

Employment Relations

Prepared by DR. AMER ALANAZI

HRM 624

2nd Lecture

Lecture (2)



Employment Relations

Labor unions – Good or bad?

Lecture (2)

HRM 624
2nd
Lecture

Prepared by
DR. AMER ALANAZI

www.midocean.ae

Four Schools of Thought

1- The Neoliberal School.

2- The Human Resource Management School.

3- The Industrial Relations School.

4- The Critical Industrial Relations School.

1st school:

The Neoliberal School

The Neoliberal School

Focuses on the economic activity of self-interested agents.

Efficiency, equity, and voice achieved through free-market competition.

Idealized, prefect competition results in the optimal allocation and pricing of resources.

The Neoliberal School

The conditions of the labor problem are not seen as exploitation

Rather, employees are paid their economic value.

Employees are free to quit if they feel they are being exploited.

The Neoliberal School

Solution to the labor problem?

Ensure competition.

Macroeconomic stimuli to
reduce unemployment.

The Neoliberal School

Remove unnecessary government regulation.

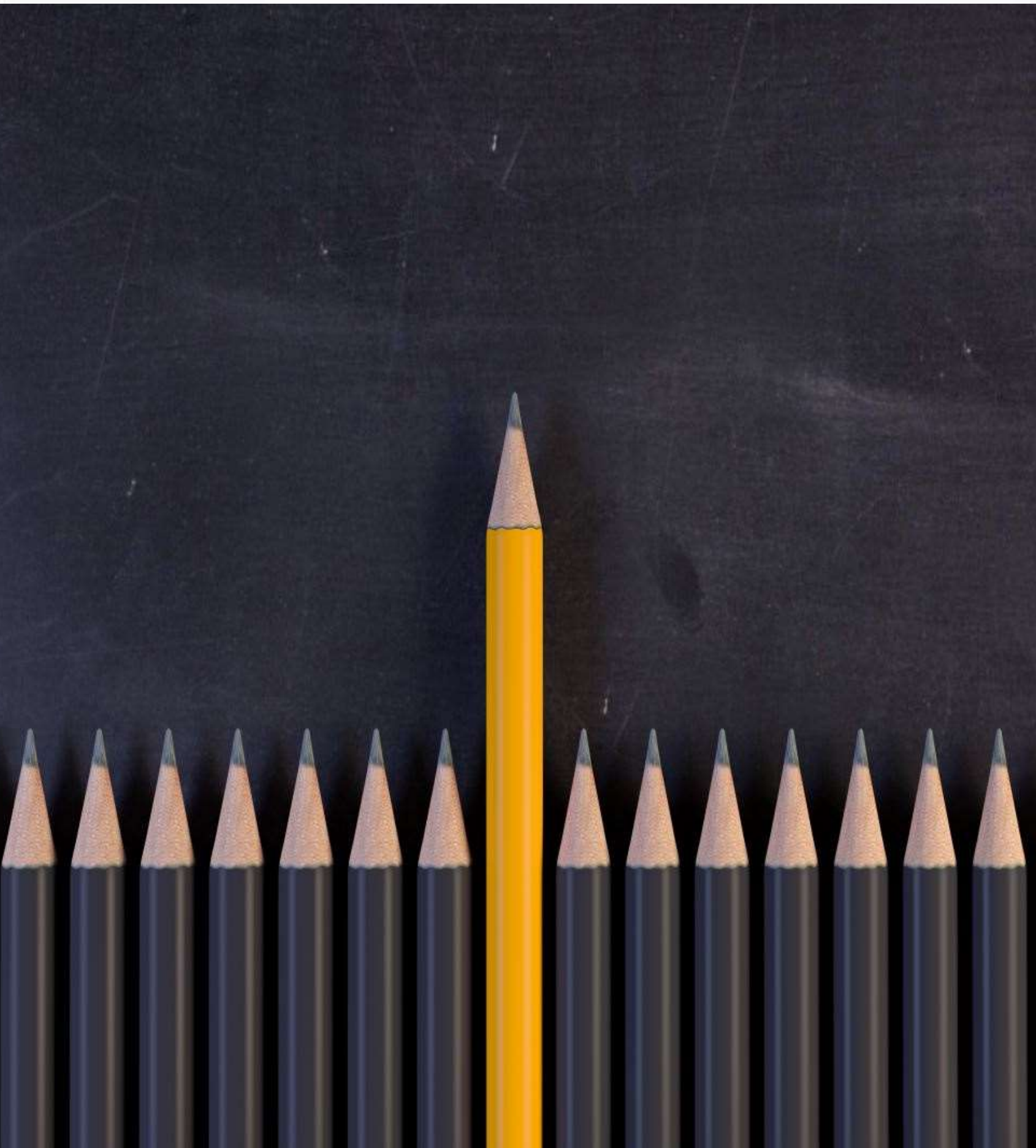
The best protection an employee has against his or her current employer are other employers.

As long as there is (perfect) competition, employment outcomes are not seen as a problem.

The Neoliberal School

View of labor unions in the neoliberal school of thought

- **Unions are seen as labor market monopolies that interfere with the invisible hand of free market competition; distort efficient outcomes.**
- Strike threat is used to raise wages above their competitive levels.
- Restrictive work rules interfere with the discipline of the market by protecting lazy workers.



The Neoliberal School

To those who believe in perfect competition

- Labor unions are bad.

2nd school:

**Human Resource
Management School**

Human Resource Management School

Believes that the labor problem stems from poor management

- Poor selection, motivation, training, supervision.

Solution to the labor problem?

- Better management.



Human Resource Management School

Solution to the labor problem?

- Better management.



Human resource management philosophy

Align the interests of workers and the firm via better management.

1. Create motivated and efficient workers.
2. Firms should design and implement better supervisory methods.
3. Selection procedures.



continued

Human resource management philosophy

- 4. Training methods.
- 5. Compensation systems.
- 6. Evaluation and promotion mechanisms.



Human Resource Management School

- View of unions in this school of thought
Unions are unnecessary “outside, third parties”.
- If a company has well-designed HR practices, workers will be satisfied and will not support a union.
 - Independent labor unions are also seen as adversarial, a barrier to cooperation.



Human Resource Management School

But companies get the union they deserve.

- If a company is practicing bad management, workers will seek unionization to combat these poor practices.



3rd School:

The Industrial Relations School



The Industrial Relations School

- Key belief: The labor problem stems from unequal bargaining power between corporations and individual workers

The Industrial Relations School

The IR school accepts corporations as efficient, valuable organizations

So not opposed in principle to markets or corporations.

But sees labor markets as destructively competitive.

- Need institutional checks and balances to achieve equity and voice.

The Industrial Relations School

Institutional labor economists believed that there were many labor market imperfections

- Persistent unemployment.
- Company towns dominated by a single employer.
- Lack of worker savings and other safety nets.



The Industrial Relations School



Compared to the other schools of thought, the causes of the labor problem are different



So the solutions are different.

Labor unions and other government policies (for example, minimum wage laws) to help increase worker power to better balance employer power.

The Industrial Relations School

View of unions in this school of thought

Unions are important as a way to better balance corporate power in the labor market.

Can provide meaningful voice to employees by being independent rather than controlled by companies.

- Independent labor unions can elect their own leaders, collect and spend their own dues money, establish their organizational objectives and strategies, and strike.





The Industrial Relations School

So based on the assumptions and beliefs of the IR school, unions are important for striking a balance between efficiency, equity, and voice

- This school of thought provides the intellectual foundations for United States labor law and supporters of labor unions.

4th School:

**The Critical Industrial
Relations School**

The Critical Industrial Relations School

Grows out of earlier “Marxist industrial relations” school, and also referred to as a radical perspective

- The “critical” label comes from being critical of existing societal institutions and social orderings.



The Critical Industrial Relations School



The critical school



Emphasizes that capitalist institutions do not simply exist but are created by society.



Focuses on how dominant groups design and control institutions to serve their own interests.

The Critical Industrial Relations School

The causes of labor problem

Employers' dominant power in the workplace, and reinforced by significant influence over other societal institutions (for example, legal system and law enforcement).



The Critical Industrial Relations School

The solutions to the labor problem
Restructuring the nature of
capitalism.

- For some: replacing capitalism with socialism.
- For others: significant changes in power structures and influence.

The Critical Industrial Relations School

View of unions in this school of thought

Strong, militant unions can benefit workers.

- Fighting for improved compensation, better working conditions, and greater control over workplace decision making.
- Mobilizing and raising working class consciousness.

The Critical Industrial Relations School

Emphasis is on aggressive, labor movement activism that links workers across industries, occupations, and regions.

- Adherents to this school of thought are critical of the pragmatic, collective-bargaining focus of many United States unions.
- Believe that they do enough to challenge capital's power in the workplace and society.

Schools of Thought

1- The
Neoliberal
School.

2- The Human
Resource
Management
School.

3- The
Industrial
Relations
School.

4- The Critical
Industrial
Relations
School.

Four Schools of Thought

The schools reflect alternative perspectives on the fundamental assumptions of human resources and industrial relations

- Is labor just a commodity?
- Are employers and employees equals in competitive labor markets?
- What is the nature of conflict between employers and employees?

Essential for understanding views of labor unions (plus views of HRM and other work-related institutions)

Competing Views of Labor Unions

Competing Views of Labor Unions

In Each School of Thought...	Labor Unions are...
Neoliberalism	<i>Bad:</i> monopolies that benefit a few at the expense of everyone else.
Human Resource Management	<i>Unnecessary:</i> effective management policies are best. Also, unions add unproductive conflict.

Competing Views of Labor Unions

In Each School of Thought...	Labor Unions are...
Industrial Relations	<i>Important:</i> necessary to counter corporate bargaining power and to balance efficiency, equity, and voice in democratic, capitalist societies.
Critical (Marxist) Industrial Relations	<i>Important but inadequate:</i> An important mechanism for the struggle against capitalists and for protecting workers, but with systemic imbalances, need greater socio-political changes for true reform.

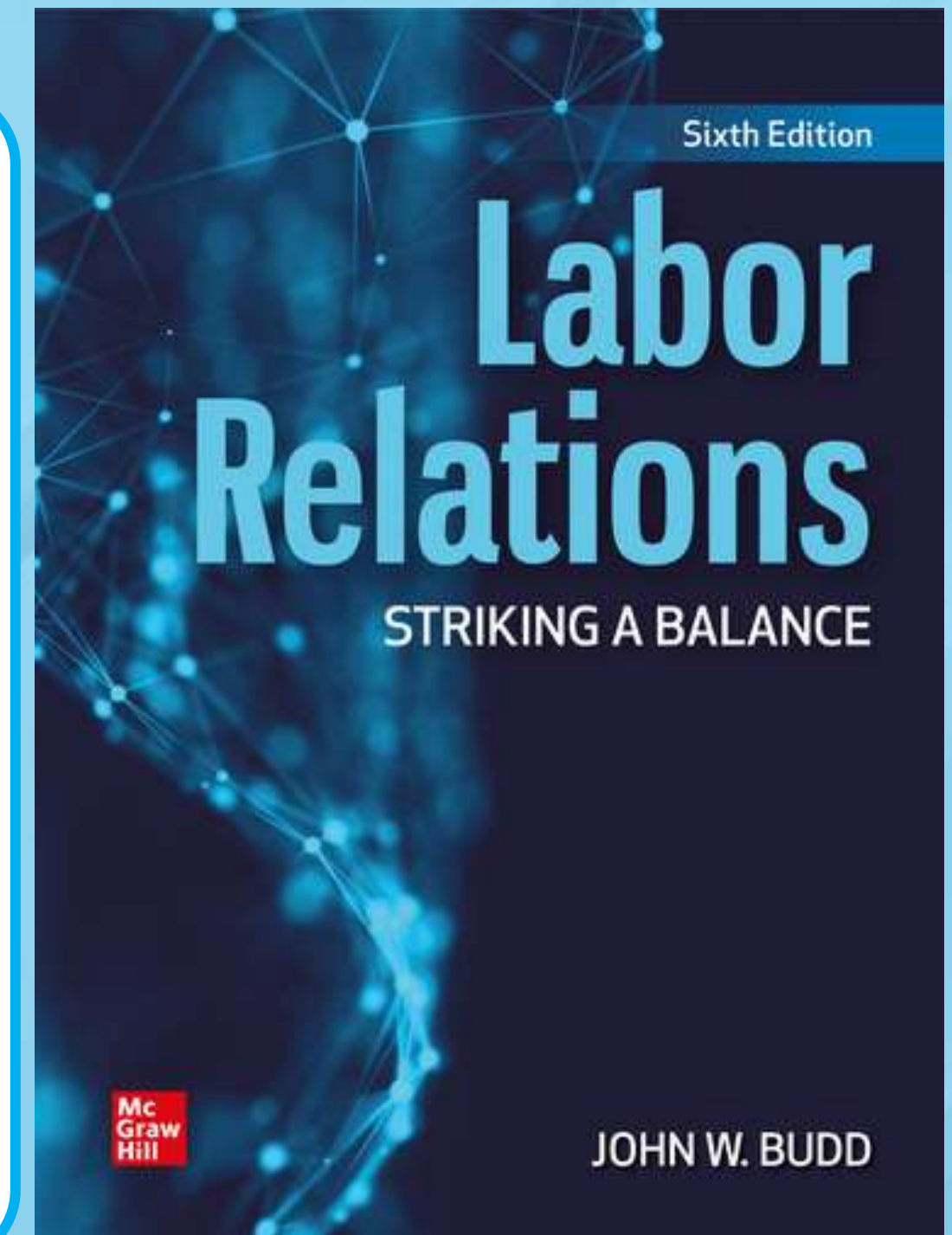
Competing Views of Labor Unions

To understand labor unions and labor relations it is imperative to understand the beliefs of the different schools of thought
More generally, these four schools of thought continue to be the key frameworks for analyzing all aspects of the employment relationship in the 21st century and for thinking about how to improve employment issues

List of references

Textbook:

John W. Budd , Labor relations textbook , MC Graw-Hill , 6th edition .





Thank You