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From Industrial Relations to Employment Relations with Focus on Employee Relations

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Abstract

Identifying the features of the two concepts "industrial relations" and "employment relationship" cannot be achieved until after a prior presentation of their meanings and of the context in which the term "employment relationship" has made its presence felt in the literature. We aim to achieve this distinction because in some works of contemporary authors, the concept of "industrial relations" finds further use. The main purpose of this paper is to achieve a separation of the two concepts and to identify the areas of their intermission.

Keywords: industrial relations; employment relations, human resource management; union; wages; conflict;

1. Introduction

Most of us think we know what industrial relations are. The study of employment and labor market is what makes the subject matter of this vast area of research.

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It is a field that analyzes the factors that affect the workplace. However, it is the workplace that directly affects our style of living and even our culture in a lot of ways. There is another related concept called employee relations that confuses many because of its similarities with industrial relations. It is a fact that looking at a workplace from the perspective of workers unions is no longer relevant in these times. Let us see if there is any difference between these two related concepts.

2. Industrial Relations

Industrial relations became a social science; workplace relations, primarily those between industry and industrial workers, were analyzed using academic disciplines such as sociology and economics. Some authors of the industrial period defined “industrial relations” as “the study of rules governing employment and the way in which the rules are changed, interpreted and administered” [1]. Others, argued that “industrial relations deal with certain regulated or institutionalized relationships in an industrial unit” and in Hyman’s opinion they are “the study of control processes on employment relationship” [2].

The field of study that covers employment relationships in their entirety is called industrial relations. In general, it is believed to be the study of relations between the employees and employers. There are a multitude of factors at play at the workplace that shape up the relations between workers, employers, and the government. The field of industrial relations came into existence with the advent of the industrial revolution as an important tool to understand the complex relations between employers and employees. There are many different ways to look at industrial relations as there are the perspectives of workers, employers, government, and the perspective of the society. If you are a worker, you would obviously associate industrial relations with better wages, safety at workplace, job security, and training at workplace. On the other hand, industrial relations for an employer are all about productivity, conflict resolution and employment laws.

Sound industrial relations and effective social dialogue are a means to promote better wages and working conditions as well as peace and social justice. As instruments of good governance they foster cooperation and economic performance, helping to create an enabling environment for the realization of the objective of Decent Work at the national level [3].

3. Employee Relations

Instead, employers now use the term "employee relations," which refers to relationships that exist in both unionized and nonunionized workplaces. Employers hope to manage employee relations successfully with each respective individual, as a means to raise morale and productivity. ‘Employee relations’ is a concept that is being preferred over the older industrial relations because of the realization that there is much more at the workplace than industrial relations could look or cover. In general, employee relations can be considered to be a study of relations between employees as well as employer and employees so as to find ways of resolving conflicts and to help in improving productivity of the organization by increasing motivation and morale of the workers. The field is concerned with providing information to employees regarding the goals of the organization so that they have a better understanding of the aims and policies of the management. Employees are also

informed about their poor performances and ways and means to correct performance. Employee relations also take care of grievances and the problems of the employees and let them know all about their rights and what to do in case of discrimination.

Therefore “new employment relationship” go beyond the collective bargaining level to include non-union organizations where dialogue might be between employers and their employees, although with alternative bargaining structures [5].

4. Industrial and employment relations

Industrial and employment relations covers:

- Tripartite social dialogue;
- Negotiation, consultation and information exchange between and among the different actors;
- Collective bargaining;
- Dispute prevention and resolution.
- Other instruments of social dialogue, including corporate social responsibility and international framework agreements [6].

Industrial relations have come to dominate the workplace because of the need to deal with conflicts, mainly between workers and management, whereas, employment relations are dealing with developing a working environment where conflict is less likely to occur, and when this happens, is dealt with promptness and effectiveness by those involved [4].

5. Preconditions for sound industrial and employment relations

Preconditions for sound industrial and employment relations covers:

- Strong, independent workers' and employers' organizations with the technical capacity and access to relevant information to participate in social dialogue;
- Political will and commitment to engage in social dialogue on the part of all the parties;
- Respect for the fundamental rights of freedom of association and collective bargaining; and
- An enabling legal and institutional framework.

6. What is the difference between Industrial Relations and Employee Relations?

- Though it was industrial relations that came into existence earlier, it is employee relations that is increasingly being used to refer to workplace relations these days.

- Falling union memberships around the world have made people realize that relations between employers and employees are more important than the focus given to these relations by industrial relations.
- It is human beings called employees that form the backbone of all operations in an organization and the study of relations between employees and employers are more important than the laws and institutions that govern relations at the workplace [7].

The differences between industrial relations and employment relations assume, therefore, are the following [8]:

- Industrial relations focuses on employees regarded as a collective body while employment relations put a strong emphasis on employees regarded as individual;
- Employment relations are based on greater cooperation between management and employee, being motivated to add value to the organization. Such employment relationships are considered as being based on management practices based on trust, fairness, knowledge and understanding of employee aspirations and attention to “employee voice” obtained through a variety of channels (e.g. employee and union representatives involvement and participation).

7. Employment relationship

Using the term “employment relations” instead of “industrial relations” is due to the fact that it has become increasingly appropriate in the context in which much of the labor force is not composed of members of unions, and the number of employees included in agreements collectively negotiated has seen a continuous decline [9].

The importance of human resource management (HRM) for understanding industrial labour relations and industrial relations change “is in its association with a strategic managerial approach, integrated and very distinctive for the management of people” [10]. HRM approach is one of human resources and employees are treated as investments, emphasizing on policies, programs and practices that lead to a productive environment. HRM focuses more on employees, individually seen and not as a collective body (union) and, as some authors say, the concept of HRM is generally associated with a movement starting from collectivist employment relations - tense negotiations, union associations - towards individual negotiations, reinforced by individual contracts and performance-based payment systems.

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There are many different dimensions to this relationship. We have already noted that it is a relationship between buyers and sellers of labor capacity; it is therefore an economic exchange. We have also noted that the relationship is contractual and that it has both a psychological and legal dimension to it; both a legally enforceable and a psychological contract. It is also a relation- ship that tends to be relatively continuous and

traditionally, though less so these days, was open-ended. It is also a power and authority relationship with the employee agreeing to element of subordination to the authority of the employer, and in this context it is also an asymmetrical relationship since the employer has the greater power. The nature of the relationship is variously perceived; for example, some see it as a relationship dominated by the inherent conflicts of interest between the parties whereas others perceive it as a relationship that is, or at least should be, dominated by cooperation. It is also a relationship that is secured through different modes and forms of involvement and attachment, ranging from an alternative to a moral involvement and from compliance to commitment as the base for the ongoing attachment of the parties.

The employment relationship and the interaction between the parties can be seen to produce a number of different employee relations outcomes within the organization. At one level, these outcomes can be perceived purely in terms of whether they are processes, procedures or practices but, at another, they can be seen to be mechanisms for securing the objectives of the parties whether, for example, this be the resolution of conflict between them, employee participation and involvement in decision making or control of the labor process, the handling of grievances and management of discipline or the pursuit and achievement of equal opportunities.

The relationship occurs within many different contexts and is variously constrained and influenced by them. These contexts can be differentiated on a number of different grounds and here we differentiate between international, national and organizational contexts. Throughout the framework there are two-way interactions between the various layers of context: the international context exerts influence upon the national context and thereby upon the organizational context and the employment relationship itself, yet the interactions within the employment relationship produce outcomes that become part of the organizational context, which itself may then impact upon the national context. Reasonably one might expect the strength or intensity of the outwardly directed influences to be less than those of an inward direction. At the organizational level influences include the values and beliefs of the parties, which, as we have noted earlier, are likely to influence the parties' expectations and their perceptions of their interests and the nature of the relationship. These are likely to influence management style and approach, for example, such as their attitudes towards trade unionism, whether they are prepared to share power and control, whether they are prepared to enter into mechanisms for the joint determination of issues and the resolution of conflict, and their preferences for personnel or human resource management. For employees, they are likely to determine their approach to collective organization, the nature of their attachment, whether they have a right to participate in decision making and their perceptions of whether they are being treated fairly, consistently and with dignity.

At the level of the organization, decisions will be taken about the production and competitive strategies to be pursued, about the way in which work is organized, the labor force required and the distribution of work between primary and secondary labor markets. All of these will have implications for the parties to the employment relationship and the interactions between them. Outside the organization, there are two levels of context: the international and national.

At the national level we have the influence of the values, beliefs and attitudes that can be perceived as constituting the national culture. At this level also we have the nature of the dominant form of economic

activity, government and its ideology, and the policies and priorities pursued by government in its role as economic regulator. The government also has an influential role in the determination of the legal context. Additionally, at this level of context we have to consider the structure of industrial and economic activity, the composition and structure of the labor force, demographic circumstances and trends, the distribution of power in society and the history and traditions of the country. The supply of labor will be influenced by the nature of the dominant education and training regimes. Employers and trade unions also function at this level, pursuing their own objectives but also engaging with government in order to exert influence and achieve certain specific outcomes.

Outside the level of the nation there are several influential international contexts. Perhaps the most important of these is associated with global capital, its objectives and its activities, encompassing the multinational enterprise and its ability to invest and locate around the world. We also have nation states forming supranational trading blocs and alliances and for the UK and other member states, the European Union (EU) forms an important element of the international context. There are also international associations and federations of employer and employee organizations and there is at least one influential international regulatory organization, the International Labor Organization (ILO). Last, but by no means least, is the influence of modes of production, technology and technological change with their implications for the way in which work is organized and the day-to-day experience of people at work.

However, we work from the international to the national to the organizational. Inevitably it is impossible to be comprehensive but the contents chosen do reflect the author's perceptions of relative importance. Choices have also had to be made on where to include some of the material and it has to be acknowledged that there are alternative approaches to structuring a text such as this. For example, I have chosen to examine the nature and organization of work as part of the international context; others might argue that it would be more appropriate at an organizational level. Similarly, I examine managing employee relations as part of the organizational context whereas others might argue that, given debates about the development of a global model of high-commitment, high-performance human resource management, it might be more appropriate to study it as part of the international context. It is, therefore, a matter of judgment and the structure of this text reflects that of the author [11].

In other words, the employment relationship is thus a creation of markets, but also distinct from them for the simple reason that it is a market in people and operates very differently from the idealized markets of economic theory. The legal structures we have built around the employment relationship concern themselves both with ensuring labor markets operate smoothly and with the need to protect employees from unfair practices. Of course, business leaders do not generally see staff as 'commodities' and often invest considerable effort and resources in avoiding that impression. Indeed, the language of 'a relationship' is awkward: staff differ widely in their needs and wants from work with some preferring a less involved form of work than might be implied by the term. Use of the term employment relationship in this paper follows the established understanding of research examining the nature of the interchange between employers and employees within the labor market.

Table 1. The objectives of the employment relationship: efficiency, equity and voice [12]

Objectives	Rationale
<p style="text-align: center;"><i>Efficiency</i></p> <p>Market-based transactions and contracts</p> <p>Minimum labor standards (wages, hours, family leave, advance notice, child labor)</p> <p>Income maintenance (unemployment insurance, workers' compensation, pension standards)</p> <p>Industrial peace</p> <p>Increased labor bargaining power</p> <p>Workplace public goods</p> <p>Equality of opportunity</p>	<p>Allocative efficiency</p> <p>Externalities (social cost, purchasing power), asymmetric information</p> <p>Asymmetric information, costly dispute resolution, liquidity constraints</p> <p>Externalities (social cost)</p> <p>Externalities (social cost, purchasing power), mobility costs</p> <p>Externalities (free riders)</p> <p>Externalities (social cost)</p>
Objectives	Rationale
<p>Employee representation/participation</p> <p>Just cause dismissal</p> <p style="text-align: center;"><i>Equity</i></p> <p>Minimum labor standards (wages, hours, safety, family leave, advance notice, child labor)</p> <p>Balanced distribution of income</p> <p>Equality of opportunity</p> <p>Just cause dismissal</p> <p style="text-align: center;"><i>Voice</i></p> <p>Industrial democracy</p> <p>Employee decision making and autonomy</p> <p>Free speech</p> <p>Political employee voice</p>	<p>Coordination failure, asymmetric information</p> <p>Coordination failure, costly dispute resolution</p> <p>Human dignity (moral and religious)</p> <p>Political equality/liberty</p> <p>Human dignity (moral and religious), political equality/liberty, due process rights</p> <p>Human dignity (moral and religious), political equality/liberty, due process rights</p> <p>Political equality/liberty/democracy</p> <p>Human dignity (moral and religious), psychological/social needs, property rights (stakeholder theory)</p> <p>Liberty/human dignity (moral)</p> <p>Political equality/liberty</p>

8. Conclusion

Given the authors' opinions presented in previous pages on developments and differences between the two concepts, we conclude that, unlike industrial relations, employment relations adopt a wider range including other sectors such as services sector, focusing more on individual relationships between employer and employee than collective ones, without conflicts and on a participatory management approach, based on trust, loyalty and understanding the needs of employees. Employee relations management places a particular emphasis on communication between managers and employees and also among employees between them.

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