# Determinants of Industrial Relations in Organisation: A Proactive Approach

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## Abstract

In the changing phase of industrial relations and the increasing potential for conflict in industry, the field of industrial relations needs to reinvent itself and face the present situations. The cost of conflict resolution in industry is very huge. To this extent, this paper directs the discipline of industrial relations towards what is called proactive industrial relations that seek to prevent conflict rather than waiting to deal with it when it arises. The tool of critical analysis was used to develop a proactive industrial relations model. It is hoped that this model, apart from offering new practical insights for industrial relations, it also opened new perspective for future study of industrial relations. Conclusively, industrial relations practice need to be transformed towards proactivity rather than reactivity. Thus, this will ensure that industrial crisis are dealt with proactively.
**Keywords**: Determinants, Industrial Relations, Proactive

## 1. Introduction

Industrial Relations depend on the quality of relationship between the workers and their employers in an industrial setting. This relationship includes those happening in the recently developed virtual firms where duties are performed online and employees may not know one another - if they do, they would have limited physical relationships while at work. Mechanisms for preventing and resolving industrial disputes for protecting the rights of the workers and their employers come under the ambit of industrial relations. According to (Srivastav, 1999), 'the systems and regulations for managing the employee affairs fairly and objectively can play a significant role in preventing the occurrence of employee disputes and grievances and thus have a positive influence on industrial relations'. It is important to understand that there are two different aspects of industrial relations: (1) what must be done before industrial disputes arise to prevent the occurrence (or to reduce the frequency of occurrence) of future disputes - this can be called proactive industrial relations; and (2) what must be done after industrial disputes arise so as to resolve them at the earliest - this can be called reactive industrial relations. This paper, using the tool of critical analysis, developed a 'proactive industrial relations' since looking at the other variant, reactive industrial relations, we could see that preventive management of industrial relations will go a long way in fostering a sustainable industrial peace. This will help the industry stay away from time consuming and fund sapping conflict resolution.

## 2. Determinants of Industrial Relations

Three faces of industrial relations have been identified. These are science building relationships, problem solving and ethical issues (Kaufman, 2004; Baird, Meshoulam and DeGive, 1983). In the science building relationship face, industrial relations is part of the social sciences and it seeks to understand the employment relationship and its institutions through high-quality, rigorous research. This research entails looking at how industries are formulated, what drives them and how this affects the relationship between employers and employees. In this vein, industrial relations scholarship intersects with scholarship in labor economics, industrial sociology, labor and social history, human resource management, political science, law, and other areas (Deutch, 1982). In the problem solving face, industrial relations seek to design policies and institutions to help the employment relationships work better. In other words, there is an understanding that conflict can arise in industrial relations and efforts should be made towards preventing conflicts and solving them when they arise. In the ethical face, industrial relations contains strong normative or ideal moral principles about workers and the employment relationship, especially the rejection of treating labor as a commodity in favor of seeing workers as human beings in democratic communities entitled to human rights. From the above, we can gather that the term human relations refers to the whole field of relationship that exists because of the necessary collaboration of men and women in the employment process of modern industry. It is that part of management which is concerned with the management of enterprise -whether machine operator, skilled worker or manager. It deals with either the relationship between the state and employers and workers organization or the relation between the occupational organizations themselves.

Apart from the above, the determinants of the industrial relations have to do with the contexts and environment as well. In other words, the nature of industrial relations varies from one industry to another. The mining industry has a different condition from an electronic company. This means that the conditions immanent at the places of work have a far reaching effect on the outcome of the industrial relations. Also, the technological

applications found at work also affect industrial relations. They determine the number and quality of employees at work and therefore determine the nature of industrial relations that will arise there. The market and the budgetary situations are one of the factors affecting industrial relations. Tight budgets and meager markets can put an enormous pressure on the management team and other actors in the industry. Where management is struggling with budgetary cutbacks, the pressure can increase on the part of the employees for more work. This is also dependent on the availability of the market for their products vis-a-vis their competition with other firms producing the same kind of products. This affects the industrial relations of the firm.

Determinant of industrial relations also depends on the locus and distribution of power in the society where a firm is sighted since the firm is a subsystem of such a place. The power relations outside the firm can affect the power relations within the firm. Sometimes the power and authority wielded at the firm may have far reaching consequences outside and there is interplay in such a relationship such that it affects the tone and temper of industrial relations within the firm.

Industrial relations scholarship assumes that labor markets are not perfectly competitive and thus, in contrast to mainstream economic theory, employers typically have greater bargaining power than employees (ILO, 1999). Industrial relations scholarship also assumes that there are at least some inherent conflicts of interest between employers and employees (for example, higher wages versus higher profits) and thus, in contrast to scholarship in human resource management and organizational behavior, conflict is seen as a natural part of the employment relationship. However, in a time when ligations and rancour can easily lead to bankruptcy, there is a need for industries to adopt progressive industrial relations seen in proactive industrial relations.

*2.1 Theoretical Considerations*

Industrial relations scholars have described three major theoretical perspectives through which workplace relations can be analysed and understood. The three views are generally known as 'unitary, pluralist and radical' (DeSanto, 1983). Each offers a particular perception of workplace relations and will therefore interpret such events as workplace conflict, the role of unions and job regulations differently. The radical perspective is sometimes referred to as the conflict model, although this is somewhat ambiguous, as pluralism also tends to see conflict as inherent in workplaces. Other radical theories are strongly identified with Marxist theories. There are at least three theories that would help us in our quest for the determinant of industrial relations and also help us in the formulation of our proactive theory. These are hereunder discussed:

*2.2 Unitary Perspective*

By the unitary perspective, the organization is perceived as an integrated and harmonious whole with the ideal of 'one happy family', where management and other members of the staff all share a common purpose, emphasizing mutual cooperation. Unitarism has a paternalistic approach where it demands loyalty of all employees, being predominantly managerial in its emphasis and application. Consequently, trade unions are deemed as unnecessary since the loyalty between employees and organizations are considered mutually exclusive, where there cannot be two sides of industry. Conflict is perceived as disruptive and the pathological result of agitators, interpersonal friction and communication breakdown.

*2.3 Pluralist Perspective*

In pluralist perspective, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. Particularly, the two predominant sub-groups in the pluralistic perspective are the management and trade unions. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees; conflict is dealt with by collective bargaining and is viewed not necessarily as a bad thing and, if well-managed, could in fact be channeled towards evolution and positive change. The idea is that conflict should be functional rather being dysfunctional.

*2.4 Radical/Marxist Perspective*

This view of industrial relations look at the nature of the capitalist society, where there is a fundamental division of interest between capitalist and labour, and sees workplace relations against this history. This perspective sees inequalities of power and economic wealth as having their roots in the nature of the capitalist economic system. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capitalist. While there may be periods of acquiescence, the Marxist view would be that institutions of joint regulation would enhance rather than limit management's position as they presume the continuation of capitalism rather than challenge it. This view departs from the traditional view of work place relationships and makes forays into an entirely new perspective. This is why this perspective, although Marxist in origin is referred to as radical perspective.

*2.5 Conflict Perspective*

This perspective is an offshoot of the aforementioned Marxist perspective. It centers on the fact that there is a constant dichotomy existing between capitalist and labour and this affects the work place. Conflicts naturally arise from inequalities of power and economic wealth within a capitalist system. When conflicts arise, the trade

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unions are an inevitable response of workers to their exploitation of capital. Put in another way, self-interests may lead to conflict at work and the reasons for these conflicts are the inability of people in authority to manage different values and the inability to distribute resources equally.

*2.6 Social Action Perspective*

This perspective is a social action theory arising from sociological perspective and was developed from the non-positivist traditions of Max Weber for use in the observation in the social realm. From this perspective, human action is an act which takes into recognition the action and reaction of the individual, which is the acting person. According to Cohen (1968), there are some peculiarities in social action theory and they include the fact that actor has some set of goals to achieve and his actions is geared towards achieving these goals. This action involves selection of various means towards the achievement of goals and the actor always makes some assumptions concerning the nature of his goals and the possibility of achieving them.

*2.7 System Perspectives*

The argument of this perspective is that an industrial relation at any time in its development is regarded as comprising of certain actors, certain contexts and ideology which builds the industrial relations system together and a body of rules created to govern the actors at the workplace and work community.
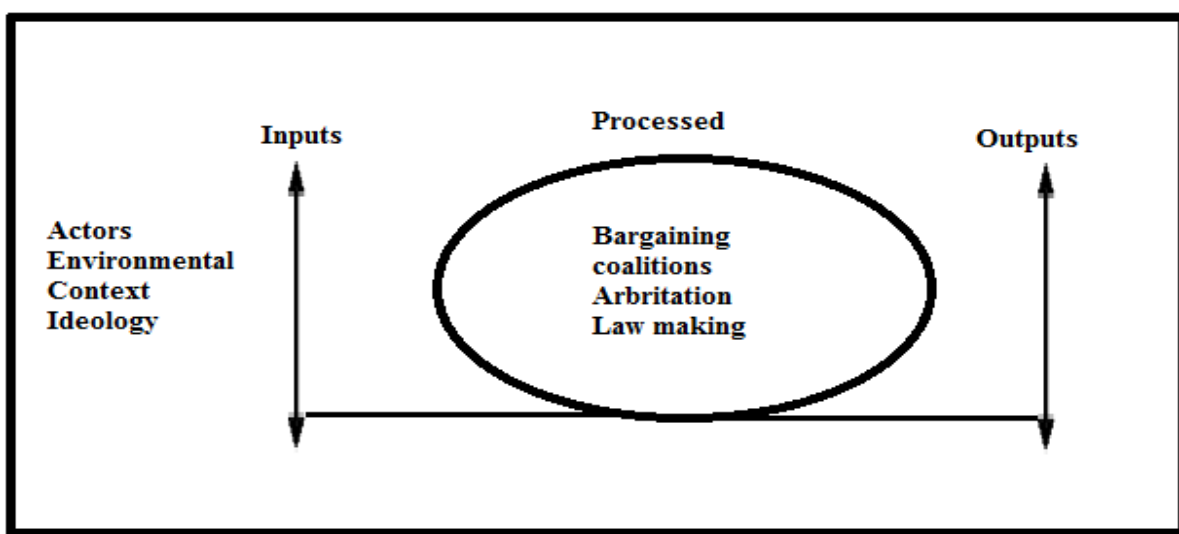


Figure 1: The System Perspective.

The above diagram illustrates the system perspectives and shows that there are three sets of independent factors in an industrial relations system—'actors', 'contexts' and 'ideology' of the system.

## 3. Towards a Proactive Industrial Relations

Figure 2. portrays the framework for proactive industrial relations System, which lays equally strong emphasis on both aspects of industrial relations. Because of emphasis on prevention, proactive industrial relations is in a better position to boost the positive outcome from worker- employer relationship (industrial peace, higher employee morale and higher productivity). Similarly it de-emphasizes the negative outcomes from worker-employer relationship (industrial disputes, strikes and lockouts, worker terminations, loss of working hours, lower employee morale and lower productivity). Worker-employer relationship depends not only on workers, employers, worker associations, employer associations, government, courts and tribunals but also on the environment they work in. Mechanisms for preventing and resolving industrial disputes and for protecting the rights of the workers and their employers generally relate to reactive industrial relations and make only a limited contribution to proactive industrial relations. On the other hand, 'Systems and Regulations for (a) Employment and Working Conditions, (b) Compensations and Benefits, (c) Employee Welfare and (d) Conduct and Discipline, result in managing the employee affairs fairly and objectively' (Srivastav, 1995). They tend to reduce the occurrence of employee grievances and hence promote proactive industrial relations. Similarly, a good work environment results in better employee satisfaction and would promote proactive industrial relations. An industrial dispute would generally originate from a grievance, which could have been prevented under certain conditions. The question is -' Can we anticipate those conditions?' The answer is 'Yes'. We can anticipate most of those conditions. What is needed is learning from the past, analyzing the cause of previous grievances and industrial disputes and building the safeguards against them.

The following would illustrate what can be done to strengthen proactive industrial relations:

The worker being a key player in the worker-employer relationship, must be given a reasonably good work -

environment so as not to jeopardize his physical or emotional well-being in the workplace beyond a practical limit. What is reasonable and what is practical is debatable but it is clear that a good work environment would promote employee satisfaction. A satisfied employee is more likely to have a healthier attitude towards his employer as compared to a dissatisfied one. Work environment is therefore a determinant of worker employer relationship and which is important for promoting proactive industrial relations. The employers need to build and maintain a reasonably enjoyable work environment and improve it further as and when possible. Enjoyable working environment is characterized by the following: reasonable job security, challenging work assignments, opportunities for development, growth, equity in remuneration and rewards open communications, helping relationships, participation and involvement, empowerment and professional integrity (Ellis, 1982).

Professionalism in human/personnel management as above would naturally prevent many commonly arising grievances. When employees are handled systematically and objectively, they are more likely to be well-disposed towards their employer. Hence systems and regulations as above emerge as another determinant of worker employer relationship and would particularly promote proactive industrial relations. The employers need to be educated and persuaded to follow such a professional approach to managing the personnel. Proactive approach to protecting the rights of the employers would be to frame suitable conduct and disciplinary regulations to guide the workers on what kind of normative conduct is expected from them and what disciplinary action would be taken in case of violations.

Regular exposure of workers to conduct and disciplinary regulations would create the desired awareness, discouraging them from misconduct in future. It would also tone down their adverse reactions when punishments are awarded provided it is done fairly and with a human face. However, when there is laxity or lack of seriousness in the application of conduct and disciplinary regulations, they would become counterproductive. Like other systems and regulations, conduct and disciplinary regulations also would influence the worker-employer relationship and promote proactive industrial relations.

Improving employee involvement and commitment in the company would help them to appreciate the employer's perspective with empathy towards employer's genuine problems. It would therefore promote healthier worker-employer relationship and proactive industrial relations. Many programmes could be considered for improving employee involvement and commitment. Comparatively, simple ones are Quality Circles and Employee Suggestion System provided they are professionally handled with seriousness rather than superficially. Employee participation in decisions affecting them will give positive results if we can do it in any practical sense. Collective bargaining commonly deployed in industrial relations is also a kind of employee participation. However, it is to be noted that there is a subtle difference between participation and involvement. One may participate but not involve one-self. Involvement is deeper with an emotional content and generates real commitment.

Modern and powerful approach to build employee involvement and commitment is through Process Based Role Analysis and Design involving the employee himself along with the boss, subordinates, and concerned peers to create the agreed expectations from roles at the same time identifying the competencies required for good performance in the role. Subsequently the training is conducted to reach the desired level of relevant competencies. When the role is clear and the required competencies are also there, the individual concerned feels confident and motivated. Role occupant's participation in his role design boosts his self-worth, significantly improving his commitment and involvement. Communication gaps between the workers and employer can result in developing wrong perceptions about each other, leading to impairment of worker-employer relationship. Regular, open, two-way communication in the organization is therefore an important prerequisite for promoting proactive industrial relations. This would keep the workers updated with employer's changing circumstances, constraints, strategies and plans, giving them an opportunity to adapt and reposition themselves, preparing them in advance to face the eventualities, also giving them a chance to render possible help. This would also enable the employer to anticipate workers' difficulties and eventual grievances, offering them opportunity to take timely corrective actions. Efficient internal communication in the organization as above is an important part of proactive industrial relations.
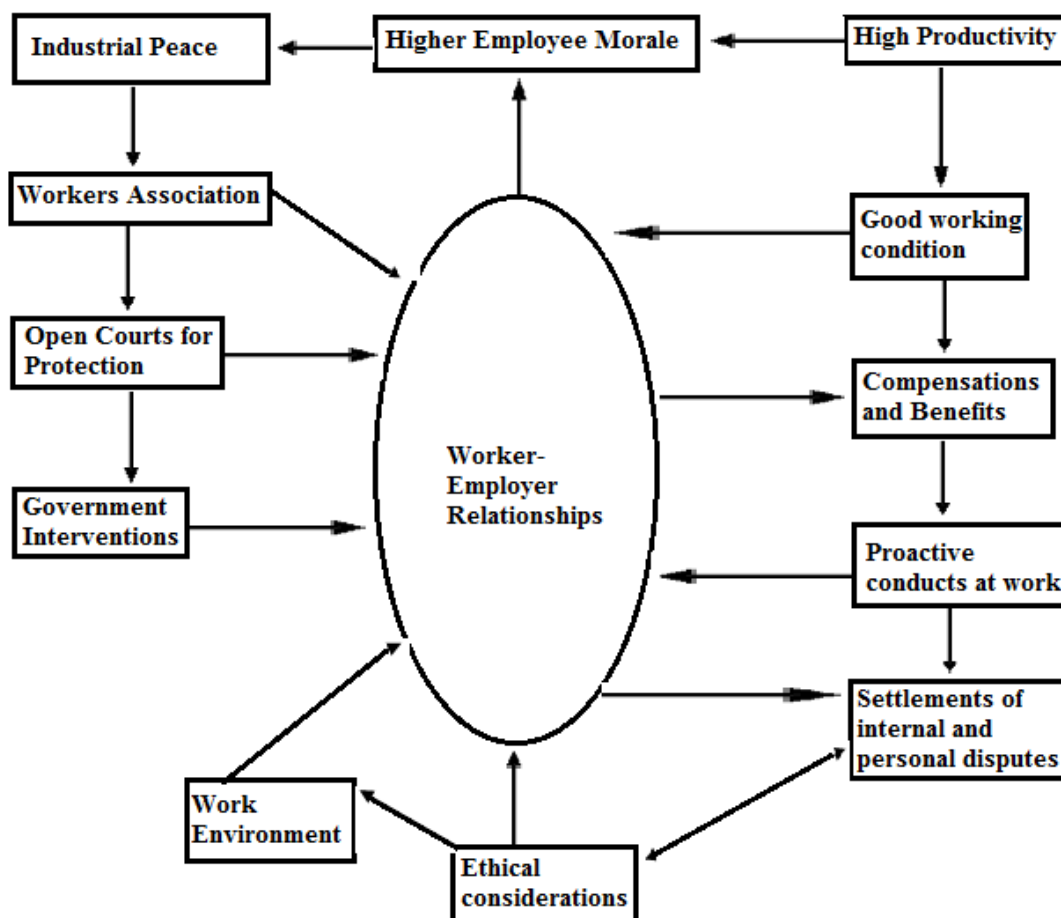
Figure 2: Prototype of a Proactive Industrial Relations (Adapted from Srivatav, 1995).

## 4. Proactive Industrial Relations and Industrial Growth

From the above Fig. 2, a proactive industrial relations has be established, and possibly, there is need to substantiate it with a concept of pluralism. The recognitions of this concept in the present industrial relation make it possible for scholars to entrench it as part of the process towards achieving proactive industrial relations. An attempt is made here to establish the lacuna in the present industrial conflict studies as it concerns conflict management within the work place (Dahrendorf and Collins, 2006). These lacuna lead to the lack of full understanding of the human person and her behavior at work. The author submits that workplace is a highly intricate place, more intricate than initially thought of. There are underlying factors bordering on worldviews and mentalities that lie at the center of work place dichotomies. These dichotomies could be ameliorated only if there is a basic understanding of the cultures surrounding them. Opening the doors towards this understanding will mean studying some aspect of ethics within the work place and also understanding the flaws inherent in the previous models used in studying human behaviors at work. Ethics point towards morality. However, there is no possible measure for a universal work place morality. We can apply the usual every day moral principles at work. But this is not enough since employees are in another frame of mind while at work. If we consider that work means survival for a large variety of worker, then our supposition that they would follow everyday ethics while at work collapses. Again, behaviorist mechanism for studying human behavior makes it possible for pretences to result in an individual who knows that she is being watched while at work.

So, the conceptions about how an individual will behave while at work collapse. When we have seen the problem inherent in work place ethics and human behavior, then we ought to look elsewhere in our understanding of work place conflicts. Our search for this understanding will take us to the understanding of the human person and what forms her culturally (Elinor, 2006). A person's culture is what she will necessarily bring to the work place. To this extent, knowing this person from inception, which is at interviews, will be necessary if we are to understand the work place where this person will work. Her relationships and activities at work will point to the kind of culture she is coming from but it will not tell us how she feels or how she will manage conflicts at work since she knows she is being watched. To understand the work place therefore and how to manage conflicts therein, there is need for the understanding of incommensurability of cultures first and

foremost.

One philosopher who insists there are situations where we just cannot make reasoned choices between diverse cultural values is Isaiah Berlin. According to Berlin (1969), such goods as liberty and equality conflict at the fundamental level. Berlin is primarily concerned with political pluralism, and with defending political liberalism, but his views about incommensurability have been very influential in discussions on moral and cultural pluralism. This suits our analysis here. Although we would not wish to subscribe to total incommensurability, the kind of incommensurability we subscribe to point to certain level of major differences in frames of reference especially as it concerns issues of behavior. In the presence of this, what occupies us as humans allows us to formulate ideas about life and these affect other people we deal with on daily basis at work place. So the basic pointer to the understanding of workplace conflicts is that there is need for the understanding of how different we all are in our perception of reality and this can trigger disagreement even at a subtle level. Therefore, looking at human beings while they work is not enough to understand what they do or what they might do. What is important is to look brilliantly at what is informing their behavior. When we are able to do this, then we can design the work place to accommodate all views and avoid conflicts or at least reduce it to minimal levels. Understanding how we relate given our differences in worldviews is not an easy task since no one knows where a particular idea may lead. But it is important to establish minimum level of understanding in dealing with diversity. This means the recognition of individual and group identity. This means that orientation of the worker, bringing their diversity to their notice becomes paramount in the recruitment process. This understanding is not restricted to the employees alone. The superiors must as a matter of urgency join in the learning process of understanding diversity.

This paper advice that a criteria be set up to manage the workplace conflicts such that conflict will not arise at all instead of waiting for it to happen. Such criteria can follow the following model (Fig 2). There ought to be a basic understanding on the part of individuals about their moral and ethnic disposition and must be willing to discuss these peculiarities with anyone who cares to know. This can open up inner levels of discussion and introduce familiarity among both employers and employees. The benefit of this cannot be overemphasized. The individual at work is isolated in an important way. She is seen to be alone in her introspection and retrospection about both her personal life and the work she is doing. But if the colleagues at work have some ideas about the inner workings of her being, there is a more relaxed atmosphere since the individual in question will know she is in a familiar place and have the good will of the organisation. This will reduce inner conflicts between the individual and the work place.

Another criterion will be the understanding of group identity. Each individual at work belong to a group and the group has a deep influence on the individual. If colleagues at work have a fair understanding of this particular group mentality, they will be able to positively isolate the individual positioning her for work in another group other than her own. When these are done, there is also the need to understand sex roles within groups and how the individual perceive her role in context of her culture. The role of women and men are not the same, in a large variety of cultures. This definitely robes off on role playing in the work place. Issues of maternity, leisure, belief and private relationships can have effects on role playing at work place. When there is understanding of the individual and her cultural background, human resource management will have a better human view. It is possible to incorporate cultural matters in the present models of industrial relations management as the industry pursues greater profit. The other models mentioned in this paper, in particular, reactive industrial relations, exposes the industry to great conflicts that can lead to outright destruction of both employers and employees. So the best bet is to redevelop the models by incorporating cultural factors as they concern worldviews and mentalities.

## 5. Conclusion and Recommendations

Industrial relations practice needs to be transformed to emphasize proactive industrial relations rather than being heavily tilted towards reactive industrial relations. It is in this context that these research recommends the following proactive industrial relations:

- Ensure a good work environment.
- Implement formal systems and regulations to objectively manage the employee affairs.
- Formulate appropriate conduct and disciplinary regulations for protection of employer's rights, socialize them to employees, obtaining their buying- in and implement them properly.
- Promotes employee involvement and commitment.
- Maintain efficient internal communications (regular, open, two-way).
- Understanding and entrenching pluralistic thought in industrial relations
- Bridge the divides in the seniority ladder.

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