



# **Industrial Relations**

## **Essay 1**

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## Basic Social Sciences Concepts within the Industrial and Social Relations

Since social science is one of the two parts building an Industrial Relations System, it is necessary to take a closer look at the basic concepts, in order to make a brief description. Social sciences can be divided into the following parts:

1. People
2. Communication
3. Objective
4. Space and time function
5. Ideology

Some may argue that ideology is not really a part of social sciences, but since it is a commonly shared believe system (i.e. a set of values and ideas) that satisfies three basic functions, named

1. binding people together,
2. making people act as a group and
3. making people to be seen as acting as a group,

it can of course be seen as a part of social sciences.

The relationship between people, their communication and objectives within a space and time function are influenced by various factors. First of all, we have believes, also known as intellectual interpretation of facts we have been told. Sentiments on the other hand are believes from our former experience. Believes and sentiments are feeding each other and determine therefore our daily acting as well as our view on certain things. Second factor to mention are norms. These can be seen as rules and standards of behaviour not only written down in laws and legislation. The third factor is a rather difficult one to explain, since we have a dependency of several points with each other. A subjectively important point in our social system is ranking. Together with ranking come things like status and position, whereas status forces us in different roles. Unclear remains in this relationship, if ranking is based on positions or

vice versa. Obviously comes a certain amount of power with each kind of ranking. Power can be seen as upward or downward directed; depending on the position one has in the social system. Factors like sanction, facility and stress or strain play a rather secondary role in the social system.

Why is this insight important for industrial relations? If we take a closer look at our system of industrial relations, it becomes very obvious that everything has to do something with dealing with people. The best and maybe only way of dealing with people is communication. Communication can be anything from speaking to body gestures and so on. I don't want to go into detail here and begin speaking about perception and the sender/receiver model. Without a definite objective, any communication between people will fail immediately, since the outcome can't be measured against the objective and the likelihood of succeeding in reaching the nonexistent objective or target is reduced to zero. Each of the described parts of a social science system relies heavily on a time and space function. Technology makes it easier to communicate with people, but since most communication requires two or more people, they have to be at least in the same time in order to talk to each other. Objectives set in the past might be changed in the future because of interactions and changes in the environment, are therefore also heavily dependent on time. There have been endless discussions about bringing in the last part of the social system called ideology. Since a believe system is commonly shared among people, it makes sense to bring it in. These believes are only shared between groups of people and make it easier to communicate within these groups, while communication between these groups gets more difficult. The word group used in this context is regardless of size, since a group sharing a commonly belief can consist of two<sup>1</sup> up to billion people. Time and space functions are also able to influence ideology, because certain believes are only valid for certain amount of time and single locations.

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<sup>1</sup> It does not really make sense to built a group out of one person

## The Nature of an Industrial Relations System as a Social System within an Economic System

Industrial Relations emerged as a multi-disciplinary field of research in Great Britain and the USA about hundred years ago. However, it took nearly half a century for research and teaching within this broad field to get going. All argumentation about a theory – or theories – of industrial relations has to be based on the fact that the concept has a double meaning. On the one hand, it refers to the practice, which is related to the employment relationship in working life, in the labour market and in politics, on the other hand it refers to the research and education activities, which have this practice as their object of study and can be called ‘the employment relationship’. Sometimes the two meanings of the concept are confused in the IR literature.

Looking at an industrial relations system from a broader point of view, gives us the impression of its very diverse and rather complex nature. It is also not very likely that two different countries developed the same IR system, because it highly depends on past experiences and history as well as today’s performance and future expectations. The first thing to mention is that an industrial relation system exists of both, a social as well as an economic system. There exists an enormous amount of theories in the field of IR research. John Dunlop’s *Industrial Relations Systems* (1958) demonstrated the deficiencies of general systems theory: a low efficacy of explanation and a tendency to static harmony thinking. His theory is based on the tripartite structure of unions, employers as well as government and the collective bargaining process. In Dunlop’s world the state holds a strange position. It is supposed to work exclusively for common political aims. This approach is not very likely to take part, which has been shown by the followers of the pluralism and joint regulation like Flanders. The political system in this theory is regarded as a self-regulating mechanism, formed by interest groups, which are competing for possibilities to influence and even infiltrate the state.

An economic system is built upon the principle to satisfy people’s unlimited needs with scarce resources. The needs, according to Maslow’s pyramid of needs, are everything from food, shelter and clothing to self-actualisation and self esteem. In

order to satisfy these needs, entrepreneurs and managers make use of labour, land and capital in order to achieve a certain output. These resources can be utilised according to the minimum or maximum theory. Since the economic system is very output related, nobody cares about the employees; they are just a factor in order to achieve a certain output. Normally they would be treated like capital or land if it were on the management to decide. This is where a social system comes into play.

This is exactly what happened in the film, shown within the lectures. Taking part after the major economic crisis of the 20<sup>th</sup> century, the film shows the bad working conditions at this time. Because of the high unemployment rate and the fear of losing the job, nobody complains in the first time. One day however, the bubble burst and the first – not very peaceful – strike was born. In the following negotiation management and workers agreed on a few points. This was settled with a handshake between the leader of the workers and the manager. In one of the next days it became obvious what this agreement was worth. Most of the workers got fired and were replaced by new employees. It was not in the might of our two ‘heroes’ to change this situation at once, so they decided to join the union. The union have been very unpopular in these times, especially in the eyes of the management. One of the main enemies was the management of Consolidated. They really gave the two union members a hard time. After more and more employees of Consolidated joined the union, it was decided to get – among other things – a paid health insurance pushed through. After negotiations took part between management and union, also known as collective bargaining, it seems that the management was not willing to pay attention to the demands. It was therefore decided to go on strike. This was a new thing for the surprised management. Both sides took gains and losses in this ‘war’ and finally the union won. The circumstances for the workers got better and the management of Consolidated accepted the demands of the union.

This movie shows in his own way the demand for a social component in the Industrial Relations System in order to balance the need for high output and the conditions of the employees. This is where the social system, described in the first part of the essay, takes place and its way into the Industrial Relations System.