Still, a good deal of theory is found in these rudimentary forms, enough to negate the statement that there are no valid theories of industrial relations despite making progress towards theories which are generalizable over countries. And this has been brilliantly demonstrated by the richness of the theoretical propositions contained within the works of Beans (1985) and Poole (1986).

CHAPTER TWO

APPROACHES TO INDUSTRIAL RELATIONS THEORY

Industrial relations been a dynamic and very volatile field of study where new issues and events keep arising every moments, attempts have been made to systematize pertinent theoretical Positions by scholar and researchers, knowing fully that no single approach has successfully theorize or postulate issues in industrial relations without its own short comings.

In examination the different approaches, it is useful to differentiate between those approaches which are concerned with the general nature of employment organisations and those which specifically deal with the industrial relations system itself. However, it is important to bear in mind that:

- (A) The approaches are primarily analytical categorizations rather than causative theories or predictive models, and
- (B) There is no one "right" approach ; rather each approach emphasises a particular aspect of industrial relations and taken together can provide a framework for analyzing and understanding the diversity and complexity of industrial relations (that is, complexity of the human aspect of work organisations). For this purpose, each of them is thus highlighted in diagram and explained subsequently below.

APPROACHES TO INDUSTRIAL RELATIONS

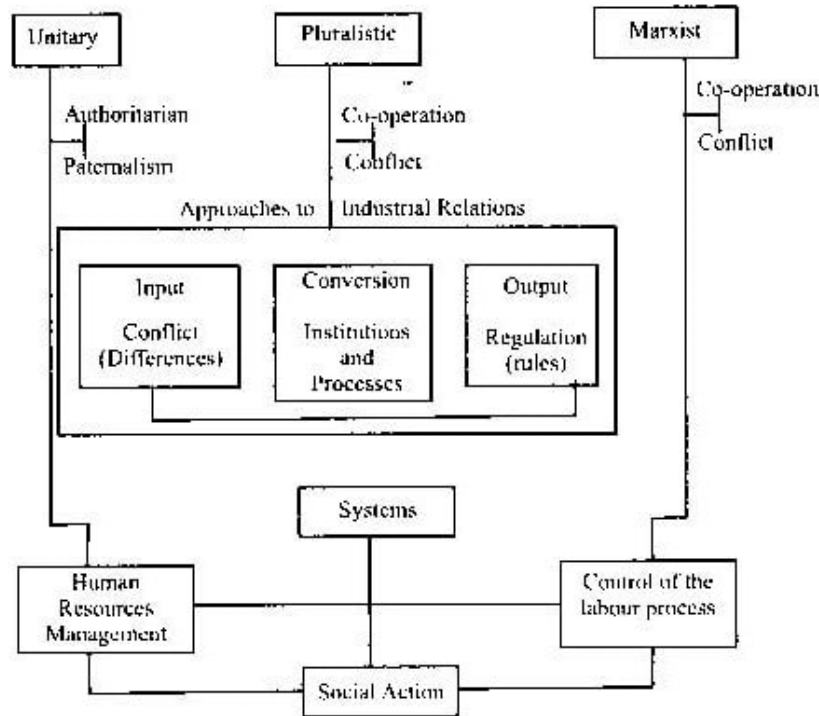


Figure 1.1 Approaches to Industrial Relations

CLASSICAL APPROACH

The classical economists of the 19th century, such as Adam Smith, the Reverend Malthus and David Ricardo, were all concerned with the problems of labour, though in the limited extent that labour was seen as factor of production. Consequently, these economists saw insufficient difference between labour and other factors to explain the complex nature of labour input into production. Yet labour itself, as factor of production, is more greatly influenced by the social and economic work environment, together with other

environmental factors which have far-reaching effects on labour than by other factors of production, (Fashoyin, 1992). This conservative view of the classical economists gave way to those of the social reformers such as Sidney and Beatrice Webb and Karl Marx at the end of the 19th century. These scholars agreed that the view of classical economists did not recognise the agonizing and traumatic experience of the labouring class which they argued could be ameliorated by the institution of trade unionism. However, the Webbs who are the architects of what later became known as INSTITUTIONAL SCHOOL OF THOUGHT and Marx the leading proponent in Marxist school of thought differed fundamentally in their frame of analysis, as well as in their ideological perspectives, on how to bring about change. For Marx, improvement in the conditions of the labouring class could be achieved through the antagonising role of trade unions, while the ultimate goal would be the displacement or overthrow of the capitalist mode of production and the subsequent installation of the proletariat leadership. In other words, Marx saw trade unions as revolutionary agents for changing the social order. This explanation as espoused by Marx have been modified and polished by some scholars in the Marxist school prominent amongst them is Richard Hyman. (His own theoretical positions will be explained later). For now, let us look at the institutional school of thought as championed by the Webbs.

INSTITUTIONAL APPROACH

In a sharp contrast to Marx submission, Sidney and Beatrice Webb, who emerged as the founders of British industrial relations, was equally optimistic about the constructive role of the trade unions in bringing about change, did not endorse a violent challenge of the social order in the manner of a revolution. Rather, the Webbs believed that trade unions could serve as effective institutions for the material benefit of workers. Indeed, the Webbs' view is adequately presented in the way they defined trade union as "a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives".

To them, the way by which unions could transform society was through collective action, which was to be the main machinery for protecting the employment conditions of their members, by rendering to them services that helped raise their job consciousness, and by working towards the creation of a conducive legal environment which would legitimize the unions and their functions. In fact, while the Webbs agreed that there was some role for trade unions, they did not agree with Marx on the method of bringing about improvement in the conditions of the workers.

The Webbs' analysis centers on its emphasis on orderly process of relations in a pluralistic environment in which there are conflicting interests. This approach emphasizes the pluralistic nature of the work place and the collectivity of workers and employers for a concerted action, as the frame for analysing industrial relations. The institutional school recognises the inevitability of conflict at work since, basically each side of the industry supports opposing interests. The resulting conflict according to this approach, is neither surmountable nor does it lead to total fracas or disorder. Instead, the joint efforts of both sides should be able to accommodate the inbuilt conflict in labour relations. Suffice to mention that in the early 20th century however, scholars such as John Commons, Hugh Clegg and Alan Fox, have contributed to the articulation of institutional school or approach as it may be. Generally, these scholars stressed the importance of group action by workers as a countervailing force against the power of the employer. Although, this view point recognises the fundamental differences between labour and capital, it does not share the Marxian view that the basic problem of industrial relations is the prevalence of capitalism, whose demise was crucial for the amelioration of the conditions of the labouring class. Rather, why they recognise the differences, the followers of the Webbs believed that mutual coexistence of both parties and accommodation, rather than antagonism or revolution, was crucial to the amicable resolution of conflict in the workplace. Little wonder Thomas Kochan (1980) described the institutional approach as:

emphasising the importance of negotiations and compromise among the divergent interests of labour, management, and the public. This middle of the road approach reflected their pluralistic view of the industrial society.

THE SYSTEMS APPROACH

The major attempt to collate the existing views of industrial relations into a theoretical frame work was the seminal work of John Dunlop on Industrial Relation System. Largely based on the institutional frame work, with a strong emphasis on the pluralistic nature of industrial relations, Dunlop present a general theory providing "tools of analysis to interpret and gain understanding of the widest possible range of Industrial relations facts and practice just as mentioned earlier on.

Since all the relationships in the world of work are mixed and cannot be separated, industrial relations then covers relationships arising out of employment in which the three principal groups affected are a) Workers and their organizations (non-unionized employees, industrial unions, the Nigerian Labour Congress and SESCO), employers, management and their organizations (Employers Associations, NECA, MAN, NACCIMA- with NECA concentrating on industrial relations issues) and the state.

So what do these three groups of actors do in the name of industrial relations? one of the most influential framework for explaining just this is the one developed by Professor John T. Dunlop, an American labour economist. Professor Dunlop in his classic book, *Industrial Relations System* (1958), has told us that an industrial relations system at any one time in its development should be regarded as comprising.

- (a) these groups of three actors mentioned above,
- (b) certain contexts.

- (c) an ideology which binds the system together, and
- (d) a body of rules created to govern actors at the workplace and work-community.

Since we already know who these actors are, let us briefly examine the other characteristics of this industrial relations system.

(A) CONTEXTS

Context here refer to the setting in which these actors operate, that is the larger environment which plays an important role in shaping the rules established by workers, employers, and state. The environment is itself made up of:

- (i) technological context;
- (ii) market or budgetary constraints; and
- (iii) locus and distribution of power.

In other words, the technological characteristics of the work-place and Work community, including the type of product or service created greatly influence the size and skills of work-force, stability of employment, supervision requirements, need for public regulation and so forth. The kind of technology would also influence type of managerial and workers hierarchies that emerge. Infact, Professor Dunlop goes on to argue that identical technological environment in very different national societies can give rise to similar rules at work place.

Secondly, the profitability of the enterprise and whether the company is in monopoly situations and its product is in high demand all influence policies of affected management.

Thirdly, the distribution of power in the larger society tends to be reflected within the industrial relations systems in terms of prestige, position, and access to power of the actors. For example, it will be easier for the permanent secretary to reach the minister of employment, labour and productivity than the average manager or

union official. Just as it is easier for the chairman or managing director of the bank to reach the director general than any other workers.

(B) RULES

Professor Dunlop also spoke of rules and regulations generated within the industrial relations system. He tells us that the main output or production of industrial relations system is the establishment of rules to govern all actors in employment situation. These network or web of rules consists of unilateral management decisions, government laws, voluntary agreement between management and unions, work group customs and procedures for interpreting rules.

(C) IDEOLOGY

From his definition Professor Dunlop identified the existence of an ideology that would bind the system and the actors together. By "ideology", he means a set of ideas and beliefs held in common by all the actors. This enable everyone define the roles and place which each actor holds towards the place and function of others in the system. Although each actor can have its own ideology, Professor Dunlop insists that all the ideologies 'must be sufficiently compatible or consistent to permit a common set of ideas which recognize an acceptable role for each actor'. For further explanation and discussion on the systems approach, see chapter one of Animashaun, O.O and Shabi, O.R (2000).

ACTION APPROACH.

Unlike the systems approach, there is hardly a uniform action theory which constitute a comprehensive approach but the only common factor is the common perception of the normative regulation of industrial labour as being susceptible to behavioural influences and

individual definition of situations. The main focus of the action theory like the systems model is the agreement in principle by the actors to interact and resolve conflicts in the form of bargaining. Often times, a distinction is made within the action theory framework between situation of the actors and the interactional processes. The most important element of the decision analysis stems from wage theory of economics. The traditional theory of wages employs the bilateral monopoly framework. According to this conception, trade unions and employers deal in the labour market as monopolistic suppliers and demanders of labour respectively. By restricting supply and demand, unions and employers respectively influence the price of commodity labour. The outcome however is largely indeterminate, the ultimate regulation depending on the behavioural pattern of the contending parties. As a result of the influence of behavioural pattern of the contending parties. As a result of the influence of behavioural variables, the bilateral monopoly theory of wages becomes significant for an action oriented theory of industrial relations. A weakness of this approach however is that no mention is made of a consensus and subsequently how wage is arrived at.

Hicks wage theory tend to remove the above weakness in so far as trade union's preparedness to maintain industrial peace replace the commodity labour as the essential object of bargaining {1932}. Hicks theory distinguishes itself by taking strike threat as the focus of collective bargaining. Hicks argued that a party is prepared to diminish his demands as regards the quality of the regulation {wage rate} as long as it estimates the cost of an industrial dispute to exceed those incurred by such a concession. Hicks thus offers some advantages for the development of action-oriented science analysis of I.R. He does this by placing greater emphasis on the behaviour of the actors, in deciding the outcome of an economically calculated risk {Schienstock, 1981}. Thus, despite the actor's initial divergent demands, a satisfying agreement can be reached.

Hicks has been criticized for restricting his analysis to isolated calculations and ignoring the element of uncertainty. Zeuthen (1930)

who happens to be Hicks contemporary focused on uncertainty. To him, an actor's readiness to take risks is claimed to be dependent on his estimation as regards the level of potential strike costs and his opponents readiness to make concessions. A risk averting actors tend to estimate his opponents ability to withstand a lengthy strike at a high level and may in so doing overestimate the bargaining power of the opponent. Zeuthen maintains that personality characteristics and readiness to take risks are significant explanatory factors in the bargaining behaviour of the warring parties and their representatives.

Since action theory seems to ignore the economic situation, political power relationships, technological development as factors influencing actors objective systems, their decision making behaviour, power potential and choice strategy, it can justifiably be said that the action theory analysis failed to reckon with what happens beyond the bargaining table. This stems from the fact that despite the consideration of external groups as factors to show that conflict resolutions are not limited to the negotiation table, the action theory concept generally makes no real reference to the systems environment. Thus, while industrial relations systems approach can be described as external or open, the action approach is internal or close since it is restricted to bargaining situation.

ALLAN FLANDER'S PERSPECTIVE

In 1965, Allan Flanders wrote in support of the notion of an "industrial relations system" noting that although several discipline impinge on industrial relations:

Theoretically speaking, these disciplines tears the subject apart by concentrating attention on some of its aspects to the exclusion or comparative neglect of others. And a partial view, anything accurate as it may be within its limits, must of necessity be a distorted one

As for the substance of an industrial relations system, Flanders argued that not all the relationships associated with the organization of industry are relevant. No one takes it to include the relations which they have with their customers or the community at large. The only aspect of business enterprise with which industrial relations is concerned is the employment aspect, the relations between the enterprise and its employees and among those employees themselves. The study of industrial relations to him may therefore be described as a study of the institutions of job regulation. A system of industrial relations he argues, is a system of rules. These rules appear in different guises: in legislation and in statutory orders; in trade union regulations, in collective agreements and in arbitration awards; in social conventions; in managerial decisions; and in accepted "custom and practice". This list is by no means exhaustive, but "rule" is the only generic description that can be given to these various instruments of regulations. In other words, the subject deals with certain regulated or institutionalized relationships in industry.

However, the rules in question, like all rules, are of two kinds. They are either procedural or substantive. The distinction can be observed in the clauses of collective agreements, which are mainly composed of a body of rules. The procedural clauses of these agreements deal with such matters as the methods to be used and the stages to be followed in the settlement of disputes, or perhaps the facilities and standing to be accorded to representatives of parties to the agreement. The substantive clauses, on the other hand, refers to rates of wages and working hours or to other job terms and conditions in the segment of employment covered by the agreement. This first kind of rules regulate the behaviour of parties to the collective agreements – trade unions and employers or their associations, and those who act on their behalf; whereas the second kind regulate the behaviour of employees and employers as parties to individual contracts of employment. In short, it is the substantive rules of collective bargaining that regulates jobs while the procedural rules of collective bargaining regulate the making, interpretation and enforcement

of its substantive rules, they provide this particular institutions of job regulation with its form and constitution. In other words, substantive issues cover the details of the reward-effort exchange. Procedural issues surrounds the question of how the substantive issues are determined, say who has the power to determine substantive terms and through what administrative or bargaining arrangements. Substantive issues include pay, holiday etc. procedural issues includes guidelines for review of arrangements, periodicity of meetings e.t.c.

Suffice to mention that these two different kinds of rules regulate different sets of relationships, since they involve representative organizations, collective relations are not confirmed, however to trade unions and employers' association. The state and society participate in them; so do managements and work groups. What such collective relations have in common is their not being an end in themselves; they are constituted as a means of regulating the basic relationship in industry in which employees are placed by virtue of their jobs.

What is the nature of these relationships covered by the substantive rules of industrial relations? They are partly but not wholly economic in character. In its economic aspect, the contract of employment represents a transaction in labour market, a bargain between user and seller of labour. At its simplest, the employer agrees to pay the employee so many amount of money in wages for so many hours of work, but, as we know, the transaction is usually much more complicated than this. Payment may be made by results, instead of by time, or there may be a mixture of the two.

Bargaining however, is only one of the two characteristics process of every market. Market relations between employers and employees include opportunities to enter into contracts in addition to the terms on which are concluded. But once there is a contract, the employee on the job enters another set of relationships. He has agreed to obey certain instructions in respect of his work, to submit to some kind of discipline. If he is a supervisor or occupies some higher post in management, he may be entitled to give instructions

to others, but only within the limit set by a superior level of authority until the summit of the management hierarchy is released. The complexity of these relationships depend on the scale and technology of the enterprises. In the broadest sense, the relationships are political and economic. They may therefore be referred to as managerial relations because they arise out of the organization of management, which has the task of governing the enterprise in order to further its objectives. The rules regulating managerial relations in effect regulate the work behaviour of employees.

Flanders argues that there is not a single system, but a complex of systems within systems. Every business enterprise is itself a social system of production and distribution. It has a structured pattern of relationships, which have a performance and a distinct identity, irrespective of the individual personalities involved. Some of the institutions of job regulation are an integral part of this system; they are, as it were, the domestic industrial relations of the enterprise. A code of disciplinary works' rules, a factory wage structure, an internal procedure for joint consultation of dealing with grievances, is possible examples. There are other institutions, however, that clearly belong to the external environment in which the enterprise is placed. These limit the freedom of the enterprise and its members in their own rule-making activities. The provisions of protective labour legislation, the rules of trade unions or employers' association regulative contents of the agreements between them, fall into the category. This therefore suggests a distinction between what may be called internal and external job regulation.

Flanders conclude that "a system of industrial relations, is a system of rules". This stems out of the fact that rules of various kind clearly do Persuade the world of work and employment, and the institutions which devise and implement this network of rules are of central importance for the study of industrial relations. But to define the subject exclusively in terms of rules and regulation is far too restrictive, and has unfortunate evaluative overtones.

UNITARY APPROACH

The unitary perspective is based on the assumptions that the organization is, or if it is not then it should be, an integrated group of people with a single authority/loyalty structure and a set of common values, interests and objectives shared by all members of the organization. Management's prerogative (that is, its right to manage and make decisions) is regarded as legitimate, rational and accepted and any opposition to it (whether formal or informal, internal or external) is seen as irrational. The organization is not, therefore, regarded as a "them and us" situation – that is, there is no conflict between the interests of those supplying capital to the enterprise and their managerial representatives, and those contributing their labour... the owners of capital and labour are but complementary partners to the common aims of production, profits and in which everyone in the organization has a stake (Brown, 1979). The underlying assumption of this view, therefore, is that the organizational system is in basic harmony and conflict is unnecessary and exceptional.

One of its implications is that conflict (that is, the expression of employee dissatisfaction and differences with management) is perceived as an irrational activity. Any transgression of management's rule is viewed as aberrant than non-conformist behaviour. It has been argued that the existence of factionalism within the organization may even be regarded as a "pathological social conditions" and collective bargaining as "an anti-social mechanism" since they are founded on the premise of the existence of conflicting interests. Conflict when it does arise, is believed to be primarily frictional rather than structural in nature and caused by factors such as clashes of personalities, poor communication by management e.t.c. In effect, management's approach to resolving such conflict is often based on authoritarian and /or paternalistic style. The use of coercion is regarded as a legitimate use of managerial power. Management does not perceive any need, given the legitimacy of its prerogative to

obtain the consent of its employees to any decisions or changes through the process of negotiation.

In this approach, trade unions are regarded as an intrusion into the organization from outside which competes with management for the loyalty of employees. In the past, unions were seen to have a role in employee/employer relations, but with enlightened management in the twentieth century, they are no longer necessary to protect the employees interest these will be taken fully into account, alongside other factors in management's decision making. While management may be prepared to accept the existence of trade unions in the determination of terms and conditions of employment (market relations), they are certainly reluctant to concede any role for unions in the existence of authority and decision making within the organization (managerial relations). Thus, the existence of trade unions and collective bargaining, therefore is suffered rather than welcomed as is to be resisted wherever possible. This approach is often regarded as a management ideology. Fox argued that management hold on to this view because it legitimize its authority by projecting interests of management, it reassures managers by confirming that conflict (dissatisfaction), where it exists, is largely the fault of the governed rather than management's decisions and actions are right and the best and any challenge to them is at best, misguided or subversive. Although Fox believes that this view of organizations has long been abandoned by most social scientists as incongruent with reality and useless for purpose of analysis while other writers believe it should not be discarded too lightly.

PLURALISTIC APPROACH

Fox believes that this view of the organization probably represents the received orthodoxy in many Western societies (Kirkbridge and Duircan, 1987) and is often associated with a view of society as being post – capitalist, that is, that there is a relatively widespread distribution of authority and power within the society, a separation

of ownership from management, a separation of political and industrial conflict, and an acceptance and institutionalization of conflict in both spheres. This perspective is based on the assumption that the organization is composed of individuals who comes together and form a whole into a variety of distinct sectional groups, each with its own interests, objectives and leadership (either formal or informal). The organization is perceived as being multi-structured and competitive in terms of groupings, leadership, authority and loyalty and this, Fox argues, gives rise to a complex of tension and competing claims which have to be "managed" in the interests of maintaining a viable collaborative structure (Magenau and Prutt, 1997). The underlying assumption of this approach, therefore, is that the organization is in a permanent state of dynamic tension resulting from the inherent conflict of interests between the various sectional groups and requires to be managed through a variety of roles, institutions and processes. The implications of this view for the nature of conflict and the role of the trade unions are very different to those of the unitary approach.

Conflict between management and employees. Kornhauser et al define this as not just industrial disputes and strikes but the total range of behaviour and attitudes that express opposition and divergent orientation between industrial owners and managers on the one hand and working people and their organizations on the other hand. Such conflict is seen to be both rational and inevitable. It results from industrial and organizational factors (structurally determined) rather than from individual personal factors. The primary source of this organizational conflict stems from the differing roles of the managerial and employee groups. The managerial group is responsible for the efficiency, productivity and profitability of the organization and for co-ordinating the activities of others to achieve these objectives (this is the basis on which the success of both individual manager and management in general is judged). However, the only formal organizational responsibility of the employee group is 'to do ' and their main higher pay, better working conditions, greater job security, more meaningful work, promotion, autonomy,

job enrichment amongst others.

Consequently, conflictual behaviour may arise in respect of both specific situations and general 'management principles'. Clearly, the closure of a high cost operation is intended to meet management's objectives of increased profitability but will clash with the employees' objective of greater job security. The same will apply in the context of the introduction of new technology – its introduction will meet management's objective of greater productivity and profitability but may create de-skilling and less meaningful work for the employees and, possibly, feelings of job insecurity. At the same time, conflict may stem from different perception of general principles. For example, management will, wherever possible, seek to keep its labour costs to the minimum necessary to attract and retain the labour it requires and to maintain its competitiveness, while employees will always seek to maximize their wages (income) in order to maximize their standard of living. Equally, there may be clashes over the principle of productivity which is a group objective amongst the managerial group but not necessarily within employee groups. Even where a bonus scheme exist at the end of the year, just like most organizations does in Nigeria, the employee objective is to increase wages rather than increase productivity (management's objective). Management will seek also to maintain the maximum degree of power and authority in order to control the organization's activities while employees will seek to establish safeguards against arbitrary management actions and decisions through various flex of muscles by the workers' organization.

Fox has argued that, within the pluralistic perspective, the degree of common purpose which can exist in industry is only of a very limited nature (French and Raven, 1959). The mutual dependence of the sectional groups exists only in so far as they have a common interest in the survival of the whole of which they are parts and this is, at best, only a remote long-term consideration (Magenau and Pruit 1997). However, at the same time as emphasizing the conflictual nature of industrial organizations, the pluralistic

perspective also assumes that the normative divergences between the parties are not so fundamental or so wide as to be unbridgeable by compromises. Consequently there is, within industrial relations, a basic procedural consensus founded on the belief that managements and unions will always and everywhere be able ultimately to negotiate comprehensive, codified systems of regulation (Fox, 1971). Such a consensus implies, first, that there can and should be, or indeed even is, a balance of power as between the principal interest groups within the organization (that trade unions provide a countervailing power to management) and, secondly, that each group is prepared to limit its claims and aspirations to a level which the other party finds sufficiently tolerable to enable collaboration to continue (Animashaun and Shabi, 2000).

Thus, the resolution of conflict is characterized by an emphasis on the need to establish accepted procedures and institutions which achieve collaborations through negotiated compromises. Within the pluralistic perspective, Clegg (1970) argues that there can be no definitive decisions by final authorities; only continuous compromises and Ross believes the concern of management should be not to unify, integrate or liquidate sectional groups and their special interests in the name of some overriding corporate existence, but to control and balance the activities of constituent groups so as to provide for the maximum degree of freedom of association and action for sectional and group purposes consistent with the general interest of the society (the organization). There has to be an acceptance of the need for shared decision making between management and employee representatives. The legitimacy of management's role is not automatic but must be sought and maintained by management itself (management by consent rather than management by right).

The pluralistic perspective accepts that it is legitimate for employees to combine in formal organizations in order to express their interests and to seek to influence management decisions and achieve their objectives. Fox believes such legitimacy is founded, not just on

industrial power or management acceptance but, on social values which recognize the right of interest groups to combine and have an effective voice in their own destiny. It accepts, also, that employees, though their horizontal linkage with similar employees in other organizations, will owe loyalty to authority structures other than their own management and may pursue not only narrow organizational interests but also wider fraternalistic interest e.g industrial unions in Nigeria and NLC. Trade unions and their representatives are as much an internal part of the organization and its managerial processes as they are an external body to the organization. They do not, of themselves, cause the conflict within organizations but simply provide a highly organized and continuous form of expression for sectional interests which would exist anyway.

However, some critics argue that the 'post - capitalist' notion of society which underlies the pluralistic perspectives is wrong and that the issue of the nature of organizations and industrial relations should be approached from a more radical perspective. Clegg's position as a proponent in this school of thought is explored thus:

HUGH CLEGG'S PERSPECTIVE

Clegg's theory sees industrial relations as comprising of institutions. He agrees that there are parties involved, but he sees them as mainly political. He sees industrial relations as it is in a parliamentary democracy like in Britain where issues are traded. Clegg's view of trade unions would continue to oppose management and may not even succeed in their quest to gain ownership of production. However, Clegg's prophecy regarding workers not having ownership of production is erroneous because workers today own factories. Today, the emphasis is on partners in progress and not trade union as an opposition.

Clegg understands that behaviour are all important elements in a broad theoretical framework of Industrial Relations. Hence, he provides a definition of IR concept to include behavioural variables i.e

"Industrial relations may be defined as the study of all aspects of job regulation – the making and administering of rules which regulate employment relationships – regardless of whether those are seen as being formal or informal, structured or unstructured".

Clegg (1974) noted that if the systems model is considered an open one and if behavioural variables are introduced into it, it could encompass all aspects of human behaviour and environment which are potentially related to job regulation. The introduction of behavioural variables into the system model tends to overcome one of its criticisms that the approach ignored conflict generation. For instance, Mergerison and Marxists favoured making the development of conflict central to IR, rejecting Dunlop and Flanders' emphasis on job regulation and rule makings. He argued that the incorporation of behavioural factors in the systems model will overcome the problems raised by allies in the Marxist school. Developing inter alia the concept of pluralism, Hugh Clegg (1960) had identified three elements of industrial democracy; namely;

1. that trade unions must be independent of both the state and management.
2. that only unions can represent workers interest,
3. that ownerships of industry is irrelevant to good industrial relations.

Clegg has come under extreme criticisms as a capitalist and that his criticism of trade union was unwarranted. Despite these criticisms, Clegg's contribution regarding theories in industrial relation is immense. His viewpoints' regarding parliamentary democracy has been accepted by all. The talk today is about participation and democracy in industrial relations.

MARXIST APPROACH

The Marxist perspective concentrates on the nature of the society surrounding the organization. It assumes, and emphasizes, that the organization exists within a capitalist society where, Hyman argues, the production system is privately owned...; profit... is the key influence on company policy...; and control over production is enforced downwards by the owners' managerial agents (Hyman 1975). The Marxist general theory of society argues that:

1. Class (group) conflict is the source of societal change – without such conflict the society would stagnate.
2. Class conflict arises primarily from the disparity in the distribution of and access to, economic power within the society – the principal disparity being between those who own capital and those who supply their labour.
3. The nature of the society's social and political institutions is derived from the economic disparity and reinforces the position of the dominant establishment group, for example through differential access to education, the media, employment in government and other establishment bodies e.t.c.
4. Social and political conflict in whatever form is merely an expression of the underlying economic conflict within the society.

This approach sees conflict as a reflection of not just organizational demands and tensions but also, and perhaps more importantly, the inherent nature of the capitalist economic and social system. All conflict is believed to stem principally from the division within society between those who own or manage the means of production and those who have only their labour to sell, and, therefore, is continuous and unavoidable; industrial conflict is synonymous with political and social conflict.

The growth of trade unionism is seen as an inevitable employee response to capitalism. The organization of employees into trade unions not only enhances their collective industrial power by

reducing competition between individual employees but also provides a focus for the expression and protection of the interests of the working classes. The fraternalism developed within trade unions can then be converted into class consciousness within the social and political systems. From the Marxist approach, trade unionism and industrial relations may be viewed as political activities associated with the development of the working classes; they are part of the overall political process for achieving fundamental changes in the nature of the economic and social systems. Therefore, unless this is recognized by the union's members, and acted upon accordingly through the policies and decision of trade unionism.

Those who favour the Marxism perspective criticize pluralism for maintaining an illusion of a balance of power between the various interest groups which hides the reality of imbalance in social power despite claims from its supporters, such as Clegg (1976) that it does accommodate shifts in the aims and interests of the diverse groups... and in the distribution of power between groups.

Trade unions, as far as I am concerned, do not restore the balance but merely mitigate the imbalance. Thus, employment organizations are not really a form of coalition government because the employees and trade unions are no more than a permanent opposition which neither seeks nor is able to be an alternative management controlling the organization.

The Marxist perspective perceives the establishment of processes and institutions of joint regulation within the organization as an enhancement rather than reduction in management's position. Management is able, by projecting a pluralistic perspective and institutional forms, to achieve its objective of greater organizational effectiveness – as Fox (1974) argues the satisfaction of their (the employees) marginal aspirations strengthens the legitimacy of the system. Collective bargaining acts only as a limited and temporary accommodation process for the inherent and fundamental divisions within capitalist based work and social structures. Indeed, the

attention of management, trade unions and employees is directed towards the maintenance of the system of regulation to such an extent that procedural principles may be elevated above substantive outcomes and stability thought compromise is preferable to a polarization of conflicting interests and objectives which could destroy the system. Thus, trade unions and collective bargaining become an established, accepted and supportive part of the capitalist system rather than a challenge to it. However, Clegg (1976) argues that, in fact, pluralism implies that an acceptable compromise is not always and inevitably available because negotiation, to have meaning, must imply the possibility of a failure to agree.

The legal contractual relationship between the employer and employee is projected, in capitalist economies, as being one freely entered into between equals. However, from a Marxist perspective, the nature of the economic and social system within capitalist economies challenges the notions of both 'freedom' and 'equality'. The application of the law in respect of the contract of employment is perceived as being asymmetrical (that is, lacking been divided into parts of equal shape and size).

Hyman (1975) believes that in the eyes of the law "equality" of the employment relationship is one which gives the employer the right to issue orders, while imposing on the worker the duty to obey. Hence, from the Marxist perspective, the reality is that the law is supportive of management's interests and position rather than being an independent referee between competing interests.

The Marxist perspective, therefore, views and analyses industrial relations not in organizational job regulation terms but in social, political and economic terms. In view of this, Hyman modifications of this approach is thus analysed below for the purpose of clarity and better understanding of the approach.

RICHARD HYMAN'S PERSPECTIVE

Hyman (1975) views his approach to be explicitly "Marxist". He respected Dunlop and Flanders analyses very much. Nevertheless, he argued that their definitions of industrial relations are much too restrictive. This narrowness has the undesirable implication that what industrial relations is all about is the maintenance of stability and containment of conflict in industry. The focus of Dunlop and Flanders according to Hyman is on how any conflict is contained and controlled rather than on the process through which disagreements and disputes are generated. Hyman argues that a conservative tendency is reinforced by the suggestion that the processes of an industrial relations system are naturally at work to maintain stability and equilibrium; that the various institutions and procedures are compatible and well integrated; and that conflict is necessarily self correcting.

Hyman thought that the concept of industrial relations systems should incorporate the contradictory processes in the capitalist system. Furthermore, instability and stability should be considered of equal importance as outputs of the industrial relations systems. He emphasized that the definition of job regulation as posited by Allan Flanders has to be broadened to include sources of conflict. This leads him to define industrial relations as the study of processes of control over work relations; in which processes involving collective actions of worker organizations are of particular concern.

The Marxists generally believe that conflict at work is inevitable within capitalism. Class conflict cannot be successfully institutionalized unless revolution leads to worker's control. Trade unions are potentially valuable organs of working class struggle. They become unprogressive and harmful if by accommodation with capital, they dissipate the energy of the working class and prevent change. Management role in industry is unnecessary because they are servants of power, helping to exploit the workforce.

This constitutes an unwarranted hindrance to workers self government. Most Marxists would believe that under capitalism the state is the agent of capital. He believes that defining industrial relations merely as job regulation by institutions would be far too restrictive since industrial relations includes the sourcing of conflict in the wider society and the process of control over the work situation, as well as the impact of external parties.

Hyman (1975) identified the nature of capitalist industry as an inevitable source of conflict. This is because the interests of employees are largely opposed to those of employers, hence both parties seek to wield power and mobilize resources in order to ensure the predominance of their own interests. The strategies they adopt inevitably clash, and conflicts is the obvious outcome. Hyman under the Marxists approach set for himself the task of providing an alternative to the theoretical work of Dunlop and Flanders.

Hyman argues that by accepting the processes of industrial relations as maintaining stability and equilibrium, the systems theory seems to dismiss the inevitability of conflict implicit in the existing structure of ownership and control in industry. Therefore, he argues, the systems theory is one-sided and inadequate. To him, industrial relations, goes beyond the recognition of formal institutions, but it is necessary that "personal and unstructured" relationship, as well as informal relationship are equally important in an industrial relations system. By and large, Hyman goes beyond job regulation in terms of command, authority and power in organizations. Hyman justifies the position of trade unions as a balance of power and argues for its sustenance as a weak union could be marginalized by the management.

The idea that "mature" industrial relations must be apolitical is (Clegg, 1976 and Flanders, 1975) as Hyman (1980) points out, deeply ethnocentric and ideological. Concepts like "political unionism", "political strike" etc. were invented to dismissively deal with the

experiences of other societies that the pluralist approach was incapable of analyzing. Nevertheless, to simply dismiss the field of industrial relations out of hand as Miliban (1969) and Marsden (1982) did, is to miss the fact that the industrial relations is about the conduct of production relations. As Hyman (1980) observes, this attitude is because the field appears to be both manipulative and narrow minded. The issue is to make sense of work relations within the specific capitalist context with or without collective bargaining, and to locate the institutions and processes of bargaining within the specific relations of production. Hyman laid the basis for an approach or a perspective that takes the organization and relations of production as its starting point. For instance, he argued for an approach which grasps "industrial relations" as an element in a totality of social relations of production. He stressed the "capitalist character" of the context of much of industrial relations research, and the commodity status of the workers' labour power. He point out thus:

It is ironic that conventional writers on industrial relations have developed ften-sophisticated discussion of "job regulation" and systems of rules without any apparent recognition that the elaborate procedural and institutional superstructure on which they focus has its foundation in the sphere of production.

This insight must therefore be the starting point of an alternative discourse on industrial relations.

Closely related to Hyman and still in the same Marxist school is Burawoy (1981). Hyman was of the view that the institutions of wage bargaining constitute one form, out of many, of the mediation of interest arising from production/employment relations. But Burawoy's contributions embrace other forms of interest mediation which centers on Politics of Production. This refers to the forms of work relations and struggles around the production process as

well as the allocation of social surplus (distributional relations). Thus, the existence of unions, procedural rules, etc. is only one expression of production politics which should not handicap investigation into others forms of production politics.

In contrast to efforts devoted to outlining forms of control and resistance, in the labour process debate, Burawoy was interested in how it is that the interests of workers and those performing the global functions of capital are coordinated and sustained. For this, Burawoy specified the different "moments" in production. The "economic moment" was constituted by the operations of the internal labour market, while the "political moment" is constituted by what he called the "Internal State" or the "Political apparatus of production". And both coordinate the interest of capitalist and the labourer in the generation of surplus value. Through the mechanism of collective bargaining, the internal state or factory regime displaces conflict between different agents of production from the shopfloor, where it can lead to work disruption, and reconstitutes conflict in a framework of negotiation.

CHAPTER THREE

OPERATIONAL CONTROVERSY IN INDUSTRIAL RELATIONS ORTHODOX APPROACHES

Scholars and students of Industrial Relations that are very observant must no doubt find the endless pre-occupation with collective bargaining quite problematic. This is not only limited to the empirical studies but the "theoretical definition of the field". Dunlop (1958) for instance implies that industrial relations is about "the work place and work community", which offers the prospect of going beyond the bargaining table. Still, once Dunlop conceptualized the "industrial relations system", as the context for creating a "network or web of rules", he reduced the latter to the issues and institutions of collective bargaining. This is in spite of Dunlops recognition of collective bargaining agreements as only one expression of the rules of the system.

Flanders like Dunlop writing in 1965 sought to establish the exclusive domain of Industrial Relations. At the outset, industrial relations was to embrace the full range of "employee - employer / management" relations. But following Dunlop, "the study of industrial relations (is) defined as a study of the institutions of job regulation. For Flanders, like Dunlop, while there are "external" sources of job regulations, priority is accorded to collective bargaining over