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*THE POLITICAL ECONOMY OF
EMPLOYMENT RELATIONSHIPS
IN NEW ZEALAND*

JOANNA CULLINANE

UNIVERSITY OF WAIKATO

2003

*THE POLITICAL ECONOMY OF
EMPLOYMENT RELATIONSHIPS
IN NEW ZEALAND*

**A thesis submitted in partial fulfilment of the requirements
for the Degree of Doctor of Philosophy at the University of
Waikato**

BY JOANNA CULLINANE

UNIVERSITY OF WAIKATO

2003

DECLARATION:

I declare that I am the sole author of this piece of work, and that this thesis is the result of independent research. No material in this thesis has been submitted for any previous application for a degree or qualification. To the best of my knowledge, all sources are acknowledged in the body of the text and reference list.

Joanna Cullinane, October 2002

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List of Abbreviations:

ANZSIC:	Australian and New Zealand Standard Industrial Classification
CTU:	Council of Trade Unions
ECA:	Employment Contracts Act 1991
EEO	Equal Employment opportunities
EPMU	Engineering Printing and Manufacturing Union
ERA:	Employment Relations Act 2000
ERB	Employment Relations Bill
FOL:	Federation of Labour
FTE:	Full time equivalent
GFTU:	General Federation of Trade Unions
H&S	Health and Safety
HR:	Human Resources
HRD	Human resource Development
HRM:	Human Resource Management
IC&A:	Industrial Conciliation and Arbitration
ILO:	International Labour Organisation
IR:	Industrial relations
IT:	Information technology
JIT	Just in Time
NZ:	New Zealand
NZCTU:	New Zealand Council of Trade Unions
OPEC:	Organisations of Petroleum Exporting Countries
PM:	Personnel Management
PSA:	Public Service Association
PST:	Public Service Tribunal
SSC:	State Services Commission
TNA	Training Needs Analysis
TQM	Total Quality Management
TUC:	Trades Union Congress

ABSTRACT:

This thesis investigates the nature of employment relationships in New Zealand. The analysis is based on the assertion that much of the 'established wisdom' about employment relationships in New Zealand workplaces is not accurate and that this lack of accuracy obscures the true nature of New Zealand's political economy. In the course of its analysis, the thesis utilises a radical humanist methodology, which highlights the nature of employment relationships and their role in New Zealand's political economy. The methodological framework is Marxist, and specifically incorporated labour process theory, French Regulation analysis, and Gramscian and Durkheimian analysis. The framework is termed 'middle range' because reflects a deliberate attempt to combine high and low order theory about employment relationships.

Arising from analysis of literature and primary research results, the thesis concludes that employment relationships are instrumental in the formation of social ideologies and hegemonies and alliances necessary to sustain new manifestations of political economy. However, employment relationships themselves are shaped by academic families of disciplines that reflect the wider structured antagonism that is inherent in capitalism. However, core finding in the thesis is that although the academic disciplines are inextricably linked with the nature of employment relationships in New Zealand, caution must be exercised when this link is utilised. This is because the primary research indicated that the established views in the literature about the operation of certain academic disciplines did not closely match the reality of practice in New Zealand workplaces. Therefore, the assumed nature of employment relationships that might be thought to arise out of such literature cannot be relied upon to be entirely accurate.

This finding of a lack of congruence between the established view in the literature and the actual practices in New Zealand workplaces might potentially cause dismay, but its explanation actually provides the kernel to the new knowledge this thesis adds. The lack of congruence simply indicates that the uniqueness of New Zealand's of political economy has bred a unique set of employment relationships.

CHAPTER ONE

INTRODUCTION

INTRODUCTION:

This thesis investigates the nature of employment relationships within New Zealand workplaces and does so within a critical framework. The rationale for this investigation arises out of Marx's (1885/1968) contention that people make their own history, but that they do so in response to circumstances transmitted through social experience.

One of the 'social experiences' Marx refers to is the lived experience of the employment relationship but much of what we 'know' about that facet of social experience comes from academic disciplines such as industrial relations, personnel management and human resource management. These disciplines tend to theorise and describe the employment relationship in ways that disassociate that relationship from its social, economic and political context (political economy). Moreover, because of this disassociation, there is scope to attempt to reconstruct a theoretical understanding of employment relationships (Thompson, 1989).

The Aim of the Thesis:

The aim of the thesis is to:

Explore the linkages between New Zealand's political economy and employment relationships to contribute a richer understanding of both.

Embedded within that aim are three objectives. First, that the role of academic disciplines in shaping employment relationships is explored. Second that an understanding of the actual nature of employment relationships in New Zealand is developed. Third, that the actual, and discipline based, explanations of the nature of the employment relationship are combined in order to achieve a 'theoretical reconstruction' (Thompson, 1989) of the employment relationship in New Zealand.

Methodology:

This thesis is predicated on a radical humanist methodology which is embodied in an essentially Marxist framework (see Chapter 2). The framework specifically incorporates labour process theory, French Regulation analysis, and Gramscian and Durkheimian analysis. The radical humanism and Marxist framework have two direct influences on the development of this thesis. First, the analysis undertaken does not reflect any desire to identify issues in order to maintain the status quo. All the phenomena and contexts investigated are subjected to critical treatment. Second, within such methodology the employment relationship cannot be sensibly treated as a separate and self-contained phenomenon, but instead is seen as unable to be fully separated from the social, political and economic contexts in which it exists.

Also arising from the radical humanist methodology, is one of the essential terms in the statement of thesis - 'political economy'. This term is consciously utilised in the Gramscian/ Marxist sense and is treated as a shorthand; a critical reference to the social structures which support political and economic structures. 'Political economy' also brings with it an underlying assumption of connected social phenomena – so as mentioned above, in this thesis, the employment relationship is not seen as a phenomenon that can be adequately analysed independently of its social/ political/ economic context. Instead, reflecting their bi-directional nature, employment relationships are treated as; on one hand, intimately connected with their context; and on the other hand, instrumental in developing and sustaining that context.

The framework of analysis is 'middle range' which means that it incorporates ensemble of related theoretical constructs arising from the work of Marx, Gramsci, Durkheim, labour process theory and French Regulation theory which provide insight into both macro issues (specifically social, political and economic) and micro/ meso issues (specifically the organisation of the employment relationship at the level of the workplace).

The Nature of the Analysis:

Utilising the methodological framework described above, this thesis elucidates the aim and objectives of the thesis through two main themes. The first theme finds that employment relationships change as the nature of capitalism changes. In New Zealand, the patterns of change in capitalism are unified in that employment relationships have been instrumental in the formation of social ideologies, hegemonies and alliances necessary to sustain new manifestations of political economy. For example, there was a noted shift towards individualist ideology in the workplace as a result of wider neo-liberal shifts in the structure of New Zealand's political economy from the mid 1980s onwards (Kelsey, 1995). Throughout this neo-liberal era, employment relationships were treated as a major edifice that needed to be aligned with the economic structure being created. The rationale for this alignment was the need to stabilise the capitalist system being created.

The second theme looks at how 'managerial disciplines' applied to employment relationships have developed in reaction to changing patterns of control and resistance between capital and labour in workplaces. The term managerial discipline is used throughout the thesis to denote the structures placed on the management of employees or on the management of the legalities and relations of employment. The disciplines most often referred to in this dissertation are industrial relations, personnel management and human resource management. Within the thesis, these disciplines are treated as operating at two interconnected levels: the 'academic' and the 'actual' practice. At both levels the disciplines are examined within the context of the place they play in dealing with the antagonism that is inherent in capitalist employment relationships.

A fundamental intention in the thesis is the synthesis of these two themes in order to develop an explanation of the nature of employment relationships in New Zealand, which incorporates both socio-political and managerial narratives. However, a number of barriers stand in the way of achieving such an integrated narrative.

The first barrier is *between* the two themes. Literature related to personnel management, human resource management and, to a lesser extent, industrial

relations, tends to occupy the micro and meso¹ levels of abstraction while most critically oriented commentary on employment relationships with political economies is generally located within the macro level of abstraction. This barrier of the different levels of abstraction is addressed by developing and utilising a framework of analysis that is ‘middle range’. ‘Middle range’ because it incorporates the meso and macro levels of abstraction to address the two central themes of the thesis.

A second major barrier exists *within* the micro and meso level theme of the disciplines. Within this theme, the three main academic disciplines related to the management employment relationships fall into two ‘families’ according to their philosophical position and standard realm of inquiry. The first family seems intent on critical descriptions of employment relationships and tends to focus on issues of ‘legalities and relations’ of employment – this family is associated with industrial relations and its close colleagues. The second family seems more intent on functional and normative descriptions of employment relationships and seems primarily concerned with ‘managing employees’ – this family is associated with personnel, HRM, and their close colleagues. By grouping the disciplines in this way, it is clear that these ‘families’ are not ideologically neutral; they deal with similar phenomena in a different manner. Therefore, where a particular discipline is pre-eminent in a workplace its fundamental ideologies and default approaches will mean quite different experiences of the employment relationship for workers.

This means that the nomenclature of academic influence on employment relationships is an important consideration, but to add further complexity to this issue, the disciplines and families are not mutually exclusive. To overcome this problem, the families of disciplines are analysed in their own right but also in their relationship with each other. So for example, one of the tools developed as part of this body of work was the treatment of these families of disciplines as a matrix of potential ‘positional’ approaches. The horizontal axis of the matrix consisting of the family of disciplines concerned with the ‘legalities and relations of employment’, while the vertical axis includes the family associated with ‘managing employees’.

¹ i.e. between micro and macro

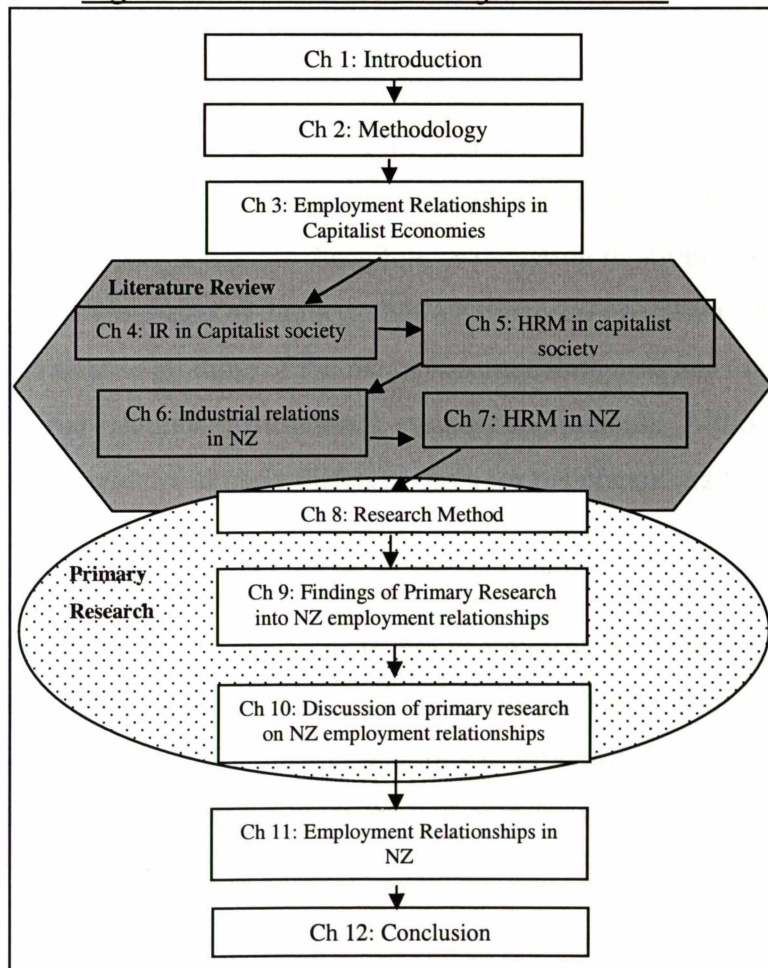
When the range of possible combinations these disciplines could take are plotted onto the matrix the 'positional' outcomes can be seen as representing distinctive paradigmatic approaches to structuring employment relationships.

The Structure of Analysis

These two themes (and their associated barriers) are embedded into a series of chapters which are additive in the manner in which they address the thesis aim (see figure 1.1 below).

This current chapter, **Chapter one**, provides an overview of the thesis and describes the thesis structure. **Chapter two** outlines the methodological framework (discussed above) which underpins the analysis of the thesis. The framework is fundamental to the thesis as it outlines a narrative that allows the nature of employment relationships to be radically and critically analysed in a way that fosters theoretical reconstruction.

Figure 1.1 The Structure of this Thesis



Chapter three then takes the methodological framework established in Chapter two and applies it to describe the overarching nature of employment relationships in capitalist economies. This analysis is primarily focused on expounding the macro level theme that employment relationships are a central phenomenon in the creation and sustenance of specific political economies.

Three principal themes arise in this chapter include. *First*, capitalism is indelibly marked by the legal and economic inequality between the classes. These inequalities have many manifestations but one of the most fundamental is expressed at the level of the workplace in which managers are provided the legal and social right to manage. Nevertheless, *second*, within workplaces, the right to manage does not translate to the absolute ability to control the employment relationship. Instead, employment relationships are processes encompassing both control and resistance, which can be seen as the expression of 'structured antagonism'. *Third*, despite, or perhaps because of, the structured antagonism, it is the employment relationship itself, which acts to stabilise to capitalism.

Chapter four examines the role played by the academic discipline of industrial relations in structuring an understanding of capitalist employment relationships. The core finding in the chapter is that the discipline of industrial relations is often threaded through with a theme of duality: conflict versus co-operation and consent. This duality is evident in all three of the major theoretical approaches to defining and describing industrial relations (institutional, systems and radical). Although each of these approaches provides a slightly different basis for understanding the industrial relations discipline.

One of the central themes in chapter four is that as a discipline, industrial relations has come under pressure from environmental and competing discipline changes. So understanding the discipline of industrial relations in structuring employment relationships has come to involve a consideration of industrial relations' competitor disciplines.

While **Chapter Five** examines the literature which outlines the role played by personnel management and human resource management in structuring employment relationships. The findings that arise from chapter five are dual. First, there are contestations between the disciplines of HRM and personnel management and industrial relations in the role of structuring employment relationships. Second, there are questions about the fundamental nature of the HRM and personnel management disciplines and the associated outcomes in terms of the management of the employment relationship - more specifically, the tendencies towards individualisation and unitarism and questions about what these tendencies translate into in terms of the experience of the employment relationship.

Chapter six examines the literature on the industrial relations discipline in New Zealand. This chapter found that there have been four basic phases of industrial relations in New Zealand's modern history. First, the 'laissez faire' phase in which New Zealand's capitalist system was nascent and employment relationships were based on the British traditions of master-servant relationships. Second, the 'Arbitration phase', which developed from the failures of the laissez faire phase's ability to create sustainable class compromises, and which was based on legislated institutional tripartism. The third major era of industrial relations was the 'Contractualist phase' in which interventionist approaches to employment relationships were replaced with neo-liberal inspired non-interventionism and the employment relationship began to be treated as a simple contract. The fourth phase of industrial relations is labelled the 'Relationship phase' and this involved a shift away from viewing employment as a simple contract and a return to governmental influence on industrial relations.

One of the key findings to arise out of chapter six was the fact that the arbitrationist phase of industrial relations was in place for so long and utilised such a centralised control of employment relationships, that all subsequent eras and approaches to industrial relations were marked by it.

Chapter seven examines the literature about the role of the disciplines of personnel management/ human resource management in structuring employment relationships

in New Zealand. The central findings in this chapter are that the overwhelming impact of New Zealand's arbitrationist phase of industrial relations systems stifled the development of enterprise level personnel management up until the late 1980s and that the subsequent contractualist era which removed the centralised controls of the arbitration phase caused massive and uneven growth in HRM.

Chapter eight discussed the research methods utilised in primary research undertaken as part of this thesis to examine the actual nature of employment relationships in New Zealand workplaces.

Chapter nine presented the findings arising from the primary research and specifically investigates the extent of the utilisation of the disciplines of industrial relations and personnel and HRM disciplines and their associated positional paradigms. The most dramatic theme to arise among these responses was that many workplaces in New Zealand actually had no formal approach to managing employees or the employment relationship the vast majority of activities related to the management of employment relationships were carried out by line managers rather than specialist staff. However, in the minority of organisations that did have some sort of formal approach to managing the employment relationship, this approach was most often consisted of HRM with a linked industrial relations system.

The primary research results indicated that organisations in New Zealand tend to combine the disciplines for managing the employment relationships together in one of seven ways. In other words, seven paradigmatic approaches to managing the employment relationship were identified and each of these paradigms represents a different type of employment relationship and a different experience for workers.

Chapter ten analysed the primary research findings presented in chapter eight and found that many of those findings were not fully aligned with what the established view from of the literature indicated 'should' be the situation. The importance of this finding was that any assumptions made about the nature of employment relationships made on the basis of a reading of literature needs to be treated with care.

Chapter eleven draws the methodology outlined in chapter two, and described in general terms in chapter three, together with the analysis of the literature (chapters 4-7) and the primary research (chapters 9-10). The intention of chapter ten is the provision of insight into the actual nature of employment relationships and their role in New Zealand's political economy.

The chapter revealed that the structured antagonism that marks the employment relationship described in general theoretical terms in Chapter three was fully evident in employment relationships in New Zealand. Yet, there are fundamental differences in the way this conflict has been manifested in New Zealand as opposed to other Western nations. To a large degree, the employment relationships experienced by workers in New Zealand's modern history have been unique and have reflected distinctive developments in the political, economic and social development of New Zealand. It is likely to have been these distinctive features in the political economy that has resulted in differences between the discipline-based structures of employment relationships in New Zealand and what the general literature indicates 'should' be the case.

Finally, **chapter twelve** concludes the thesis by coalescing the matters that specifically address the thesis aim and objectives and which add to 'new knowledge'

CHAPTER TWO

A METHODOLOGICAL FRAMEWORK FOR VIEWING EMPLOYMENT RELATIONSHIPS

INTRODUCTION

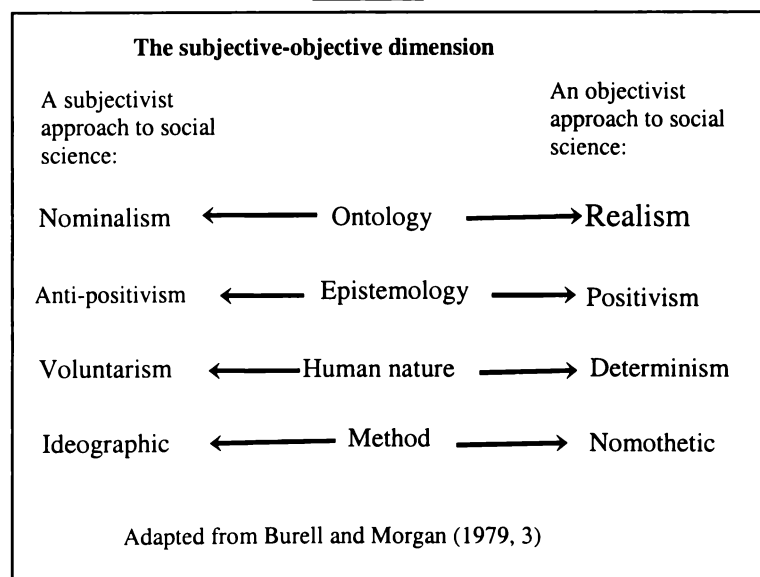
This chapter is used to explain the framework of analysis that addresses the statement of thesis (see Chapter one) and it was driven by the methodological perspectives described below.

It is often argued that research is based on explicit or implicit assumptions about the constitution of society, social phenomena and the manner of investigation (Burrell & Morgan, 1979; Morgan, 1986; Giddens, Held, Hubert, Seymour & Thompson, 1994). These assumptions arise from the web of beliefs people hold about human nature, the nature of society and the nature of reality. As such, these beliefs have an underlying influence on the *methodology* individuals will establish as appropriate for their research. A commonly applied means of categorising and understanding methodology arises from two intersecting models proposed by Burrell and Morgan (1979). The first of Burrell and Morgan's (1979) models focuses on the nature of social science and the second on methodological approaches.

The Nature of Social Science

The first model is a schema (see figure 2.1, below) that depicts a method of categorising the underlying internal logic of a particular school of thought according to its usual philosophical position.

Figure 2.1 Schema analysing assumptions about the nature of social science



The schema consists of four questions that are each defined by mutually exclusive dichotomies. The four dichotomies which represent philosophical positions, include *epistemology*, which ranges from positivism to anti-positivism; *ontology*, which ranges from realism to nominalism; *human nature*, which ranges from determinism to voluntarism; and *methodology*, which ranges from nomothetic to ideographic (Burrell & Morgan, 1979; Laughlin, 1995; Kearins, 1997).

Ontology

The first consideration in Burrell and Morgan's (1979) four-part schema (see Figure 2.1 above) is ontology. Ontology is concerned with questions of 'knowing' and according to Burrell and Morgan (1979) its methodological approaches range from nominalism to realism. Most investigations and theorisation surrounding work and organisational theory are ontologically realist (see Figure 2.1) – there is an underlying assumption that the subjects under investigation are able to be objectively known; that phenomena have an actual or material existence which can be known, measured and studied (Burrell & Morgan, 1979).

Epistemology

Epistemological concerns question of how 'close' natural and social sciences are. The question of method, being, 'can social phenomena be objectified and studied in the same way that objects in nature are studied'? On one side of this divide are the positivists who tend towards the view that social phenomena can be objectively studied and that all knowledge is scientific (Giddens et al, 1994; Bullock, Stallybrass & Trombley, 1977). The positivist methodology is an approach '...which would allow absolute descriptions of the empirical world to be made *distinct from* an observer bias and clearly separated from any attitude concerning the need for change in the observable referent' (Laughlin, 1995, 73). The fundamental assumption of this viewpoint is that the material world exists separately from the cognition or perception of people and that it has 'generalities and patterns waiting to be discovered' (Laughlin, 1995, 81). Accordingly, positivists within social science apply similar research methods to researchers in the natural or physical sciences.

Their explanations take the form of general theories or 'laws' that can be used to describe, explain and predict regularities.

The positivist group trace their lineage to Immanuel Kant (1724-1803) Claude-Henri de Rouvroy Saint-Simon (1760-1825) and Auguste Comte (1798-1857) (Remmling, 1973a). Among this group Comte's work is highly influential, especially his conception of 'positive philosophy' in which it is argued that all sciences have interlocking regularities. These regularities allow all sciences to be placed in a hierarchy with the fields of inquiry of the greatest generalisability at the base and those with the least generality at the top (Blackburn, 1996).

On the opposite side of the epistemological divide described by Burrell and Morgan (1979) is the anti-positivist or interpretivist group who have rejected the notion that human behaviour and social phenomena can be objectively studied. The anti-positivist belief systems have a lineage as old as the positivists – they are associated with the Georg Hegel (1770-1831) inspired *Geisteswissenschaften*² school of thought (Giddens et al., 1994; Laughlin, 1995; Bullock, Stallybrass & Trombley, 1996). *Geisteswissenschaften* is associated with the belief that understanding of any human action is dependent upon comprehension of the reasons, intentions and meanings of the people involved (Bullock et al., 1988; Giddens et al., 1994; Blackburn, 1996). Accordingly, this school of thought is predicated on the belief that human existence cannot be reduced to a series of law-like or scientific explanations (Bullock, Stallybrass & Trombley, 1988). The essential logic of this viewpoint is that 'reality, distinct from our human perceptions and projections, does not exist' (Laughlin, 1995, 81).

Most fields of inquiry focusing on the social phenomena of work lean towards positivism/naturalism – theoreticians tending to take the epistemological view that it is possible to explain and perhaps predict workplace behaviours and relationships by identifying regularities, norms, constructs and processes in antecedent phenomena. However, positivist belief that reality can be understood and people can learn from the past does not translate into an entirely deterministic/ developmental view of

² Which translates to *human sciences* or *sciences of the spirit*

human nature/behaviour. The possibility of learning lessons from the past does not translate into consistent ability or willingness to employ this knowledge to achieve the 'best' course of action. Most theories and forms of analysis of work as a phenomena tend towards the view that human behaviour is situationally determined.

Human Nature

The continuum in Burrell and Morgan's (1979) schema (see Figure 2.1) which is concerned with the way in which human nature is viewed ranges from determinism to voluntarism. On this continuum, researchers who view the world as preordained or determined are counter posed with researchers who believe that human beings' actions are voluntary.

In terms of research into employment relationships, few of the analyses are completely deterministic and few are entirely voluntaristic in their view of human behaviour. For example, core-periphery model of workplace flexibility proposed by John Atkinson in 1984 is based upon a deterministic assumption that workplace flexibility requirements will result in classes of workers – some of who will be core to the organisation, some of who will be peripheral to the organisation. Nevertheless, the model is voluntaristic because it does not isolate who, or what types of workers, or occupational groups, will be treated as core and who will be peripheral. In fact, the model does not attempt to delineate any stable categories of workers that are core or peripheral but implies categories are organisationally dependent.

Method

The fourth and last consideration in Burrell and Morgan's (1979) four part schema (see Figure 2.1) concentrates on the method utilised by researchers. Within this first schema, Burrell and Morgan (1979) explore the nature of social science and indicate that the ontological, epistemological and human nature assumptions of a school of thought will influence (and limit) its method. Researchers who tend towards objective treatment of social phenomena (realism, positivism, and determinism) will tend towards nomothetic method, while subjectivists (nominalists, anti-positivists and voluntarists) tend towards ideographic method. Burrell and Morgan (1979)

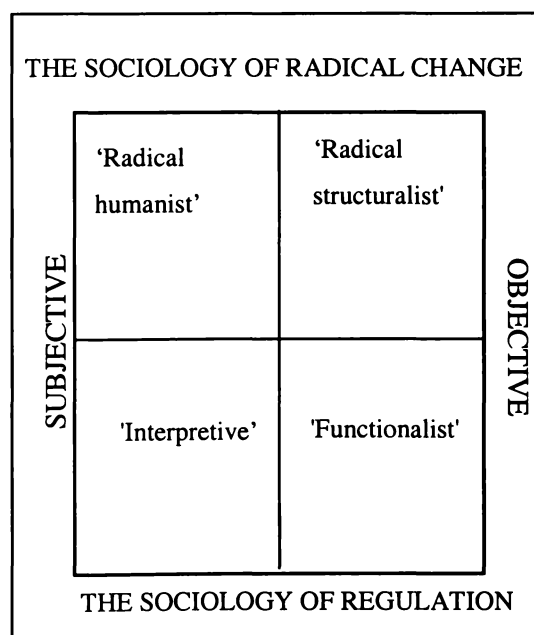
suggest that where nomothetically inclined, researchers will tend to employ 'scientific' methods of investigation to test hypotheses and discover regularities; while ideographically oriented researchers will attempt to understand the phenomenon by obtaining first hand knowledge of it.

Within the realm of work and employment relationship, research tends to be predominantly nomothetic, usually employing an empirical technique based on description or upon hypothesis testing (Burrell, & Morgan, 1979). However, some small quantities of research in these fields has tended to treat employment relations in an ideographic manner, for example, *Manufacturing Consent* (1979) which involved Burawoy working as machinist to undertake his research.

Methodological Approach

Burrell and Morgan (1979) utilise the themes that arise in this first schema (Figure 2.1, above) to provide the horizontal axis of their second model. The horizontal axis identifies methodology that ranges from subjective to objective (depicted in Figure 2.2, below).

Figure 2.2 Methodological Approach



The vertical continuum of the matrix outlines possible methodological motivations, ranging from the 'sociology of regulation' to the 'sociology of radical change' (Burrell & Morgan, 1979; Laughlin, 1995; Kearins, 1997). Burrell and Morgan's (1979) matrix schema (figure 2.2 above), identifies researchers' motivations as bi-variate. The first motivational underpinning is anti-conservativist and questioning of the status quo. Motivations of this kind are termed 'radical' by Burrell and Morgan (1979) and arise out of the 'sociology of radical change'. Radical methodology starts from the assumption that social phenomenon that exists may be systematically imperfect or flawed. The other methodological motivation arises from the 'sociology of regulation'. In such a methodological approach, the continuation or better explanation of the status quo is a basic driver. Researchers working with this second motivation tend towards identifying problems that challenge the existence of the system and finding solutions for those problems.

The intersection of the two bipolar continuums creates four cells in the matrix that are said to correspond with four broad methodological positions – radical humanist, radical structuralist, functionalist and interpretivist (Burrell & Morgan, 1979). Burrell and Morgan's model of four methodological positions correspond to paradigms that 'are founded on mutually exclusive views of the world and the theories and perspectives generated by each are in fundamental opposition to one another' (Kearins, 1997, 10).

Investigations into employment relationships are relatively evenly divided based on their motivational underpinnings. Research that arises out of the 'management' disciplines (e.g. PM, HRM) tend to be practically orientated towards a conservative sociology of regulation while research that arises out of sociological disciplines (e.g. IR and labour process theory) are more likely to be radical in their approaches.

The insights offered by Burrell and Morgan

Burrell and Morgan's (1979) models provide a useful starting point to understand the approaches taken in investigating employment relationships. As the study of work is usually conducted from an objectivist standpoint, most disciplines studying the phenomena of work fall within one of two typological groups in the Burrell and

Morgan (1979) schema. One group is labelled *radical-structuralist*, and they are generally interested in describing work because it is a major mechanism in society through which (for example) underlying, class based inequalities are created, maintained and mediated. Their 'radical' label arises through their rejection of the status quo as an immutable reality, for example, Marx in the *Theses of Feuerbach* comments: 'The philosophers have only *interpreted* the world in various ways; the point, however is to *change it*' (Marx & Engels, 1968, 108). The label 'structuralist' arises because this group tends to subdivide social phenomena into component parts to enable analysis. For example, the French Regulationists employ a tiered system to explain political economy (Aglietta 1979; 1998).

The other major fields of inquiry concerned with employment relationships are called *functionalists* (Burrell, & Morgan, 1979). Like the radical-structuralists, functionalists tend to operate in either an empirical or a descriptive methodological manner. However, within the functionalist method, analysis tends to occur at the micro (individuals, firm, or industry based) level - separating employment relationships away from the other various institutions within the political economy. Thus, there seems to be an *a priori* assumption among functionalists that the totality of a phenomenon can be understood through the cognition of the parts that make up that phenomenon. Accordingly, as a methodological approach, functionalism tends to concentrate on institutions or the sub-sets of a system rather than the operation of the wider system. Emphasis tends to be given to examination of the operation of the parts of the system instead of the causes for actions and reactions. For example, functionalist anthropologists (such as A. R. Radcliffe-Brown and Malinowski) assert that studying the major institutions and behaviours of individuals can give insight into understanding whole cultures (Radcliffe-Brown, 1952; Malinowski; 1936; Kuper, 1977).

As a result, the functionalist approach has a tendency for analysis of work to be reductionist, concentrating attention on the sub-set institutions of work, reifying them by treating them as entities in their own right, often with little wider consideration of the phenomenon's place in the system. Accordingly, in functionalist approaches, work and employment relations tend to be treated as phenomena existing independently of wider social constructs. With such restricted

context, the purpose of analysis is typically conservative; leaning towards the maintenance of status quo. Such methodological tendencies limit the richness of analysis while limiting the degree of utility in the exchange between the domains of practice and theory.

An example of the motivational divide between radicals and functionalists is provided by Burawoy (1979, x) in the preface of *Manufacturing Consent*:

The difference between radical and conservative [functionalist] accounts lies in the assumptions they make. Radicals point to the restriction of output as an expression of class consciousness, of the structural and inevitable conflict between capital and labor, or of the alienating nature of work. Conservatives, on the other hand, working from assumptions of underlying harmony, attribute restriction of output to the natural indolence of workers, poor communication between workers and managers, inadequate attention to the human side of the worker, or the “false consciousness” of workers in not appreciating that their interests are identical with management.

Burawoy (1979, 34) associates this failure in the traditional inquiries associated with the sphere of work ‘...with the “closed system” analysis that was dominant in studies of industrial relations...’. He explains that ‘the environment was generally ignored and the study stopped at the factory gates’.

Yet, even on the other side of the motivational divide, radical structuralism is not immune to concerns over the degree of consideration given to the issue of connectivity between the phenomena of work and society. Within the radical-structuralist paradigm it is common for the examination to be focused on the way *society affects work*, rather than the way *work affects society*. However, the linkages between work and society go two ways – one affecting the other and vice versa in an iterative process. For example, radical structuralist considerations of scientific management (within a labour process approach) tend to view scientific management as an attempt by the capitalist class to gain control over labour processes through the mechanism of de-skilling and monopolisation of skill (Wardell, 1999). This approach clearly described the way in which managerial processes structure the relationships between the labour and capital classes in workplaces but the discipline

does not focus to any large extent about how those managerial processes and the experience of the workplace contribute to the formulation or reformation of classes (Smith & Thompson, 1999; Wardell, Steiger & Meiksins, 1999).

Human resource management and personnel management are sited on the objectivist side of the methodological divide – they are both ontologically realist and epistemologically positivist in approach. As a family of disciplines, they tend to privilege management in their analysis. As such, these disciplines are ‘tools’ of management; a means to attempt to achieve effectiveness and efficiency and can generally be classified as ‘functionalist’. These disciplines arise from the ‘Sociology of Regulation’ (Burrell and Morgan, 1979) and it does not tend to address wider questions, for example the role of work in society and issues of class, when making prescriptions for managers.

On the other hand, while industrial relations is also sited on the objectivist side of the methodological divide, as a discipline, it is often ‘motivated’ in a less conservative manner than human resource management (Kelly, 1999). While containing some tool-like, functionalist tendencies, much of industrial relations analysis is predicated on wider, radical issues, in particular, the power imbalances in workplaces. As such, a stream of commentary within the discipline of industrial relations can be classified as ‘radical-structuralist’ in Burrell and Morgan’s (1979) schema. For example, a mainstay of industrial relations philosophical debate has been predicated on the work of Alan Fox’s (1974; 1985) descriptions of the unitarist, pluralist and radical-pluralist frames of references.

An alternative - middle range approach to employment relations

The differences between these families of disciplines is most obviously expressed in their different content: where industrial relations has tended to focus on describing and explaining institutions and institutional conflict, the personnel/ human resource management discipline group has tended to be more ‘managerial’ with a focus on identifying solutions to workplace ‘problems’ (Purcell, 1992; Storey, 1993; Kelly 1999). One explanation for this antagonistic relationship is that although the discipline families (especially IR, PM, HRM) ostensibly deal with similar

phenomena, they are focused on different fundamental questions, identify different problems, find different solutions and rarely ‘speak the same language’. In other words, their methodological motivations are dissimilar and in some circumstances, counter-posed. This means that they cannot be directly integrated into a single, seamless discourse that fully illuminates employment relationships. Accordingly, an alternative methodological approach has been developed and utilised in this thesis. This alternative theoretical framework is a *middle range* approach to methodology based on the work of Laughlin (1995).

Laughlin (1995) rejects the absolute polarity with which Burrell and Morgan (1979) portray methodology and he argues instead for methodology that takes a middle ground approach. So for example, in terms of ontology, where the nominalists argue that there may be no grand generalisations to be found or made about social phenomena and where positivists reject this view and argue that there are ultimate generalisations to be discovered, Laughlin argues that “skeletal” generalisations may be possible. What is intended by the “skeletal” metaphor is a grand narrative that has ‘...a picture of incompleteness yet also reasonable stability’ (Laughlin, 1995, 81). The middle range theory also provides a mechanism through which the apparent mutual exclusivity of radical structuralist and functionalist accounts can be jointly accommodated. This is achieved by taking a ‘...more balanced perspective, which neither argues that everything is right nor that it is wrong, [but] it calls for a rather more sophisticated model of change to make this judgement (Laughlin, 1995, 84).

A Middle Range Methodology – A Framework for Analysing Employment Relationships

In practical terms, the intent of utilising a middle-range methodology in analysing employment relationships is to attempt to gain the ‘best of both worlds’ by incorporating sufficient ‘high’ theory to conceive of employment relations within a capitalist political economy and enough ‘low’ theory to be able to build an actual understanding of workplace phenomena. Thus, in total, its purpose is to provide a basis for the critical examination of the realm of employment relationship from a viewpoint that incorporates both wider consideration of political economy and narrow workplace considerations.

In order to utilise a middle range approach to understanding employment relationships, this thesis uses a framework that treats the families of disciplines related to employment relations phenomena (e.g. IR, PM, HRM) as both ‘subjects’ of inquiry and ‘methods’ of inquiry. This is achieved by underpinning the framework with a realist dimension by accepting the presence of a material reality that has a distinct existence that is not dependent upon interpretation or perception. The logic of the framework also accepts that in interpreting this material reality, perceptual bias will inevitably have an influence (Laughlin, 1995). In understanding employment relationships, such an approach can be metaphorically equated to accepting the existence of flowers while acknowledging that different people will render the image of the flowers differently if asked to paint them.

Beyond the underlying logic, the middle range framework utilised in this thesis is based on a critical theme that employment relationships are a central construct of society but it accepts that employment relationships can only be understood within a wider context. This theme is informed by Marxist, Gramscian, Durkheimian labour process and French Regulation theories, and it provides the backdrop against which the families of disciplines of employment relationships (e.g. IR, PM, HRM) can be viewed. Or, to continue the metaphor, the framework is the canvass upon which the images of the flowers are painted.

The contribution of Marxism to analysing employment relationships

Karl Marx’s (1818-1883) thoughts are an important contribution towards analysing employment relationships. Significant concepts contributed by Marx include alienation, valorisation, exploitation, the theoretical logic of class based analysis and historic materialism.

‘Historic materialism’ is the underpinning framework for most of the more well know Marxist theories - in particular alienation and exploitation. Engels described historic materialism as:

that view of the course of history which seeks the ultimate cause and the great moving power of all important historic events in the economic development of

society, in the changes in the modes of production and exchange, in the consequent division of society into distinct classes, and in the struggles of these classes against one another (Engels, 1998, 18).

Historic materialism traces the structure and changes in society and provides the basis for a class-based analysis of society (Motwani, 1976; Watson, 1995). This view of history is based on Marx's (Hegelian inspired) belief that the meaning of life is existence and that humanity is ultimately optimised through the pursuit of perfection during existence (Giddens, 1971). The main sphere for the pursuit of perfection is through work or labour. Accordingly, in Chapter Seven of Volume One of *Capital*, Marx discusses his theories of the labour process and argues that endeavours of human labour as the mechanism for progressive self-creation, and society as the product of those endeavours (Marx, 1976).

The main premise to the historic materialism thesis is that the *history* of humanity (as defined by Marx) is grouped at various times into specific social formations characterised by the material existence of the members of the society and their experience of work. On this basis, Marx makes that argument that '[I]t is not what is made but how, and by what instruments of labour, that distinguishes different economic epochs' (1976, 286). The elements of how productive labour is structured within these epochs and what 'instruments' are used in labour equate to the term 'mode of production' which, according to Marx:

must not be considered simply as being the production of the physical existence of the individuals. Rather it is a definite form of activity of these individuals, a definite form of expressing their life, a definite *mode of life* on their part. As individuals express their life, so they are. What they are, therefore, coincides with their production, both with *what* they produce and with *how* they produce. The nature of individuals thus depends on the material conditions determining their production (Marx, 1849/1998, 62).

The factors defining the specific mode of production in a given epoch in history are argued to be determined as a the result of social and economic structures. To illustrate, in *A Contribution to the Critique of Political Economy* (1859/1970, 20-21) Marx says:

In the social production of their existence, men [sic] inevitably enter into definite relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which corresponds definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life.

Marx goes on to add that ‘it is not the consciousness of men [sic] that determines their existence, but their social existence that determines their consciousness’ (1859/1970, 21). This is a theme that links to his contention that:

Men [sic] make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly encountered, given and transmitted from the past (Marx, 1885/1968, 96).

Consciousness developed through shared experiences is intimately linked to Marx’s conception of the bonding of people together into classes. Class is an articulating and recurrent theme in Marx’s analysis. It forms the bridge between the defining nature of history, the economic superstructure, and work and society. For instance, Marx’s main theme in discussing employment relationships was to highlight the conditions that tend to prevail in different economic superstructures as the result of class and other social structures (Giddens, 1971; Giddens et al., 1994).

To illustrate, Marx noted that in societies structured by capitalism, workers experience unequal relationships with the owners of the means of production – the capital class (Marx, 1885/1976). The unequal relationship existing partly because workers are generally at a disadvantage when they attempt to sell their services (their labour power) in the labour market: ‘[t]he silent compulsion of economic relations sets the seal on the domination of the capitalist over the worker’ (Marx, 1885/1976, 899). This disadvantage is two-fold; firstly, there are usually more sellers of labour power than buyers, and secondly, the capital classes are of independent means while workers are usually dependent on work being available to them. The basis of capitalist economies is the creation of profit (or a return on capital invested) for the capitalist class. As such, the system revolves around workers being hired on the

expectation that they will be given a lesser reward for their labour power than they have created during their working day (Ryndina, Chernikov & Khudokormov, 1980). The Capitalist owner extracts the surplus value from the labour process as 'reward' for controlling of the means of production (Marx, 1885/1976; Giddens, 1996). This process of capitalists 'capture' of surplus value is known as valorisation. The valorisation process is essential to the operation of capitalist economies and as such, capitalist economic systems is predicated on the capital class as a whole being able to exploit workers (Marx, 1885/1976; Giddens, 1971; Watson, 1995).

The process of exploitation is paralleled by an inclination towards alienation of workers in capitalist systems (Giddens, 1971; Grint, 1998). Marx identifies the alienation process as occurring because the capitalist system is structured in such a way that workers have little control over their working lives (Marx, 1885/1976; Giddens, 1971; Remmling, 1973b; Watson, 1995). Their ability to realise their full human potential is diminished both because of their limited ability to express themselves creatively and because of their lack of control over the methods of their work:

The labour process, when it is the process by which the capitalist consumes labour power, exhibits two characteristic phenomena.

First, the worker works under the control of the capitalist to whom his labour belongs; the capitalist takes good care that the work is done in a proper manner, and the means of production are applied directly to the purpose, so that the raw material is not wasted, and the instruments of labour are spared, i.e. only worn to the extent necessitated by their use in the work.

Secondly, the product is the property of the capitalist and not that of the worker, its immediate producer (Marx, 1976, 291-292).

Thus, according to Marx, in pre-capitalist societies work tended to be a subjective activity of creativity and self-determination, but capitalist control has rendered work into an objective activity performed without worker determination or creativity.

Beyond the writing of Marx himself, radically inspired Marxist commentators have added further dimensions that are useful in understanding employment relationships in capitalist society. One of the most prolific fields of inquiry inspired by Marx is

the labour process approach. This approach explores the mechanisms of control exerted by capitalism in the organisation and the overarching logic of these methods at the level of the mode of production. Another notable Marx inspired commentary was provided by the social theorist Antonio Gramsci (1891 – 1937). Gramsci described the concept of ‘hegemony’ - the role of culture and social institutions in creating and sustaining social ideology and the means by which capitalist regimes, especially capitalist class systems are stabilised. In another example, Marxist authors working in the French Regulation Approach have aided in injecting an overarching explanation of the political economy on the relations of production and the role of work in sustaining social structures.

The contribution of Labour Process Analysis to analysing employment relationships

Labour process theory ‘...begins from the analysis of the separation of work into constituent elements as a means of cheapening parts and ensuring managerial control’ (Thompson, 1989, 24). Thus, the structure and ordering of work in capitalist societies as a starting point for a wider analysis of the nature of capitalism.

The basis of conception for the labour process approach comes primarily from Marx’s (1867) first volume of *Capital*. In this volume, Marx describes the material existence of the proletariat class and the manner in which that material existence is shaped and formed in capitalist systems by the bourgeois’ efforts to accumulate capital. Marx’s thoughts on this matter were revisited and made contemporary by Harry Braverman (1920-1976) in his 1974 publication - *Labor and monopoly capital – the degradation of work in the twentieth century*.

Braverman’s contribution to the labour process approach is two-fold – he renewed the focus on the employment relationships ‘after the long and barren period when work became a forgotten issue...’ (Thompson, 1989, 67). Braverman’s other contribution was to illuminate ‘...the hidden abode of the workplace, providing the first clear, critical understanding in more than a century of the labor process as a whole within capitalist society’ (Foster, 1998, x). As a result, his contemporary Burawoy (1979, xiii), comments that Braverman’s work is both ‘...prominent and

comprehensive...' and no one writing in this area '...can be uninfluenced by the [Braverman's] creative rehabilitation of Marx's own theory of the labour process'.

The majority of Braverman's focus was upon the extent deskilling had been undertaken in capitalist societies as a mechanism of managerial control. However, a considerable amount of subsequent labour process analysis is focused on explaining the methods employed by management to maintain control. The methods highlighted usually include the design and control work tasks, oversight of the production process and methods of attaining greater co-operation and compliance from workers (Thompson, 1989; Watson, 1995; Giddens, 1996; Grint 1998).

As a result, two main themes of analysis have developed in mainstream labour process analysis: the first, influenced by Braverman, examines the manner in which management directly (on behalf of the capitalist class) appropriates and controls skill in order to increase the aggregation of surplus value. The second; post-Braverman, tends to examine the way that workers resist these attempts of control by management resulting in management adapting control mechanisms so that the means of control becomes less obvious (see for example, responsible autonomy or concertive control) (Friedman 1978; Thompson, 1989; Barker, 1993; Watson, 1995; Giddens, 1996; Grint 1998). A third, less central theme of labour process analysis has taken an interpretivist position in examining worker self identity and employment relationship subjectivity and objectivity (Knights & Willmott, 1985; 1986). Although this approach is methodologically interesting it is tangential to this thesis because it treats the employment relationship in a deconstructive manner (Thompson, 1989).

However, utilising the two main themes of labour process analysis, it can be seen that employment relationships consist of counter-posed views of the same set of phenomena; expression of a basic conflict of interests between capital and labour (Giddens, 1996). Edwards (1986) describes these processes as *structured antagonism*, the means by which the basic conflict of interests is controlled and channelled to sustain the relationship. Edwards' contention largely echoes the position of Burawoy (1979) who argues that the fundamental conflict of interests

between capital and labour is controlled through concealment of the material relations of production from workers. This concealment occurs in the labour process itself by ‘...constituting workers as individuals rather than members of a class, of co-ordinating the interest of labor and capital as well as those of workers and managers, and of redistributing conflict and co-operation.’ This (Burawoy argues) is achieved through ‘the specific combinations of force and consent that elicit co-operation in the pursuit of profit’ (Burawoy, 1979, 30).

The limiting aspect of labour process theory is the manner in which its contemporary exponents concern themselves with only part of the Marx’s thesis – the part that describes the material conditions of work as they are formed by the prevailing economic system. In fact, in outlining his methodology, Braverman explains:

...it will be argued here that the “mode of production” we see around us, the manner in which labour processes are organized and carried out, is the “product” of the social relations we know as capitalist (1974/1998,14).

However, a wider consideration of Marx’s writings, such as that taken by Gramsci, indicates that the connection between the mode of production and the social relations and structures of the prevailing economic system should be bi-directional. Marx indicates, and Gramsci explains that the mode of production is as much a *mechanism* acting upon the social structures and relations of the prevailing economic system as it is a *result* of that system. Therefore, while labour process analysis provides insight into the experience of work in capitalism, it offers somewhat less elucidation on capitalist society. As such, it is a lens suitable to be deployed on only certain questions and to examine certain phenomenon. Other branches of Marxist analysis including the work of Antonio Gramsci provide frameworks for overcoming these limitations in application.

The contribution of Gramsci to understanding employment relationships

Gramsci combined Marx and Engels’ early writings³ with the insights into the ‘ethico-political’ sphere offered by Italian idealist philosopher, Benedetto Croce. The ethico-political sphere is ‘the ideological, moral and cultural elements which

³ Especially *The Eighteenth Brumaire of Louis Bonaparte, The Civil War in France, Revolution and Counter Revolution in Germany.*

bond a society together' (Gramsci & Forgacs, 1988, 190). As was indicated above, the significance of Gramsci's work was his effort to widen the perspective of classical Marxism from the economic realm and to incorporate a greater social and cultural consideration into Marxist theory (Gramsci & Forgacs, 1988; Bellamy, 1994).

Gramsci offered a means of explaining the apparent stability of capitalism in the face of Marx's theory of its inevitable demise as a result of class conflict. The major component of Gramsci's argument was the assertion that it was social structures that maintained the stability of capitalism. However, whereas Marx's theorisation⁴ is often taken to imply that social structures (in particular ideology) is *determined* by the economic superstructure, Gramsci objects to this interpretation and offers a more multifaceted explanation of Marx's meaning:

[The] assertion that the philosophy of praxis 'detaches' the structure from the superstructures, thereby reviving theological dualism and positing a 'structure as a hidden god', is not correct.... [I]t is not true that the philosophy of praxis 'detaches' the structure from the superstructures when, rather, it conceived their development as intimately connected and necessarily interrelated and reciprocal (Gramsci & Forgacs, 1988, 193).

Hence, a central theme in Gramsci's revision of orthodox Marxism was the introduction of concepts that would explain the link between the social and economic spheres of life. The most well known of Gramsci's concepts is the concept of *hegemony* (Blackburn, 1996). Hegemony denotes the dominant form of ideology or social order in a society; usually the world-view and social, economic and political conditioning of the dominant class. Implied in the term is the manner in which the dominant classes in a society manage to constantly readjust their ideology to gain the compliance or consent of the other classes or groups in society. Gramsci argues that the hegemony of the ruling class is established and maintained by the representation of its own traditions, customs and power as immutable; unquestionable. For example 'the only rational path', 'God's will', 'based on the requirements of the market' (Gramsci & Forgacs, 1988).

⁴ Of the connection between social and economic structures detailed in *Contribution to the Critique of Political Economy and Capital* (in particular).

The manner employed by the ruling classes to maintain the hegemony differs between economic systems, cultures and over time. Gramsci uses the metaphor of 'trench and fortress' to explain the edifices of the Civil Society and the State that maintain the hegemony. For example when writing about the State and Civil Society in the *Prison Notebooks*, Gramsci explains the role of the State in the maintenance of hegemony. Gramsci illustrates the differences in the role of the State by contrasting the 'primordial and gelatinous' state apparatus in Russia prior to the revolution with the hegemonic edifices of the West in which 'the State was only an outer ditch, behind which there stood a powerful system of fortresses and earthworks' of the capitalist system (Gramsci, Hoare & Nowell-Smith, 1971, 237-238)

The solidification of the social and economic structures that support the hegemony of the elite is expressed through Gramsci's second main concept – the 'historic bloc' that he borrowed from Georges Sorel (1847-1922). Historic bloc is used in a number of distinct ways by Gramsci but is often approximated to a description of the coming together of social groups who form a coalition to create and maintain a system of control - hegemony. However, a more careful examination of the text of Gramsci's work seems to indicate that this understanding lacks precision.⁵ The term is used in the *Prison notebooks* to denote dialectical unity or agreement. Forgas argues that the term is a central concept in establishing a theoretical distance from determinist economics and is central to 'restoring reciprocity to the study of concrete historical situations' (1988, 424). Or in Gramsci's description:

Structure and superstructures form an 'historical bloc'. That is to say the complex, contradictory and discordant ensemble of the superstructures is the reflection of the ensemble of the social relations of production (Gramsci, Hoare & Nowell-Smith, 1971, 366).

The historic blocs created by processes of hegemonic domination of ideology are used by Gramsci to explain the ability of the bourgeois classes to maintain economic ascendancy and social status quo in capitalist societies (Blackburn, 1996).

According to Gramsci, the chief means the bourgeois class' ideology is maintained

⁵ In fact this commonly held definition of the term historic bloc is closer to the notion of 'national-popular' put forward by Gramsci.

as hegemony is through the dominance and control of major social institutions and structures (e.g. work, government, education, religion and the media).

The process of hegemonic domination that Gramsci attributes for the survival of capitalism is expressed through two (connected) levels of domination by the bourgeois – through the ‘civil society’ and through the ‘politic society’ or the State⁶ (Bellamy, 1994). The control of the civil society is argued to occur through consensual control mechanisms, ‘spontaneously’ arising through the bourgeois class’ ascendancy in the institutions of social life which are derived from the prestige associated with their pre-eminent position in the productive processes. The control of the politic society is enforced through legal/ normative/ social control – the exercise of rational and legal systems through which the interests of the bourgeois classes are protected. These two elements of ‘society’ are mutually supporting; the politic society enforcing legal discipline when ‘spontaneous’ consent is not forthcoming, and (in turn) the civil society reinforcing the legitimacy of bourgeois domination of the politic society. Through these mechanisms, capitalism continues to avoid the demise predicted by Marx and Marxists because the working class have accepted (or been led to accept) its prevailing philosophy (Bellamy, 1994).

According to Gramsci, a central mechanism involved in gaining the compliance of the proletariat is work and the nature of the control of the employment relationship. Work is considered to be an integral part of the historic bloc because the methods of organising production and work are ‘reciprocally conditioning and conditioned by a particular political framework, a particular culture, ideology, morality and behaviour’ (Gramsci & Forgacs, 1988, 275). In respect to his conception of the role of the control of the labour process in maintaining capitalism, Burawoy (1979, xii) credits Gramsci’s prison writings with being ‘the most sophisticated and enlightening analysis of consent’ within Marxist commentary.

As such, the Gramscian understanding of the organisation of society and economy attributes a great deal of influence to the sphere of work. For example, the social structures created and maintained as ‘normal’ by the method of the organisation of

⁶ The term ‘civil society’ was first used by Hegel

production or through the actual experience of employment relationship influence the structures of society and the structures of the economy and state. The French Regulation School is a Marxist approach that applies the work of Gramsci to modern capitalism.

The contribution of the French Regulation School to understanding employment relationships

This field of inquiry is predicated on explaining how the capitalist system, containing all of the conflicts and contradictions which predispose it towards instability and eventual destruction, manages to avoid its end (Amin, 1994a). The general position arising from the French Regulation School echoes Gramsci's position; the latent tendency towards crisis is stabilised through stabilising institutions, rules and norms occurring (predominantly) in the social-economic sphere of nation states (Amin, 1994; Neilson, 1993). Or in Durkheim's terms (see discussion later), as a crisis of the capitalist system occurs, anomie is avoided by replacing the established social constructs with new constructs which help to avoid normlessness.

The French Regulationists deconstruct the notion of the 'mode of production' into constituent and usually mutually reinforcing parts:

- a) A distinct macro economic structure and method of organising production and consumption to support a long cycle of accumulation of capital as a basic end, called the regime of accumulation (Aglietta 1979; 1998; Boyer, 1988; Lipietz, 1992; 1994; Amin, 1994; Peck & Tickell, 1994)
- b) The ensemble of mechanisms that allow the inherent class conflict in capitalist society to be controlled or mitigated called a 'mode of regulation' which consists of the formalised rules and laws and the 'mode of socialisation'. The mode of socialisation denotes the often tacit alliances, compromises and hegemonic processes groups in society enter into to serve their own interests and by so doing they act to stabilise the social order of the regime of accumulation and ultimately the mode of production (Aglietta 1979; 1998; Lipietz, 1992; Amin, 1994);

- c) Organisational and managerial forms representing dominant patterns of structuring labour and work within, and between organisations, called a technological paradigm (or industrialization model or labour process model) which are generally consistent with both the mode of regulation and mode of socialisation (Aglietta 1979; 1998; Lipietz, 1992; 1994; Amin, 1994).

They identify these three elements of a given mode of production as interlocking – each gaining or losing its stability from the strength or weakness of the others. For instance, the technological paradigm supports the formation of the mode of socialisation via (Durkheimian) social currents arising from groups of workers' common experiences of the employment relationship (Meda, 1996).

Within the Regulationist approach are two key interlinked concepts: at one level, the way in which production is organised within the capitalist project, and, at another level, the way in which production affects the organisation of society (Lipietz, 1992). The mode of regulation refers to elements of the capitalist project that are concerned with the ordering of State and society. These elements include descriptions of '...the mechanisms which adjust the contradictory and conflictual behaviour of individuals to the collective principles of the regime of accumulation' (Lipietz, 1992, 1).

Balance and stability in a capitalist project's mode of regulation is achieved through the legitimisation of different interests and identities of stakeholders in society (Lipietz, 1994) within the *mode of socialisation*. It channels conflict through controlled, legitimate mechanisms so that potential threats to the whole system are contained. In this way, the stakeholders in social systems with antagonistic relationships are brought to a position of compromise. For instance, a major component of many existing capitalist projects is 'class compromise' between workers and capital. Within the class compromise, there is a 'mediation' of the differences between capital and the working class. Workers and capital co-operate in production and each accrues some benefit from the arrangement; reflecting a historic bloc between capital and labour.

The technological paradigm has importance beyond simple description of the division of labour in production; work is an essential mechanism in the construction

of social norms and conventions. This means that the ‘flavour’ of the technological paradigm inevitably influences the style of the mode of regulation. It constrains and limits possibilities in the ordering of society, production and capitalism. However, it also provides a ‘fulcrum’ for the reordering of a capitalist project; changes in the nature of work precipitate changes in the nature of the capitalist project.

Despite their deconstruction of modes of production into constituent parts, the French Regulationists’ model should not be seen as reductionist or predetermined in any way. Instead, the Regulationists offer strength to orthodox Marxist analysis by combining it with Gramscian and Durkheimian notions to explain how capitalism, with its modes of production based on inherent economic exploitation can be sustained through social structures. As Marxists, the French Regulationists treat capitalism as inherently prone to crisis and capitalists as constantly trying to sustain their hegemony (Aglietta 1979; 1998). This consistent pattern of crisis and stabilisation means that Regulationists view changes in the social, economic and political phenomena associated with a given mode of production as completely ‘natural’ and stability within these phenomena as somewhat ‘unnatural’. Thus, distinct modes of production are seen as temporary phases of apparent stability or equilibrium in a viscously fluid system of political, economic and social structures. Accordingly, defined modes of production are seen as ‘...partial, temporary and unstable results of embedded social practices rather than the predetermined outcome of quasi-natural economic laws’ (Jessop, 1992, 26).

The contribution of Durkheim to understanding employment relationships

Émile Durkheim (1858-1917) developed a *morphological*⁷ understanding of society (Giddens, 1971) and social institutions that reflects a positivist epistemology but which goes beyond a functionalist framework of analysis (Remmling, 1973c). Durkheim’s approach to conceptualising society was heavily influenced by the philosophy of Comte and Saint-Simon (Giddens, 1971; Remmling, 1973a), in that he viewed society as being more than the aggregation of the interactions of the component individuals involved.

⁷ Morphology is the study of the structure and form of an object of phenomenon, for example, language or in this case - society.

Durkheim believed that the process of social interaction and existence created new levels of experience unknown to individuals alone (Motwani, 1976). These 'social currents' or 'social facts' were viewed by Durkheim to be manifestly different from the 'facts of nature' which could be at least partially understood from the lessons of the natural sciences (Watson, 1995; Maffesoli, 1996). In holding this presupposition he rejected psychologically based reductionism, arguing that even suicide should be understood as a social phenomenon as opposed to an individual's mental failure (Giddens, 1971; Watson, 1995). This approach to theorising society induces the view that social constructs like values, customs, norms, obligations exist as the result of interactions between people but are external to individuals in society. Moreover, these social constructs create a guiding and controlling structure (Giddens, 1971). Thus, the basis for investigation in Durkheim's schema of society went beyond the individuals who make-up society to the level of the underlying patterns of social logic. The institutions and conventions which form the basis of this pattern of logic need to be investigated to understand both their functioning and the contribution of the parts of society to the whole (Schaub, 1973; Motwani, 1976).

According to Durkheim (1884/1893), one of the factors integral to understanding society was the way in which work and employment relationships influenced the production of a social order (Watson, 1995). In particular, he took the view that individuals would develop norms, values, and perspective on society in general, as a result or outcome of their experience of work. People in similar work or occupations would, develop similar norms, values and perspectives. In simple societies where there is very limited differentiation in work activities – possibly just a simple gender or age based division of labour - he argued that there was a high degree of likelihood that the members of society will hold common norms, values and perspectives (Giddens, 1971; Poole, 1984, Watson, 1995). Social order and social stability being achieved and maintained through a process he termed *mechanical solidarity* (Watson, 1995). However, in societies characterised by more complex division of labour, Durkheim argued that the overlap between the norms, values and perspectives of the members of society would be limited by the wide range of occupationally based life experiences of individuals (Grint, 1998). His argument

being that instead of mechanistic solidarity, cohesion in industrialised societies could arise out of the reliance people have upon each other following increasing industrial division of labour. He termed this phenomenon *organic solidarity* (Watson, 1995).

However, Durkheim noted that an 'abnormal' division of labour, i.e. one that went beyond a natural segmentation based upon occupation as a defining logic, would be linked to the rise of anomie. Durkheim argues that this would occur because an abnormal division of labour is characterised by the grouping of people into jobs that are not 'whole' and the web of rules which logically develops from people realising their interdependency in society, diminishes. Consequently, social order breaks down and society as a whole experiences dislocation, while individuals within society experience anomie.

Durkheim also noted that one consequence of increasing abnormal division of labour was the possible development of ego based individualism in which individuals would identify their own material advancement as of superior importance to the stability of society (Grint, 1998). This type of development would occur when the norms and values of the social system reinforced the attainment of certain outcomes or goals (e.g. wealth) when these goals were unachievable or access to achieving them was systematically restricted (Giddens, 1971). This type of development according to Durkheim was a pathological, rather than inevitable, result of the development of industrial capitalism (Watson, 1995).

CONCLUSION

At the meta-theoretical level, the framework of analysis that drives this thesis is a middle range framework that utilises a theme of radical discourse. The framework is an ensemble of related theoretical constructs arising from the work of Marx, Gramsci and Durkheim and incorporating analysis from labour process theory and French Regulation theory. This framework is premised on the belief that work is a central construct of society and that employment relationships can only be understood within that wider context.

To apply this for the New Zealand situation, the analysis that follows is divided into subsidiary components. In the next chapter (Chapter 3) a general examination of employment relationships is developed in order to structure a theoretical understanding of the part played by employment relationships in structuring society and society's role in structuring employment relationship.

CHAPTER THREE

*EMPLOYMENT RELATIONSHIPS
IN CAPITALIST SOCIETY*

INTRODUCTION

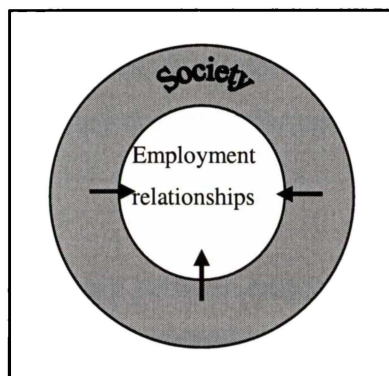
This chapter is used to develop an understanding of employment relationships in capitalist societies and specifically examines the contested nature of these relationships.

There has been a slow but definite change to the nature of employment relationships in Western capitalist nations over time. An illustration of these underlying changes is provided by Vallance's (1995, 55) observations about the changing nomenclature:

In the nineteenth century, they were the 'workers'. Later, the class associations of that term made it incompatible with the claims of modern democracy and they became 'staff'. Then, in the terms of scientific management, they were 'personnel' before finally being transformed into 'human resources'.

What has not changed over time is the existence of the fundamental conflict between the classes in the capitalist system that Marx argued should theoretically lead to the system's downfall (Westergaard, 1995). Yet capitalism survives and prospers. Explanations for the continuation of the capitalist system are many-fold, but an important feature is the mutually reinforcing links between the nature of employment relationships and societal norms and values (Clarke & Clegg, 2000).

Figure 3.1 Society structuring employment relationships



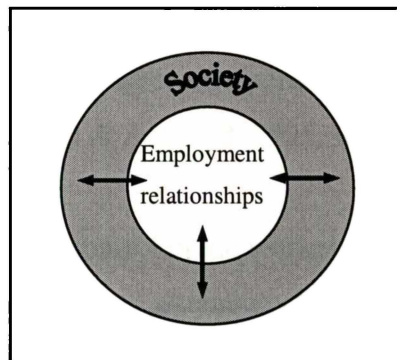
There are two basic premises explored in this chapter. The first is that the nature of capitalist employment relationships is determined by structuring influences exerted

by society - in particular, the norms of behaviour and the construction of belief and consciousness (the direction of this relationship is represented in Figure 3.1, above).

For example, the ideologies of the groups involved, the degree of co-operation or combativeness of the parties and the accepted mechanisms for expression of interests that underpin the employment relationship are structured by wider social forces (Bowles, 1988/1989).

The second premise recognises that the parties' material experience of the employment relationship has a structuring influence upon the values, norms and behaviours in society. In particular, the structure and experience of the employment relationship has an immense influence on the interactions of the capitalist and working classes (Meda, 1996) (see Figure 3.2 below).

Figure 3.2 Society and employment relationships



This is specifically because the nature of the employment relationship impacts upon the way individuals within these classes view themselves and each other; and the appropriate roles and behaviours they designate for themselves and each other (Mehmet, 1996).

To explore the interlinked relationship between employment relationships and social structures, this chapter applies the methodological framework developed in Chapter Two. In particular, the work of Marx, Gramsci and Durkheim are utilised and the theoretical frames of labour process theory and French Regulation School are applied. The central conclusion that arises in this chapter is that the employment relationship plays a central role in sustaining the prevailing mode of production.

Premise One: the employment relationship as a component of capitalist society

The way in which societal class relationships are ‘played out’ in the place of work provides an insight into the nature of capitalist society. The essential feature of the capitalist employment relationship is a sense of *structured antagonism* - the conflict between labour’s acceptance and rejection of the exploitative relationships. On one hand, workers have immense potential power to resist managerial efforts in extracting surplus value as they can simply withdraw or withhold their labour power or resist managerial control (Friedman, 1978; Thompson, 1989; Thompson & McHugh, 1990). However, on the other hand, workers are restrained by the combination of their economic dependence, the institutional channels that are designed to dissipate antagonisms and by the mystification and rationalisation of the material relations of production (Edwards, 1986). Thus, the fundamental nature of the employment relationship is sometimes (especially in the first wave labour process approach) explored as a dichotomy between co-operation and control (Braverman, 1974/1998; Smith, 1994; Thompson & Ackroyd, 1995; Kitay, 1997).

Purcell and Smith (1979, 4) define control in the workplace as ‘...the ability to promote one’s own desired objectives, or alternately the power to resist undesirable ones’. As is highlighted by this definition, it is important to note that ‘control’ is not the exclusive domain of management (Thompson, 1989; 1993). All parties involved in the employment relationship (i.e. employers, managers, unions, employees and the state) have tactics to exert control over various aspects of the relationship (Purcell & Smith, 1979).

While each party has the ability to exert control over the employment relationship, there is a manifest difference in the amount of control the parties tend to exert. The scale of the control that the parties possess is inextricably linked to their relative power in the relationship. Power refers to the ability of one party or coalition of parties to exert pressure ‘...or coerce men [sic] into submitting to certain systems of rules and patterns of behaviour against their own preferences’ (Fox, 1985, 66). In the

employment relationship, there are three basic sources of managerial power: legal, structural and normative.

Legal basis for control of the capitalist employment relationship

The fact that employers' or managers' power to attempt to control the employment relationship is generally far superior to workers' or unions' power mainly arises (in part) from the legal superiority of the capitalist class in capitalist societies. In most capitalist societies, the foundation points for the employment relationship are mutual exchanges which have the legal status of a contract (Brodie, 1998). With some minor variation and alteration, there is a general assumption (or a 'palpable fiction' in Fox's (1985, 28) terms) that prospective employees and employers are equal in status and can freely enter into an exchange relationship and negotiate an agreement for the sale and purchase of labour power (Thompson & McHugh, 1990). Implied within this legal truism is an assumption that the parties can only make a limited commitment to each other - the employee provides labour power or potential labour for which the employer 'gives' remuneration in consideration (Brown, 1992; Gardner & Palmer, 1992). However as Marx (1849) explains, the variability of labour is often misunderstood:

...it appears that the capitalist buys their labor with money, and that for money they sell him [sic] their labor. But this is merely an illusion. What they actually sell to the capitalist for money is their labor-power. This labor-power the capitalist buys for a day, a week, a month, etc. And after he has bought it, he uses it up by letting the worker labor during the stipulated time.

The parties to the contract cannot legally agree to the purchase of the 'labour' as this would constitute slavery, however, the behaviour of managers in relation to the expression of their legal prerogatives arising from the contract sometimes tends to indicate that they believe that they are purchasing *actual* or *executed* labour rather than *potential* labour or labour power (Bowles, 1988/1989; Smith & Thompson, 1998; Ackroyd & Thompson, 2000).

Once the exchange agreement is formed as a contract, the relationship between the individuals involved shifts from being one of legal equals to being that of a superior master (the employer) and an inferior servant (the employee) (Fox, 1985). In Anglo-

Saxon countries, this historically based hierarchy in the employment contract is particularly evident where the legislation is silent and common law is used to interpret an issue. Within common law interpretation of the employment contract, the individuals that are party to a contract have certain interlocking and reciprocal rights and obligations. 'By law, the master has the right to command and discipline the servant; their relation was not terminable at will, as both were expected to honor their commitments until the end of the term of service; and the legal obligation to render personal services was enforced as a property right' (Gross, 1998, 64).

One of the central obligations arising out of the common law is the requirement that employees obey all lawful orders given by their employer. Failure to obey such orders may result in the employee being deemed to be guilty of insubordination and being summarily dismissed for breaching and implicit term of the employment contract (Christie, England & Cotter, 1993). As a result of this duty, and the general theme of employment being based on superior/inferior relations, the employer is afforded certain prerogatives to command and to be obeyed, that have a great deal of influence on the modern employment relationship (Brodie, 1998).

The 'palpable fiction' of equality in the employment relationship (Fox, 1985) runs counter to the '...notion of fair exchange implied in mainstream theory' (Thompson & McHugh, 1990, 39). Capitalist labour processes are founded on the sale and purchase of the labour power (or potential labour) of free citizens, but one of the central features of the capitalist employment relationship is the way in which capital organises the labour power it purchases into productive activity that is as close to full capacity as is achievable (Thompson & McHugh, 1990). In labour process terms, capital attempts to structure productive activity to extract the maximum levels of surplus value possible - the process of valorisation.

Management structural approaches to control employment relationships

One of the ways management attempts to overcome the variability of labour power is through efforts to control the construction of the material experience of work (Edwards, 1979; Thompson, 1989). Burawoy explains that managerial control in the

workplace involves ‘...the specific combinations of force and consent that elicit co-operation in the pursuit of profit’ (1979, 30). Tactics to serve this end include ‘...constituting workers as individuals rather than members of a class, of co-ordinating the interest of labor and capital as well as those of workers and managers, and of redistributing conflict and co-operation’ (Burawoy, 1979, 30).

The types of approaches taken by managers to increase compliance within the valorisation process and to lessen resistance to managerial control of the employment relationship, can be represented as a typology consisting of four main thematic tactics (Edwards, 1979; Edwards & Scullion, 1982; Thompson & McHugh, 1990; Barker, 1993). These tactics for managing the employment relationship tend to be seen as sequential developments that have reflected changes in theoretical disciplines and in the way management has structured the material experience of work for employees (Smith, 1994).

The first tactic is *simple or personal control*, which relies on personal, direct oversight of the activities of employees by the owner or managers of an organisation (Thompson & McHugh, 1990). The second tactic is *technological control* ‘in which control emerges from the physical technology of an organization, such as an assembly line...’ or the utilisation of scientific management to achieve deskilling (Barker, 1993, 409 also see Braverman, 1974/1998; Attewell, 1987). The third tactical approach is through the constraining forces of ‘systemic rational-legal’ rules and processes in *bureaucratic control* (Barker, 1993, 409; also see Crozier, 1964; Thompson & McHugh, 1990). The fourth tactical approach used by management is called *concertive or normative control* (Barker, 1993). This last method of control relies upon the influence of organisational culture as a moderating influence on worker behaviour.

These four methods of attempting to control the valorisation process broadly reflect historic developments in the theoretical/discipline-based approaches to understanding the employment relationship. Much of the discipline-based thought that underpins modern management behaviour arose in the United States of American (USA) during the beginning of the twentieth century. Indeed, before the pioneering work of

Frederick Taylor, management was not generally viewed as a discipline with theoretical content (Thompson & McHugh, 1990; W. Roth, 1993).

An essential element that structures the modern employment relationship was the change brought by the industrial revolution in the 1700s. At this time, a widespread utilisation of machine power arose in Western capitalism and there was an accompanying generalised change in the way the manufacturing was organised and this involved a widespread shift away from *simple control* methods (George, 1972; Cochran, 1977). Where work had primarily been carried out in domestic homes up to this point, it started to be concentrated into *manufactories* (later just ‘factories’) close to the sources of power (Miller & Form, 1964). The new power sources (initially water) allowed greater utilisation of machines in the production process and engines began to replace animals and humans as the primary sources of physical work (Cummings & Srivastara, 1977; W. Roth, 1993). However, the early factory systems were not completely new evolutions as they continued many of the practices existing from the domestic and ‘putting-out’ systems of production (Miller & Form, 1964; Thompson & McHugh, 1990). Many factories were buildings owned by merchants who contracted *Factors* (often master craftsmen) to organise the production processes. These *Factors* employed their own workers: craftsmen, journeymen and apprentices, usually on piece rates, to produce the goods in the factory from raw materials supplied by the merchants (Albers, 1969).

The shift to production being carried out in industrial factories resulted in two major outcomes. First, new forms of work organisation had to be developed to cope with changes in the productive processes (Pollard, 1963). In particular, new conceptions of management and employment were developed as such large-scale productive activity utilising free (as opposed to slave or bonded) labour had seldom experienced prior to the industrial revolution (Pollard, 1963; 1965; Cummings & Srivastara, 1977). Second, the shift to industrial factories provided a catalyst for the dramatic restructuring of society (George, 1972; Wren, 1979). Society in this nascent period of manufacturing capitalism underwent a large moral re-ordering. For example, where Christian duty had previously required the parishes of Britain to care for the poor, the advent of factories and the shortage of labourers willing to work in factories

changed the social status of the poor, prisoners, children and lunatics. Instead of being seen as rightful recipients of benevolent aid, laws were enacted to force these groups into labour. In addition, there was intensive urbanisation of productive labour and a fundamental shift from productive labour being carried out in the domestic sphere to it being conducted in the public sphere.

An illustration of the shift in management practices associated with the rise of factories can be seen in writings of Sir James Steuart (1767) - *An Inquiry into the Principles of Political Economy*. In his writings, Steuart rediscovers the Greek (especially Plato writing in the *Republic*) pre-occupation with specialisation and division of labour (W. Roth, 1993). Likewise, in the *Wealth of Nations* (1776), Adam Smith extends the theme of specialisation and division of labour further. He argues that the division of work into specialist activities offered important efficiency benefits because it 'increased proficiency, reduced time-wasting and stimulated mechanisation' (Gospel, 1992, 19).

Charles Babbage (1792 – 1871) provided another major point of management innovation during the industrial revolution. In his book *On the Economy of Machinery and Manufacture* Babbage (republished in 1932) argued that scientific approaches should be applied to work processes, in particular, he advocated the increased use of division of labour:

That the master manufacturer, by dividing the work to be executed into different processes, each requiring different degrees of skill and force, can purchase exactly the precise quantity of both which is necessary for each process; whereas, if the whole work were executed by one workman, that person must possess sufficient skill to perform the most difficult, and sufficient strength to execute the most laborious of the operations into which the art is divided (Babbage, 1932, v).

As factory systems became embedded, rational, scientific methods began to be applied to structure the employment relationship, and a clear division arose between the employers and the employees (Thompson & McHugh, 1990). Sub-contracting *Factors* disappeared in favour of supervisors and managers employed by the factory

owners (Albers, 1969). This shift from a contracting model of organisation to a managerial model of organisation is described as the ‘managerial revolution’ (Drucker, 1954, 3). The revolution arises from the fundamental shift in the point of control in organisations – the owners of property became less involved and the non-propertied managerial class came to the fore (Albers, 1969). Employment of factory workers also underwent a revolution – it became characterised by organising principles based on rationalism specialisation and minute division of labour (Miller & Form, 1964; W. Roth, 1993).

The shift in managerial ideology towards seeing control of the labour process as depending on logic and rational methods was supported by the development of management disciplines termed the ‘Classical Approach’ to management. The two central theoretical groupings within the classical approach were scientific management/Taylorism and administrative management. These two theoretical groupings hold a common belief that there would be discoverable principles that could indicate the ‘best way’ of ordering managerial activities and structuring employment relationships.

The principles of rationalism and scientific approaches to managing the employment relationship reached their height with the systems devised by Frederick Winslow Taylor (1856-1915) for application in American manufacturing plants during the late nineteenth and early twentieth century (Braverman, 1974/1998; Brown, 1992). Taylor’s revolution was to take managerial control approaches from *simple* to *technological*. He did this by systematising the fundamental principles of human behaviour at work as both Smith and Babbage had previously indicated was desirable (Thompson & McHugh, 1990). His overall goal was to attempt to remove variances arising from the use of human ‘tools’ (Cummings & Srivastara, 1977). The major mechanism to remove such variation was to ‘capture’ and systematise the knowledge of skilled craft workers into parts that could be performed by unskilled workers – hence the Taylorist method is synonymous with deskilling (Braverman, 1974/1998). In addition, Taylor placed particular emphasis on the need for systematic, scientific study of work so that *soldiering* (worker restriction of output) could be combated (Taylor, 1916; Cole, 1924).

This approach to management and the organisation of work were further developed in the years that followed and packaged into four fundamental tenets of scientific management, which are contained in Taylor's 1911 book - *The Principles of Scientific Management*. These tenets were:

First: Develop a science for each element of a man's work, which replaces the old rule of thumb method.

Second: Scientifically select and then train, teach, and develop the workman, whereas in the past he chose his own work and trained himself as best he could.

Third: Heartily cooperate with the men so as to insure all of the work being done in accordance with the principles of the science which has been developed.

Fourth: There is an almost equal division of the work and the responsibility between the management and the workmen. The management take over all of the work for which they are better fitted than the workmen, while in the past almost all of the work and the greater part of the responsibility were thrown upon the men (Taylor, 1911, 36-37).

In practice, Taylor's approach was to break each job in a production process down into tasks that were further broken down into unit activities (Cummings & Srivastava, 1977). Once units had been defined, these were studied in order to determine the 'best way' for each task to be carried out. The best way involved a work process engineer determining the most efficient and productive movements to perform the task, assigning the most efficient tools for the task, and setting iteration targets for the completion of the task (Taylor, 1911). The 'best' person was then selected - in accordance with the person specification developed by an industrial engineer and 'he' (usually) was instructed in the minutest details of the unit of the task. This process of de-constructing a job was modelled on the example of a simple machine - parts of the process were to undertake only one particular task, the parts (workers) should be cheap and be easily replaced (Merkle, 1980).

Henry Ford was one of the earliest capitalists who undertook large-scale scientific management, his adaptation of the scientific management model proposed by Taylor included a tendency towards greater reliance on mechanisation in the form of assembly lines, greater fragmentation of tasks and attempts to 'improve' workers

through control of their lives outside of working hours (Littler, 1985a). Based on economic efficiency alone, Ford's assembly line developments could be judged successful – the standardisation of production processes increased the rates of manufacture by large amounts (Cummings & Srivastara, 1977). However, despite the softening of the harder aspects of the initial approaches to assembly lines, the drawbacks of assembly line production have been experienced by subsequent generations of production workers through the drudgery and isolation from the intrinsic rewards of work (Cummings & Srivastara, 1977). These assembly lines took 'alienation' describe by Marxists to new extremes.

In most factories where Taylor's approach to scientific management had been introduced, initial productivity improvements were followed by tense industrial stand-offs and generalised worker unrest. These initial productivity results contributed to new departments of industrial engineering becoming widespread in American industry (Wren, 1979). However, Wren reports that 'as early as 1911, organized labor began to wage an all-out war on Taylorism' (1979, 145). Part of the reason for this reaction to scientific management was the manner in which discipline, in accordance with Taylor's dictates, was maintained (Edwards, 1994). When workers did not meet minimum targets, they were fined, and when they dissented, further fines were imposed to restore order (Wren, 1979; Merkle, 1980).

Other causations for this ill feeling included wide-scale work intensification; workers were continually required to produce more but they were paid the same level of income. Indeed, the ill-feeling arising from Taylor's principles resulted in a strike at the Watertown Arsenal (Merkle, 1980) and, as a consequence, the United States Congress appointing two Commissions to inquire into the ill effects of Taylorism. These investigations resulted in caveats being written into U.S. Appropriation Bills which banned the use of stop-watches and limited the use of piece rate payment systems in defence factories (Wren, 1979; Merkle, 1980).

The adoption of scientific principles was not uniform – while British industry was looking for the efficiencies scientific management offered, they rejected Taylor's version of the concept (Littler, 1985b; Gospel, 1992). Instead, scientific

management movement was championed in Britain and Europe by French-born American, Charles E. Bedaux (Littler, 1985b; GFTU, 1998). Bedaux studied the work of Taylor but believed that it had a number of defects. Bedaux remedied these faults with a managerial system called the 'Bedaux System' (Kreis, 1992; 1995; GFTU, 1998).

The Bedaux system relied on the concept of rated assessment in the timing work that reflected the Gilbreths' use of rest allowance during work to allow for the recovery of the worker from fatigue (Littler, 1985b). All work activities were broken down into 'B' units which consisted of a fraction of a minute of work, plus a fraction of a minute of rest, with the proportions of rest varying according to the nature or rating of the job (GFTU, 1998).

While Bedaux's initial consultancy work was in U.S. companies such as General Electric, Goodrich Rubber and Campbell Soup he later worked with British firms Kodak and the Goodrich Tyre Company (Kreis, 1992; 1995). Although Bedaux's work was accepted by a number of large British manufacturers, it was widely rejected by British workers. For instance, the use of the Bedaux system of scientific management, led to the 1934 Richard Johnson & Nephew strike, which, at nine months duration, was one Britain's most protracted strikes during the Great Depression (GFTU, 1998).

As a result of these experiences, the scientific management movement in Britain differed from the American approach in the breadth and focus of activities, in particular, it tended to include more industrial psychology. British managers and workers tended to be resistant to the time-oriented approach to scientific management, with one Government committee noting that:

In America much has recently been done, in association with what is known as "scientific management", to eliminate useless movements and lessen physical effort, but somehow, unfortunately, the subject has got wrapped up with "time studies" used for fixing piece rates, and there is, in consequence, a tendency for it to be looked on with disfavour by wage-earners, while the real value of its teaching is being lost sight of (Health of Munitions Workers' Committee, 1917,

78, reported in Freis, (1995)).

Another British Government Committee, the British Fatigue Board, also assessed scientific management methods and discovered that they could adversely affect labour productivity and costs (Vernon, Wyatt & Ogden, 1924).

By contrast, from a relatively early point, Japanese companies appear to have adopted a refined version of Taylorism (Humphries-Kil, 1995). The Japanese system varied in that their manufacturing industries were relatively newly established and did not have the entrenched craft traditions that managers in Western countries contended with. Japanese style scientific management included flexible job boundaries and looser definition of tasks (Littler, 1985a). Taylor's concepts also had a major impact on the way work and industry was structured in the USSR, his works were published in Russia as early as 1910 and 'Lenin became interested in this new movement years before the revolution' (Billon, 1975, 117).

Aside from changing the material experiences of work for workers, the scientific management approach also contributed to a proliferation of middle manager/clerks who were required to co-ordinate and monitor the production process. These clerks were necessary to avoid the tendency towards chaos caused by shift to technologically based control and the associated fragmentation of jobs and the removal of skilled workers (Littler, 1985a; Allen, 1998). These clerk/managers were required to take over the planning activities that workers had previously undertaken themselves when they had more control over their job (Allen, 1998). Merkle (1980) identifies the manager/clerk group as the contingent whose interests were the most advanced by scientific management. Yet the advancement of this group provided another source of dissent against the philosophies of Taylor – the older style supervisors claimed Taylorism robbed them of their authority and proliferated clerks (Allen, 1998).

At the same time as scientific management was reconstructing the material experience of work for production workers into a logical, rational and systematic frame, other managerial theorists were attempting to refine and describe an approach to the discipline of management that could be accepted as best practice. Such

approaches to turning work into programmed procedural activities are associated with a shift to *bureaucratic control*. One of the earliest proponents of this form of managerial theory was French mining engineer, Henri Fayol (1841-1925). Fayol (1949) identified fourteen 'universal truths' of management, including: division of labour, authority, discipline, unity of command, unity of direction, subordination, remuneration, centralisation, scalar chain, order, equity, stability of tenure, initiative and esprit de corps.

Similarly, German sociologist Max Weber (1864 - 1920) described a model of organisation based on the systematised rationalism he had observed in case studies of the innovations of German leader Bismark, particularly in the Prussian Army (Grint, 1998). Weber defined an ideal-type bureaucracy as consisting of '...rigid and stable body of rules, sanctions and offices which governed the entire organization. Responsibility was specifically assigned to certain officials and duties were carried out according to fixed regulation' (1947, 89). The essential features of organisations using a bureaucratic model of organisation were to be logic, rationality and rules (Thompson & McHugh, 1990). Some of the rules proposed by Weber (1947) included uniformity of operations regardless of changes to personnel, functional division of labour and rational allocation of tasks. Thus, the material experience of workers in workplaces structured by administrative bureaucracy was marked by impersonal rationalism, and by the imposition of rules to standardise their actions. Bureaucratic standardisation of actions explicitly mirrored the process of standardisation experienced with the shift to scientific management.

One of the impacts of adoption of both scientific and administrative methods of management was in the establishment of employment and personnel departments in larger organisations (Armstrong, 1977). The adoption of these early personnel departments is illustrative of the basic problem with the classical approach to management. Scientific management spawned personnel departments as a means to insert scientific technique into hiring appropriate workers for tasks, while administration theory made inroads into the formation of personnel departments so that the tenets of logic and rationalism could be used in relation to hiring, training and remunerating workers. Both motivations for having a personnel department

arose out of the classical approach attempts to remove variation and to shift (as far as was possible) towards the human component of production being systematic and scientific. These motivations also typify the perceived failures with the classical approaches – they were limited in understanding workers as variable, non-scientific inputs and they had an accompanying inability to establish systems that increased levels of spontaneous consent (Belanger, 1989).

By the 1920s and 1930s, ‘many individuals became convinced that scientific management was short sighted and incomplete’ (Pindur, Rogers & Kim, 1995, 4). In addition, opposition from workers to the imposition of scientific management methods lessened its efficacy (Edwards, 1979). Bureaucracy began to suffer from negative connotations associated with the inflexibility of ‘red tape’. As a result of perceived inadequacies, the focus shifted from the classical theories of management which stressed mechanical and rationalistic conceptualisation to behavioural theories of management which incorporated a wider view of organisational phenomena (Thompson & McHugh, 1990).

The behavioural approach to management theory tends to incorporate more consideration of the non-rational aspects of management than the classical school does (Thompson & McHugh, 1990). As the behavioural school of thought developed, it focused on understanding what makes people behave in certain ways and how these behavioural issues could be best incorporated into managerial theory. An early commentator in this field was Oliver Sheldon (1894-1951), who observed in his book *The Philosophy of Management*, that the key problem in management of industry was that no proper balance had been established between ‘the things of production’ and the ‘humanity of production’ (1923, xiv). To illustrate, Sheldon observed that:

In so far as management deals with things, its methods can be reduced to terms of scientific principle; but in so far as it deals with men and women, it can only use scientific principles to the extent that men and women are willing to subject themselves to them (1923, 35).

A fundamental discipline group sited within the behavioural approach is the Human Relations Movement. Human Relations arose partly as a response to the perceived failures of scientific management (Brown, 1992) and partly as a result of Anglo governments imposing pressure on capitalists to achieve co-operative industrial relations during the First World War. Yet, the development of the body of knowledge most often associated with Human Relations is normally sited in the Hawthorne Experiments during the period 1924-1933 (George, 1972). The experiments were conducted at Western Electric's Chicago facility by Harvard Business School researchers G. Elton Mayo, Fritz Roethlisberger, George Homans and T. N. Whitehead (Allen, 1998; Pindur et al., 1995).

While the initial Hawthorne research was designed to study the impacts of changes to physical conditions of work (light, noise and temperature) on productivity, the results were unexpected and actually more informative on the links between productivity and the social conditions of work (George, 1972). Despite the researchers' deliberate interventions to reduce output so that the impact of environmental conditions could be measured, every phase of the Hawthorne experiments actually resulted in raised productivity. Lighting levels at the intensity of moonlight, the introduction of rest periods, shortening the working day and introducing a piece rate system all resulted in increases in productivity, as did lengthening the working day, removing all privileges and ending rest periods (Wren, 1979). These results perplexed the researchers who were looking for scientific factorial explanations and the results were eventually only able to be explained in psychological terms (Wren, 1979; Schultz, 1982; Allen, 1998).

The most fundamental findings from the Hawthorne Experiment were that the social experience of employment relationships are vitally important and that workers have a strong need to fulfil those social needs through co-operation and communication with fellow workers. Mayo advising:

Man's [sic] desire to be continuously associated in work with his fellows is a strong, if not the strongest, human characteristic. Any disregard of it by management or any ill-advised attempt to defeat this human impulse leads instantly to some form of defeat for management itself (1933, 111).

The development of behavioural approaches to management resulted in a shift in orientation in the way some managers managed the employment relationship. Many personnel administration units were adapted to personnel offices that incorporated softer concerns including behavioural and welfare issues. The growing discipline base that informed personnel administration began to incorporate psychological and human relations theory, and emphasis in some workplaces shifted from close supervision to ensure high productivity, to concern over quality of working life and the alienating experience of industrial employment (Thompson, 1989; Thompson & McHugh, 1990).

Even in contemporary times, the essential division between management approaches to construction of the material experience of work is still often posited on the same issues that caused a dichotomy between classical and behavioural approaches. The majority of manufacturing enterprises in modern capitalism still rely on Tayloristic work practices and theories of motivation used in contemporary management tend still to arise from the work of second-generation human relations theorists (Thompson, 1989). Thus, one of the issues at the heart of the management's construction of the employment relationship is still a question of whether workers are *passive*, unwilling factors of production that must to be controlled to obtain high levels of output, or whether workers are *active* contributors that willingly add to the welfare of the organisation where there are no impediments in their path. However, within contemporary approaches to management, there has been some shift in the dichotomous way that workers are viewed. Where classical theorists tended to assume workers were passive and behavioural theorists tended to assume workers were all active, contemporary approaches seem to be less universalistic in their diagnoses. For example, the contingency approaches to management reject universal truths or solutions and they stress 'fit' between processes, approaches and the characteristics of the situation (Allen, 1998). In terms of the employment relationship, a contingency approach allows employees to be categorised situationally – in some circumstances they are viewed as active participants who would willingly contribute, in other circumstances they are viewed as passive participants who need to be compelled to contribute.

Another illustration of the dichotomous manner in which the employment relationship is treated in contemporary management approaches is provided by the discipline of strategic management. Strategic management developed to channel mid and short-term decision making to congruence with longer-term planning processes that match the contingencies in the product market (Ansoff, 1979). More recently, the discipline of strategic management has adopted a strand of analysis associated with a 'resource based view of the firm' (Boxall & Purcell, 2000). This involves the organisations forming long-term policy and strategy primarily based on the resources (especially human resources) available to the firm rather than as a direct response to contingencies in the product market. In relation to the employment relationship, traditional approaches to strategy making are strongly influenced by product market factors that are external to the firm and workers tend to be treated as a passive factor of production. In a resource based approach to strategic management, workers tend to be viewed as essential contributors of resources to the organisation's strategic processes and as a result, are more likely to be viewed as active participants in the employment relationship.

Management and normative control of employment relationships

Management has increasingly attempted to control the employment relationship through the effort bargain or psychological contract. This has been attempted by influencing workplace ideology (values and beliefs) and is called normative power (French & Raven, 1959; Belanger, 1989; Simons, 1995). In tactical terms, normative power is exhibited through *concertive control* (or responsible autonomy). This tactic involves an apparent shift in the nexus of control away from the employer/manager and towards the employee. Employees collaborate in managing their own work activities by acting in concert with a new psychological contract that has an enhanced effort bargain embedded into it (Delbridge, Turnball & Wilkinson, 1992; Barker, 1993; Simons, 1995).

Although the psychological contract forms a major part of the employment relationship, it receives comparatively little attention in the literature. 'A

psychological contract is an emotional bond based on the shared beliefs, values, or expectations that hold a relationship (particularly, an employment relationship) together' (Burack, 1993, xi). The psychological contract is formed by the employer and employee's '...perceptions of their mutual obligations to each other...' (Tipple & Krivokapic-Skoko, 1996, 3; also see Burack, 1993; Pate, Martin, Beaumont & McGoldrick, 2000). These perceptions might result from a number of factors including the belief about the way a written employment contract should be interpreted, documentary exchanges between the parties and beliefs about appropriate behaviour that are based on organisational and societal norms (Baker, 1985). The perceptions feed into a number of behavioural and decision making processes, for example, human resource and career development choices for employers; commitment, motivation and job satisfaction norms for employees; and the effort bargain for both parties (Belanger, 1989; Pate, Martin, Beaumont & McGoldrick, 2000). A key component in the formation of a psychological contract is the parties' 'evaluation of his [sic] situation (or a particular aspect of this situation), and hence his sense of satisfaction or dissatisfaction, typically involves a process of *comparison*' (Hyman & Brough, 1975, 146, emphasis in the original).

As a psychological contract is based on each party's perceptions and beliefs about their own, and the other party's, behaviours and outcomes, such contracts are often described as 'shared expectations' (Baker, 1985, 37). Implicit in such an evaluation is each party's self-concept, evaluation of self worth and evaluation of the other party's worth (Ezzy, 1997). However, it is important to note that as most psychological contracts are not actually expressed by the parties, they tend to rest on vague understandings of one party's perceptions of the other party's expectations and vice versa.

The vagueness of such contracts often causes problems for employees because '...when expectations are unrecognised, denied or not fulfilled by the organization... people act as if something which has been promised them has been withdrawn or denied' (Levinson, Price, Munden, Mandl & Solley, 1963; also see Pate & Malone, 2000). The vagueness of effort bargains also poses a problem for managers because while their superior legal position provides them with the right to direct work

activities and to receive compliance, the quality of workers' compliance can be variable (Smith, 1994; Saffu, 1996; Pate & Malone, 2000; Turnley & Feldman, 2000).

In labour process theory terms, the shift in management tactics from direct control (simple, technological and bureaucratic methods) to responsible autonomy or concertive control reflects the adaptation of capital to the resistance of the valorisation process by labour (Friedman, 1977a; 1978). Direct control tactics relied upon coercive threats, close supervision and minimising individual worker responsibility and workers' potential to limit the scope of their labour power input. The shift to tactics of responsible autonomy and concertive control gives workers the freedom to adapt to contingencies in a manner beneficial to the firm. To achieve beneficial results for the organisation, managers use the rhetoric of status, authority, responsibility and commonality of interest to gain loyalty to the organisation's values (Friedman, 1977a). Concertive control tends to be associated with modern management methods like total quality management and sophisticated (soft) HRM (Thompson & McHugh, 1990; Ursell, 1991; A. Scott, 1994).

Concertive control approaches take philosophical consideration of the employment relationship well beyond the unitarist end of Fox's (1966) unitarist/pluralist continuum. This is because instead of attempting to deny the separate interests of employees in the employment relationship, management attempt to control the value sets of employees so that employees have little perception that they have interests different to those of the management. The irony for employees is that in the acceptance of management's right to normatively structure behaviour, there has been an acceptance of a much higher level of potential workplace control being exerted. This fits well with Sewell and Wilkinson's observation that 'committed advocates of HRM would argue that, once common goals are established, the issue of disobedience recedes as workers no longer need to defend a 'frontier of control...'' (1992, 107).

Such has been the scale of change in the (rhetoric) of control in contemporary capitalist employment relationships, it has been claimed that there has been a

paradigmatic change. A ‘...new order and a new way of doing things far different from long-standing beliefs, practices and conventional wisdom’ has developed (Burack, 1993, 59). Descriptions of the ‘traditional paradigm’ of employment relationships focus upon the hierarchical orientation and centralised management control (Burack, 1993; Cappelli, 1995). Organisations operated by minimising their reliance on ‘...skilled staff by using detailed division of labour and by compensating for lack of skill on the production side by the use of supervisors and quality control inspectors’ (Rubery, 1994, 343). Within the model, managers were said to direct the activities of subordinates while employees were said to play passive roles and ‘...loyalty and effort were exchanged for pay, security, adequate work conditions, and benefits’ (Burack, 1993, 37). In the new paradigm of employment relationships, structures have been flattened and more responsibilities are vested in empowered employees supported by thoughtful training. Managers actively seek employee involvement in decisions; employers and employees alike are bonded by newer joint responsibilities to achieve long term profitability and to contribute, as feasible to high priority individual career, workstyle and economic needs (Burack, 1993, 7).

The extent to which this paradigm change has actually occurred as opposed to being developed only in rhetoric is a matter of some conjecture (Kochan, 2000). What is clear is the fact that there has been a wide scale change in the rhetoric and emphasis in the disciplines associated with employment relationships (Sparrow, 2000). If it is accepted that there has been a practical change in the paradigmatic approach taken to managing the employment relationship, a second order question that is raised is why has this change occurred?

It is clear that in many Western capitalist nations there has been a shift in the construction of the labour market. The predominant types of employment have shifted from ‘blue collar’ to ‘white-collar’, from the primary sector of the economy to the tertiary sector of the economy and from manual labour to knowledge labour (Handy, 1968). This shift is commonly described as ‘post-industrial’ (Bell, 1973; Lipietz, 1992; Clarke & Clegg, 2000).

Explanations for this shift in the construction of the Western capitalist nations' labour markets are three-fold. First, there has been a widespread displacement of manual, production type organisations from the 'developed countries' to 'under-developed' and accompanying shift from production in the developed industrial economies to the developing industrial economies (Troy, 1997; Longworth, 1999; Werhane, 2000). Second, there has been a reconstruction of the labour markets in the Western capitalist world which reflects the impact of technological change that has lessened the manual labour content in manufacturing (Deutsch, 1979; Longworth, 1999). Third, there has been a reported rejection of the traditional paradigm of employment relationships by employees (Bell, 1973; Deutsch, 1979; Littler & Salaman 1982; Perry, Davidson & Hill, 1995).

An important point to note in the shift to concertive control associated with the post-industrial paradigms of the employment relationship is that in many instances the shift to semi-autonomous or self managed teams is not universal (Wilkinson, 1998). One of the reasons for the reluctance to utilise concertive control tactics appears to be the fact employers/management have been reluctant to negotiate consensus with employees about 'appropriate' behaviours (Noon & Blyton, 1997). Such consensus is reliant upon employees accepting and adopting the value sets of employers and as such, management's legal prerogatives must be obfuscated and psychological contracts made more explicit. In many ways, concertive control requires that '...management must share control in order to regain it' (Purcell & Smith, 1979, 7).

In Western capitalist nations, concertive control tactics are more often reported to be used with core employees - 'knowledge workers' rather than with non-profession, semi- and low skilled workers (Rolfe, 1986; Harrington, 1997; Wilkinson, 1998; Clarke & Clegg, 2000). Explanations for this differential treatment of employees tend to focus on the ability of management to use its normative power base to control this group (Harrington, 1997; Wilkinson, 1998). Normative control of this group appears to be more likely for two reasons. First, because of their 'buy-in' to the concepts of career and profession and the heightened fear of management-inflicted ruin that accompanies acceptance of such beliefs (Kelly & Roslender, 1988; Sparrow, 2000). In this vein, Humphries-Kil (1995, 364) suggests that

...securing of a core group of well rewarded employees who will sing the company song and who will be disciplined by the mere fear of being expelled from the core, is part of the global trend to affirm the dominant position of capital.

Second, because Taylorist inspired separation of conception and execution has always been more fully inflicted on manual labourers than upon knowledge workers. The fact that the groups of workers who make up the 'core' workforce have not historically experienced the alienation from the 'product' (as described by Marx) to the same extent as manual workers means that they do not have entrenched cultures of resistance and that they may not understand the extent of their subjugation (Friedman, 1978; Thompson, 1989; Thompson & McHugh, 1990; Gilbert, 1996; Clarke & Clegg, 2000).

Resistance to managerial control

It is important to note that attempts to control the employment relationship are not exclusively the domain of employers and management. A great deal of academic literature and research explores the mechanisms used by employees and unions to resist the control of employers and management (Friedman, 1978).

One of the paradoxes of managerial efforts to control the employment relationship is that one of the prime methods of employees resisting is the expansion of tactics of control that management itself has instituted (Friedman, 1978). For example, technological control methods rely on scientific management and machine based pacing of work, these in turn rely on the separation of conception and execution and the attempt to reduce the cost of variable labour inputs through deskilling (Braverman, 1974/1998; Attewell, 1987). For workers subjected to such methods of control, an efficacious method of resisting managerial control is to take the separation of conception and execution to the point where 'brains are left at the door' and contingencies resulting in small variances from standard operating procedures are not accommodated. Similarly, there is evidence that one of the primary ways that bureaucratic tactics of control have been resisted by workers involves them taking the rules and operating procedures 'too far' (Noon & Blyton, 1997).

In respect to concertive control, worker resistance strategies would result in either outright or incremental rejection of the normative values setting process (Wilkinson, 1998). However, management's control of the workplace through the use of concertive control appears much more prone to employees accidentally varying from expected behaviours than is the case with other tactics management uses for attempting to maintain control of the employment relationship (Morton, 1999). This is the case because of the unpredictable and unexpected outcomes that arise from efforts to control value systems, for example, Barker (1993) illustrates examples in which some newly autonomous employees subjected to concertive control have been more stringent in enforcing workplace behaviours than supervisors. It is conceivable that such actions could cause poor morale and absenteeism and increased turnover rates among a minority of employees who do not fully 'toe the line' in terms of acceptance of the 'shared' norms.

Premise Two: the role of employment relationships in structuring capitalist society

In exploring the resistance of workers to control of the employment relationship, an important step is developing an appreciation of the general position held by the parties to the relationship in wider society (Grint, 1998). A definitive part of the structuring of the capitalist mode of production is the respective position of the classes that are party to it and their particular rights, obligations and sources of power (Beresford & Kelly, 1993; Friedman, 1977b). As previously noted, because of the nature of the economic superstructure and their contractual exchange, employers and managers are in an inherently superior economic position to labour. This factor vests the majority of the rights and sources of power with the capitalist class and imposes the majority of obligations on the labouring class and as an economically based relationship, employment is inherently exploitative for employees (Bowles, 1988/1989; Thompson, 1989; Westergaard, 1995; Mehmet, 1996).

It is on the basis that the class relations in capitalism are exploitative that Marx identified a fundamental conflict in the capitalist system that would lead to the system's downfall (Westergaard, 1995). He suggested that the experience of this

exploitative relationship is fundamental to the development of labour's social class-consciousness. Labour's consciousness is the result of two main mechanisms. The first is their shared experience of being *a subordinated subgroup of society*; a group that must sell their labour power, that must enter into a subordinated contractual relationship with capital, and increasingly, that must compete with their own class group for the right to hold that subordinated position (Friedman, 1977b; Westergaard, 1995; Mehmet, 1996; Wardell, 1999). The second mechanism relates to their shared experiences of being *a subordinated group in employment* – a group who spend a majority of their lives working under the direction of others, and being subjected to innumerable methods of management control (Mehmet, 1996; Wardell, 1999; Wardell, Steiger & Meiksins, 1999).

To understand why capitalism prevails contrary to Marx's logic, it is important to avoid the assumption that labour's 'acceptance' of this exploitative relationship is a simple product of economic necessity (Storey, 1985; Thompson, 1989; Thompson & Ackroyd, 1995; Wardell, 1999). For example, the French Regulationists assert that in addition to the economic necessities in the exchange between the classes, one of the major factors that continually reinforces the capitalist mode of production is the mode of regulation – the hegemonic web of norms and social realities and other structures that reinforce the capitalist order (Aglietta 1979). They believe that this hegemonic web of norms and social realities act together in a 'mode of socialisation' which provides a steadying and sustaining influence on capitalism (Neilson, 1993). The mode of socialisation consists of the norms and edifices that legitimate the interests of competing groups and provides channels so that conflicts between these groups can be expressed and controlled and compromise can be reached (Aglietta 1979; 1998; Lipietz, 1994; Peck & Tickell, 1994).

One of the main components of the mode of socialisation in Western capitalist societies is the experience of Labour in employment (Peck & Tickell, 1994). Their experiences tend to reduce the expression of conflict that arises from the exploitative relationship that underpins capitalism (Bowles, 1988/1989; Thompson, 1989). As employees (and in preparatory education to become employees), individuals in the labouring class are taught to adjust their behaviour to support the collective

principles of the regime of accumulation – they are taught to subject themselves to the historic bloc and enter into an implicit class compromise with capital (Watson, 1995; Westergaard, 1995; Meda, 1996; Grint, 1998). In the workplace, the impetus to sustain this compromise arises from both economic necessity and the ‘technological paradigm’. In Regulationist terms, the technological paradigm describes the typical (or dominant) principles and processes of organising work within, and between, firms. This definition includes aspects such as the division of labour, industrial relations, management approaches, the nature and use of technology, and wage and labour relations (Amin, 1994; Peck & Tickell, 1994).

The technological paradigm that accompanied the traditional approach to employment relationships in Western capitalist nations stressed detailed division of labour, accepted the inherent conflicts in industrial relations and took managerial approaches that relied on tactics of scientific, technological and bureaucratic control of employees (Watson, 1995; Grint, 1998). Technology was used as a driver to achieve the more minute division of labour, and wage and labour relations clearly reflected contention and conflict (Child, 1985; Buchanan, 1986; Batstone, Gourlay, Levie & Moore, 1987). By contrast, the technological paradigm that underpins the developing (post-industrial) approach to employment relationships in Western capitalism tends to be quite different and is usually associated with the development of ‘atypical’ employment. For example, Allan notes that

since the early 1970s, there has been a dramatic change in the structure of employment in Australia. There has been a decline in what used to be seen as standard, full-time employment and a marked growth of non-standard or so-called atypical forms of employment, such as homeworking, self-employment, temporary, part-time, casual, agency work and contracting. There has been a particularly pronounced expansion in part-time and casual employment (2000, 6).

Resulting from the development of atypical employment is a duality in the labour market – a split between those who hold positions that are ‘standard’ and those who hold jobs that are ‘non-standard’ (Edwards, 1979; Atkinson, 1984; Prowse, 1990; Hunter, McGregor, MacInnes & Sproull, 1993; Flynn, 1995; Hall & Moss, 1998).

Attached to this duality in the labour markets of Western capitalist nations are clear societal status connotations:

...there are the lucky ones in permanent employment who are working far harder than they ever did; there are the (not quite so) lucky ones who can manage to get some work, although with little security; and there are large numbers unable to find work at all (Baines, 1995, 14).

Also associated with the duality in the labour market is statistical evidence that shows that in most Western capitalist nations the periphery of the labour market mainly consists of young, non-white, unskilled and older age group males, while the core of the labour market is made up of predominantly middle aged, white, skilled and professional workers (Atkinson, 1984; Hunter, McGregor, MacInnes & Sproull, 1993; Arber & Ginn, 1995; Longworth, 1999).

It is often asserted that within the core, commitment and motivation is attained by promises of job security, task variety and increasingly, the invitation to participate in decision-making (Dyer, 1998). However many commentators have recently begun to suggest that in the last decade managerial tactics in relation to job security within the core have changed and job security is becoming increasingly limited (Kelly & Roslender, 1988; Cappelli, 1995; Flynn, 1995; Hall & Moss, 1998; King, 2000; Sparrow, 2000; Turnley & Feldman, 2000). An illustration of the change is offered by Whitaker wherein he notes that '...employment security [in the core] is now conditional on market success, rather than assured by their status as directly employed personnel' (1991, 252). The consequence for skilled and professional workers who would once have been guaranteed jobs in the core of the labour market is that 'permanent', full-time jobs and career progression becoming a rarer and are increasingly being used as incentives to motivate and control the behaviour of employees and potential employees. Associated with this trend has been the observation that any large-scale resistance to managerial prerogative from within the core is increasingly being met with threats of capital relocation (i.e. to another region or nation), retrenchment, redundancy or re-engineering so that people of lesser skill can perform the tasks (Mirvis, 1997; Troy, 1997; Dyer, 1998; Longworth, 1999). The development of such management tactics are often identified as representing a shift from 'functional' to 'numerical' flexibility (Boyer, 1988).

By comparison, management tactics in regards to peripheral workers have always been associated with numerical flexibility - there has always been a threat that 'outsiders' in the form of pool of potential employees can be called upon to fill the jobs of the employees in the periphery (Atkinson, 1984; Blyton, 1992; Cappelli, 1995; Walsh & Deery, 1999; Sparrow, 2000). Associated with the use of numerical flexibility, peripheral employees also often work under prevailing threats of redundancy, contracting out and disestablishment of positions (Mirvis, 1997; King, 2000).

Ironically, despite the increased use of numerical flexibility tactics by management and in particular, increased 'outsider threats' soft HRM often prevails for the core workforce. In particular, there still tends to be less emphasis on the minute division of labour and more emphasis on functional flexibility for core workers than peripheral workers (Prowse, 1990; Smith, 1991; A. Scott, 1994; Gilbert, 1996; Hall & Moss, 1998). As a result, the relations between core workers and management are more subtly manipulative and sanctions rest on the dual potential of management to expel these workers from the core or to reduce core workers' career prospects and the spectre of the outsider threat (Kelly & Roslender, 1988; Smith, 1991; Cappelli, 1995; Simons, 1995).

These dynamics in the labour market result in different experiences of the employment relationship for different groups within the labour market. In Regulationist terms, the different managerial tactics used to attempt to control the core and peripheral workers can be seen as constituting a dualist 'technological paradigm'. In modern Western capitalism, the technological paradigm for peripheral workers being essentially similar to the Taylorist labour processes described by Braverman, and the technological paradigm affecting core workers tends towards less overtly alienating and more likely to incorporate concertive than direct mechanisms of control.

In modern capitalism, the technological paradigm acts to support the mode of socialisation because groups of workers have common experiences arising primarily

from the employment relationship (Meda, 1996). These common experiences contribute to the development of an understanding of their group's 'place in the world'. Of this general tendency for workplace relationships to structure workers' understanding of their world, Marx comments that 'it is not the consciousness of men that determines their existence, but their social existence that determines their consciousness' (1970/1859, 1).

Durkheim (1947) also mirrors the Regulationist and Marxist beliefs that common or similar experiences of the employment relationship results in the development of a specific consciousness for a class group. However, Durkheim (1947) stressed a different part of this phenomenon. Using the concept of 'social currents', he explored the fact that collections of people within society might develop group consciousnesses that are obscured to individuals alone (Thompson & McHugh, 1990). To illustrate: in modern capitalism, those workers in the core of the labour market experience a different technological paradigm from those in the periphery of the labour market. Thus for core workers, the social currents experienced are different from those in the periphery of the labour market. In particular, tactics involving the normative manipulation of value sets are used in the management of the core workforce. As long as employees within the core accept the legitimacy of these norms, any real experience of anomie among this group is negated (Simons, 1995). The reduced experience of anomie among the core of the labour market is also supported by the reduced tendency towards the Durkheimian 'detailed division of labour'. By contrast, employees in the periphery experience a social current that tends to be marked by an abnormal division of labour and they are more likely to experience the normlessness and social dislocation associated with anomie.

For both groups, the social currents associated with experiences in the contemporary capitalist employment relationship are fundamentally exploitative and have the potential of galvanising class-based opposition to the capitalist system. However, tendencies towards radical change are counterbalanced by the stream of ego-based individualism that Durkheim foresaw as being likely to arise when societies shifted to 'unnatural' divisions of labour (Thompson & McHugh, 1990). The ego-based individualism identified by Durkheim seems in many ways to be an expression of

shift in the social relations of production that Marx and Engels (1848) associated with the capitalist 'cash nexus'.

Marx and Engels (1848) suggest that the shift to social relations being posited on a cash nexus has '...pitilessly torn asunder the motley feudal ties that bound man to his "natural superiors"...'. They identify this shift in social relations as being associated with the demise of traditional forms of social connection such as affection, duty, family, and community:

It has drowned out the most heavenly ecstasies of religious fervour, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom - Free Trade (Marx & Engels, 1848).

The expression of the cash nexus in modern capitalism is the fact that quite often the only tie binding employers and employees is the payment of wages in return for labour power. The cash nexus reflects a commodification of the employment relationship into simple economic transactions subject to market forces, it depersonalises the employment relationship (Abercrombie, Hill & Turner, 1994). A result of this process of commodification is the need for management to develop tactics to control workers fully expressing their own self interests because the comprehensiveness of the pecuniary bond means that there is a potential for each party in the employment relationship to seek to maximise their own interests regardless of the interests of the other.

The manifestation of ego based individualism and the cash nexus in is a major theme in the mode of socialisation in contemporary capitalism. It is reflected in the way in which individuals' material advancement is seen as a superior social goal and the way in which individuals can gain status through full participation in the consumer society (Featherstone, 1990; Ritzer, 1993; Mehmet, 1996). For both the members of the core labour market; who fully participate in the consumer society, and for individuals in the periphery of the labour market; who hope to achieve the full participation in the long-term, the cult of consumerism acts as a major social current

that restrains their rejection of the exploitative capitalist employment relationship (Featherstone, 1990; Mehmet, 1996).

Gramsci's concept of hegemony can also be utilised to further illustrate the role of the employment relationship in the mode of socialisation. The concept of hegemony describes the role social institutions in creating and sustaining the ideology of the dominant class (Bellamy, 1994). Within modern capitalism, the hegemonic process primarily involves the conditioning of the labouring class accepting that the capitalist class is dominant and that the capitalist class' interests are superior to their own (Friedman, 1977b). An illustration of the norms that reinforce the acceptance of the class interests of capital can be seen in the extreme emphasis on social worth in capitalist societies being related to wealth and/or an individual's position in productive relations (Ritzer, 1993; Westergaard, 1995). Such norms result in the undervaluing of people who are not 'productive' in capitalist society – the people who are retired, unemployed, or who choose to attend solely to domestic duties (Westergaard, 1995; Meda, 1996).

CONCLUSION

Capitalist workplaces are indelibly marked by the legal and economic inequality between the classes. Within contemporary Western capitalism employees and unions generally tend to 'accept' that managers have the right to control 'the basic structure, principles and conventions of the work organization' (Fox, 1985, 35; also see Burawoy, 1979). This acceptance of management control is multifaceted but appears to be rooted in three main themes. First, control is attained through management's superior legal power, in particular through quasi-legal prerogatives including the right to give orders and have them obeyed (Fox, 1974). In this respect, 'employers have often argued that the control of labour power, once it is purchased, is a management prerogative' (Gardner & Palmer, 1992, 280). Second, management's control arises from the manner in which it structures employees' material experiences of work. In particular, management uses tactics of control that gives decisions the mantle of rational/scientific logic or disguises them in normative

ideology. Third, the social norms and values that accompany contemporary capitalism encourage employees and unions to see managerial control ‘...as ‘natural’, ‘realistic’, and ‘only to be expected’”(Fox, 1985, 35).

In such a societal setting, the exploitative nature of employment relationship provides the backbone to class consciousness because ‘it is not the consciousness of men [sic] that determines their existence, but their social existence that determines their consciousness’ (Marx, 1859/1970, 21). However, somewhat ironically, the employment relationship also provides a primary mechanism through which the latent tendency towards crisis in the exploitative capitalist system is stabilised. This is because the employment relationship is one of the major points of influence on the mode of socialisation and on the formation and reinforcement of capitalist hegemony. In addition, the combination of the legal prerogative to control the employment relationship and the control of economic superstructures also provides capital with the means to form historic blocs and inter-class alliances that further bolster the capitalist system.

Thus, the nature of the employment relationship within capitalism goes beyond simple contestation over productive activity. It plays a major role in structuring social norms, values and behaviours. Or to use Gramsci’s metaphor of ‘trenches, earthworks and fortresses’, the employment relationship can be seen as a major defensive position for the vanguard of contemporary Western capitalist hegemony – all around, other edifices of Civil Society and the State are bunkered in supporting positions.

To explore how employment relationships are structured, the next two chapters (Chapters four and five) examine the industrial relations and PM/HRM families of disciplines’ and their contributions to workplace employment relationships.

CHAPTER FOUR

*INDUSTRIAL RELATIONS AND
THE EMPLOYMENT
RELATIONSHIP IN CAPITALIST
SOCIETY*

INTRODUCTION

This chapter introduces the discipline of industrial relations and highlights its place in structuring the employment relationships of capitalist societies.

Industrial relations is often defined as a pattern of economic, social and political structures concerned with the employment relationship and its regulation (Brooks, 1978; Brosnan, Smith & Walsh, 1990; Kaufman, 1993). More specifically, the term industrial relations is generally considered to be two things - a description of a group of activities associated with the employment relationship and an academic discipline in its own right (Hyman, 1975; Chaykowski & Weber, 1993; Geare, 1995; Wood, 1997). This tendency to incorporate wide-ranging sets of phenomena into industrial relations is reflected in one of the most frequently cited broad, non-theoretical definitions of the discipline wherein Kochan suggests that industrial relations is the '...study of all aspects of people at work' (1980, 1).

As an academic discipline, industrial relations has a long history - the first major writings in the area can be traced to Beatrice (nee Potter, 1891) and Sidney Webb (1897; 1902) in Britain and Commons (1911; 1924; 1934), Perlman (1928) and R.H. Hoxie (1921) in the United States (Clegg, 1976; Geare, 1995; Ramstad, 1998).

During the early to middle of the twentieth century, industrial relations became the dominant concept to explain the employment relationship in most Western capitalist nations (Kaufman, 1993; Godard, 1994). However over time, the academic field of industrial relations has been most closely associated with research on Anglo-American countries and the post World-War Two boom years that are often described as the 'golden age of Fordism' (Wood, 1997, 307).

For most of the period of time that industrial relations has been a major discipline structuring and describing capitalist employment relationships, the area has tended to be viewed as an arena of conflict (Adams, 1983; Sharpe-Lestrade, 1983; Dunn, 1990; Gardner & Palmer, 1992; Rudman, 1992). The conflictual nature of industrial relations has resulted in the discipline being viewed in negative terms, for example,

Flanders noted that in Britain, managers looked upon industrial relations as ‘a nuisance, a disturbance diverting their energies away from what they regard as the more important aspects of their work’ (1964, 251). More recently, the recognition of the impacts of conflict regulation and other industrial matters on business performance has led to an increased interest in industrial relations as an academic discipline that can be used to more effectively manage the employment relationship (Sharpe-Lestrade, 1983; Storey, 1993; Godard, 1994).

The discipline of industrial relations describes all instances in which an employment relationship exists (Farnham & Pimlott, 1995). In addition, although the word ‘industrial’ is used, it is widely accepted that industrial relations also includes phenomena arising from non-industrial settings such as the primary and tertiary sectors of the economy (Alexander & Lewer, 1996). The ‘inaccuracy’ of the term *industrial* relations has resulted in the frequent attempts to re-label the discipline – the term ‘Labour Relations’ was popular in the 1980s, and ‘Employee/Employment Relations’ was common in the 1990s (Bain, 1989; Godard, 1994; Geare, 1995). Attempts to relabel industrial relations also relate to attempts by industrial relations oriented researchers to put a distance between their own work and the commonplace negative connotations associated with industrial relations.

THEORISING INDUSTRIAL RELATIONS

Approaches to theorising industrial relations are varied - the subject spreads across a wide expanse of activities and issues. The tools for its scholarly inquiry are allied to a number of other academic disciplines that from time to time, are emphasised as lenses for investigation. These include law, history, sociology, political science, economics, psychology, organisation theory, history and management theory (Dabscheck, 1996; Wood, 2000). Each of these related disciplines imparts a different quality and approach to industrial relations research and each tends to pay homage to certain problems and exclude other issues (Anderson, Gunderson & Ponak, 1989; Wood, 2000). In addition, various historic and developmental lineages impart difference in emphasis in industrial relations research. For example, the

traditional focus of industrial relations in the UK and North America was on trade unions and collective bargaining (Burkitt & Bowers, 1979; Jackson, 1993; Jacobs, 1995; Kochan, 2000) whereas Australia and New Zealand have had less emphasis on collective bargaining because of their arbitrationist history (Dabscheck, 1996; Erickson & Kuruvilla, 1998; Keenoy, & Kelly, 1998; Fox, 1999).

The theoretical approaches to industrial relations alluded to above can be subsumed into a three-way taxonomy of theoretical categories. These categories are institutional, systems, radical approaches to industrial relations (Hyman, 1975; Anderson, Gunson & Ponak, 1989; Adams, 1983). Institutionally based analysis of IR examines the institutions involved in the employment relationship and the frameworks that structure the interaction of these institutions (Bain & Clegg, 1974; Adams, 1983). From an institutional perspective, industrial relations involves employees, unions, management and government (Heller, 1993; Kaufman, 1993). Nevertheless, the group of activities in the employment relationship associated with industrial relations are almost always popularly conceived of as involving unions (Kaufman, 1993). By comparison, systems based approaches view IR as involving the interaction of institutions against a backdrop of a web of economic, social and political structures (Kirkbride, 1979; Poole, 1984). In its broadest terms, systems based industrial relations is concerned with the interchanges that occur in relation to the employment relationship and the context in which those interchanges take place (Alexander & Lewer, 1996). Compared to both institutional and systems based analysis, radical analysis of industrial relations focuses more on the ideological beliefs of the parties than on defining the parties or structures of industrial relations (Hyman, 1975). Radical analysis tends to view industrial relations as a class bound relationship – an expression of wider social structures (Hyman, 1975).

Unsurprisingly, given the taxonomical variety, most commentators hold the view that there is no universally accepted theoretical definition of industrial relations (Hyman, 1975; Adams, 1983; Anderson, Gunderson & Ponak, 1989; Kaufman, 1993); although the search continues:

Ideally, our research problems ought to be formulated with reference to a theoretical framework of large scope and significance. That is, we should have

constantly before us, so to speak, some kind of intellectual construct that enables us to organize our knowledge and choose between socially relevant research questions... (Aronson, 1961, 27).

However, while the lack of a unifying general definition of industrial relations is often cited as a major failing within the discipline, most research tends to use a similar theoretical approach to the phenomena studied (Bain, 1989). An important feature of most theoretical approaches to industrial relations is the central focus upon the issue of conflict and contestation (Adams, 1983; Sharpe-Lestrade, 1983; Kaufman, 1993; Godard, 1994). A second major feature is the acceptance that there are three main groups legitimately participating in industrial relations and the third and related feature is the acknowledgement that these three groups have their own ideologies and associated motivations.

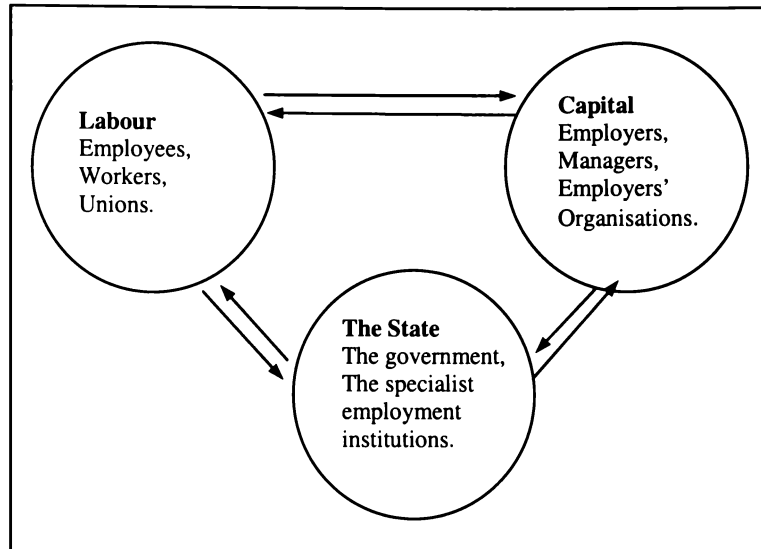
In the rest of the chapter, these three approaches to industrial relations will be discussed as will be the changing nature of industrial relations.

Institutionally Based Analysis of Industrial Relations

Within the institutional approach, industrial relations is viewed as an arena in which conflict pervades and industrial relations is viewed as consisting of a number of parties whose interests are sometimes counterpoised. This approach is premised on a belief that there is underlying conflict of interests in the industrial relations arena, and that this conflict is controlled, institutionalised and temporarily resolved by the very structures of industrial relations (Adams, 1983).

The institutional approach is one of the oldest within the industrial relations discipline (Clegg, 1976; Anderson, Gunderson & Ponak, 1989). This approach dates back to the work of Commons (1924) and Perlman (1928) which extended the preliminary work by Sidney and Beatrice Webb (1897). Institutional analysis is usually 'descriptive rather than analytic' (Godard, 1994), and the analysis in this style has tended to use a tripartite structure to identify the central institutions (see figure 4.1 below).

Figure 4.1 Three Groups in Industrial Relations



The three institutions identified vary slightly according to the ideological bent of the commentator - for example, Marxists often identify labour, capital and the State as the three groups (Hyman, 1975), while functionalists with management leanings are more likely to identify employees, employers and the government (Godard, 1994). By far the largest volume of analysis in this approach has been related to unions (Gardner, & Palmer, 1992; Storey, 1992; Godard, 1994).

The central focus upon unions in the institutional approach has arisen in part from the influence of institutional economists. Where classical economists tended to treat unions as a 'disruption in the marketplace', institutional economists, who initially formed the core of researchers within institutional industrial relations, disagreed (Anderson, Gunderson & Ponak, 1989, 4). Institutional economics and by extension institutional industrial relations see unions as core to industrial relations because they provide an important point of balance to relationships (Perlman, 1928).

Within an institutional approach to industrial relations, modern trade unions are generally defined by their purpose and behaviour, this most often results in the description that trade unions exist for the purpose of '...maintaining or improving the conditions of employment...' (Gardner & Palmer, 1992, 64). Often, this

translates to unions taking actions on the fact/belief that the outcomes associated with employment can be improved through collective action (Hawkins, 1981). The associated assumption is that the outcomes that most individual employees experience will be inferior without the mantle of collective action (Flanders, 1970). In strategic and/or tactical terms, unions' purposes have been pursued by acting in ways that concurrently represent the interests of workers and which act to prevent the 'free' operation of the labour market (Gardner & Palmer, 1992). Thus, the prime motivation of modern trade unions has often been identified as trying to improve the '...material welfare of members, principally by raising wages above the competitive wage level' (Booth, 1995, 50). Thus, in workplaces unions concern themselves with pursuing higher wages, better conditions of employment, defending workers against unjust dismissal, unsafe working conditions and redundancy.

In recent times, the Labour institution has been widened to incorporate a more direct consideration of employees/workers. Godard suggests that this group can be defined as those people who '...are in an employment relation and *do not* exercise a substantial degree of authority over others, but are instead in positions of subordination to those who do' (1994, 4). This re-focusing of the Labour institution to consider workers separately from unions reflects a shift in the discipline of industrial relations from the traditional male dominated industries with high levels of union membership to the service industries with lower levels of union membership. In respect to this group, most institutional analysis based commentators tend to limit themselves to noting that the interests of workers and unions will sometimes be dissimilar (Hyman, 1997).

The second major group that are considered in institutionally based industrial relations are managers and/or employers. As is the case with workers/employees, very little attention is given to this group in institutionally based industrial relations until relatively recently, although Brosnan, Smith & Walsh assert that it is 'employers more than unions shape the employment relationship and industrial relations' (1990, 56). Where employers are considered, the institutional approach tends to favour a consideration of their role and actions in situations where they have

often banded together in trade, industry and commerce groups to pursue their common interests.

The third main group included in institutional industrial relations is the State/government. The State institution is involved in the industrial relations framework through a number of overlapping and interrelated means (Rudman, 1977; Brosnan, Smith & Walsh, 1990). These include the legal system, agencies or departments with specific industrial relations responsibility, the mechanisms for the enforcement and protection of worker rights and the general systems and frameworks which protect rights of through citizenship (Keller, 1990).

The institutional approach is also criticized because of the field's assumption that institutions with power and control in industrial relations are formally constituted groups (Dabscheck 1989; Hyman 1989; Wood et al 1975; Gardner & Palmer, 1992). This tendency arises naturally from the privileging of the institutional triumvirate but causes the field to run the risk of missing the shifting coalitions of interest between informal groups that dramatically affect industrial relations. Another theme of criticism of institutional industrial relations highlights the approach's excessive internal focus and its inability to fully incorporate factors external to industrial relations. An illustration of this criticism can be seen in the way in which institutionalists tends to explain national variations in industrial relations systems as the result of contingencies in institutional factors when these differences might also be explained by reference to economic pressures faced by nation states (Wailes, 2000). Institutionally influenced research is similarly unable to successfully incorporate the influence of globalisation on industrial relations because the approach concentrates almost exclusively upon national patterns (Chaykowski & Giles, 1998; Giles, 2000; Haworth & Hughes, 2000; Leahy & Montagna, 2000).

Systems Analysis of Industrial Relations

Although structurally similar to the institutional approach to industrial relations, the systems approach is different in its primary focus. Like institutional analysis, a systems approach takes into consideration the parties to industrial relations, however

the systems approach places more emphasis on the *processes* of industrial relations - the way the institutions interact to form rules, norms and to set power balances and in particular, the formation of rules as a principal outcome of job regulation (Kirkbride, 1979; Heller, 1992).

The basis of any systems approach to social analysis is the belief that the whole phenomenon under investigation can be explained by describing the interaction of the parts that comprise the whole. Much of modern systems theory owes its origins to the work of Talcott Parsons (1951a; 1951b). Parsons believed that the principal issues in analysis were the 'problem of order' and the ability to conceptualise the nature of social power (Poole, 1984). Commonly, systems approaches involve explaining how the various parts of the whole function or are organised, by describing the relationships between the parts, noting the inputs to the whole and outputs from it and the describing the manner in which the inputs are converted into outputs (Kirkbride, 1979). However, Parsonian systems differ from other systems approaches because Parsonian systems do not just treat environment influences as a backdrop to the 'main stage' but they also provide a system of framing for the actors or entities within the system. In such an approach, a systems view of industrial relations might be seen as having similar conception of reality to Durkheimian social currents.

The use of a systems based analysis in industrial relations was first popularised by the work of John Dunlop (1958) in his book *Industrial Relations Systems*. Dunlop's work was later extended by Alan Flanders (1965) in his book *Industrial relations: what is wrong with the system?*

In his model, Dunlop (1958) takes a Parsonian approach to industrial relations in an attempt to establish industrial relations as a distinct social science (Poole, 1984; Roche, 1986). To achieve this, Dunlop (1958) first described the total *social system*, which he asserted was made up of three sub-systems - the political, the economic, and the industrial (Barbash & Barbash, 1989; Bellemare, 2000). He then described the industrial relations sub-systems as consisting of three groups of *actors*. The

actors included workers and their organisations, managers and their organisations, and governmental agencies concerned with the workplace and the work community (Dunlop, 1958).

Dunlop (1958) argued (in Parsonian fashion) that these three groups of actors in the industrial relations system were meshed by a complex web of rules. The rules take a variety of forms - agreements, statutes, orders, decrees, regulations, awards, policies, and practices and customs - which acted 'to govern the workplace and the work community' (Dunlop, 1958, viii). Such is the importance attributed to rules that Dunlop describes '...the central task of a theory of industrial relations...' as '...to explain why particular rules are established in particular industrial relations systems, and how and why they might change' (1958, 5).

Figure 4.2 Industrial Relations Rules

	Procedural	Substantive
Formal	Formal agreements about processes /procedures e.g. the process for opposing a poor performance evaluation	Formal agreements about wages /conditions e.g. working hours and pay rates
Informal	Informal rules about processes/ procedures e.g. consulting union delegates prior to new employees being hired	Informal rules about wages /conditions e.g. leaving work early on Fridays and prior to public holidays

One practical expression of the role of rules in industrial relations is in the area of 'job regulation' (Flanders, 1965; Hyman, 1975). Job regulation revolves 'around the development of a variety of formal and informal rules, both about the substance of matters in conflict, and the procedures to deal with these' (Gardner, & Palmer, 1992, 6). Industrial relations rules can be divided into two continua - procedural v. substantive and informal v. formal (see Figure 4.2 above).

Procedural rules deal with ‘process matters’ such as methods to be used and procedures to be followed in industrial relations. Substantive rules, on the other hand, refer to ‘material matters’ aspects such as rates of pay and working hours or other job conditions (Flanders, 1970). Formal rules are those clearly written and agreed upon by all parties, while informal rules include only partly documented agreements or custom and practice (Geare, 1991). As can be seen in Figure 4.2, the four types of rules can be considered as a matrix; for example, procedural rules can be both formal and informal.

However, it is important to note that the rules that regulate the workplace are not the exclusive preserve of management and/or owners. Many of the rules that govern workplaces are the result of informal rule formation by the employees themselves (Flanders, 1970) and often, the rules that are most pervasive are those created by the State to regulate employment (Bain, 1989). The importance of workers’ roles in the rule making process arises because although management has the legal right to dictate behaviours in the workplace, their rules will become pointless if they are under unrelenting contestation from workers and unions. Therefore, one of the ‘purposes’ of rules in job regulation is to keep the inherent conflict between unions/employees and employers/management within reasonable levels (Flanders, 1970). This is achieved by the overt or tacit co-operation of the parties in delineating acceptable and unacceptable behaviour, processes and outcomes and by making the resolution of conflict routine (Gardner & Palmer, 1992). Seen in labour process terms, rule making might be argued to be a mechanism in the ordering of the structured antagonism of the employment relationship.

A second important point to note in regards to the use of rules in stabilising industrial relations is that rules are not static. The history of industrial relations has been punctuated by phases in which one or the other of the parties to industrial relations have pushed for the formation of new, or an alteration of existing rules of job regulation (Bain, 1989). Nevertheless, given that these types of changes often act to destabilise the status quo by altering the balance of power between institutions,

the restructuring of the web of rules is itself often a cause of conflict. For example, for many periods in modern history, unions have pushed governments and employers for improvements in substantive rules relating to working conditions. In many instances, governments and/or employers have eventually, and usually reluctantly, acquiesced. Forty-hour weeks, compulsory health and safety standards and living wages are examples of rules that have been gained in this manner in many countries. An illustration of the importance of rule formation for the parties in industrial relations is provided by Flanders when he notes that the ‘most enduring social achievement of trade unionism [has been] its creation of a social order in industry embodied in a code of industrial rights’ (1970, 42).

Another practical expression of the role of rules in job regulation in Western capitalism has been the activity of collective bargaining (ILO, 1974; Jackson, 1993; Godard, 1994; Millward, 1994; Jacobs, 1995; Kochan, 2000). Such has been the commitment to collective bargaining in industrial relations, that Alan Flanders once argued that it was a central means of achieving a ‘pluralistic society’ for ‘advanced industrial countries’ (1970, 94; also see Storey, 1992a; Jackson, 1993; Millward, 1994; Scheuer, 1997; Wood, 1997).

Collective bargaining was initially defined by Beatrice Potter (later Webb) in 1891 as groups of workers sending representatives to negotiate with the employer on behalf of them all – the assumption being that the collective group gain strengths lost to the individual during negotiation. However, some commentators suggest that such an approach to defining collective bargaining places too much emphasis on market relations or the labour market and insufficient attention on managerial relations or the labour process (Flanders, 1968; Hyman, 1997). Accordingly, in a modern setting, collective bargaining has tended to be defined as a *process* in which it is accepted as a mechanism for the ‘...parties to industrial relations [to] establish the *rules* by which they hope to achieve their objectives...’ (Geare, 1991, 103, emphasis added). For the most part, the focus of collective bargaining has often been on procedural rules rather than substantive rules or outcomes (Flanders, 1970; Jackson, 1993). Given the prevalence of collective bargaining in industrial relations

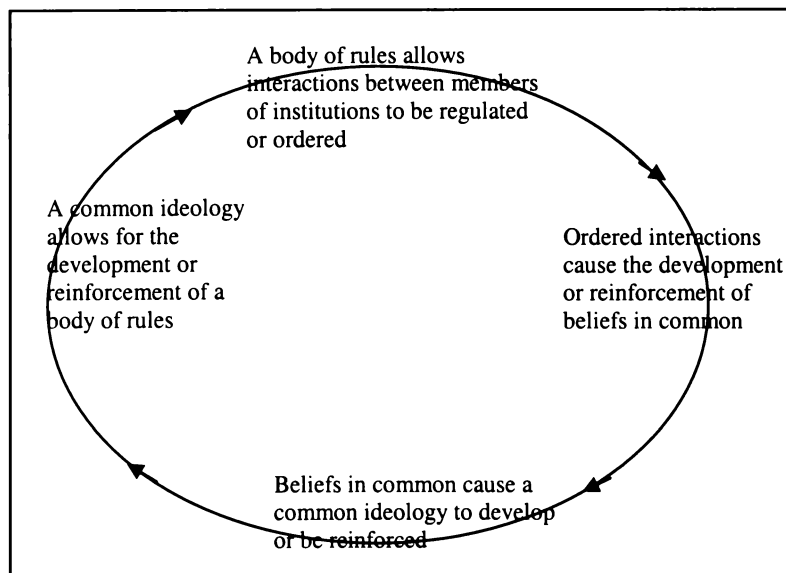
throughout the Western capitalist world, it might be argued that collective bargaining became a major part in the historic bloc of modern capitalism – a trade off by capitalist governments for union and worker co-operation.

Thus, within the systems approach, the formation and existence of rules and procedures for job regulation constitutes a major distinguishing feature that separates industrial relations from other forms of social behaviour related to work.

Nevertheless, rules cannot be made in isolation; their formation is an outcome of relationships that occur within a context. For instance, Dunlop's approach to modelling industrial relations as a system implies that the ability to form and reform rules is a matter that is central to the identity of the actors in industrial relations (Godard, 1994).

This is because in industrial relations, rules are shared and reinforced by the development of a subsystem of common ideology between the actors (see Figure 4.3, below) (Poole, 1984; Barbash & Barbash, 1989; Trice, 1990; Rudman, 1992). By extension, an institution or actor that cannot influence the formation and/or application of rules has no influence upon the ideological system (Barbash & Barbash, 1989; Geare, 1995).

Figure 4.3 – Dunlop's System of Industrial Relations



The function of ideologies is to promote 'solidarity' by increasing the shared emotional content of the group (Bell, 1970). Ideology helps to bind or integrate the system together as an entity, which, in turn, allows for the formation of a body of rules, which govern the actions of the parties in the system and allow for the reproduction and reinforcement of the ideology. The contribution ideology makes to the understanding of industrial relations rests upon its utility in explaining basic motivation and subsequent actions of the parties (Wood, 1978; Godard, 1996). Dunlop (1958) was not alone in recognising the importance ideology in industrial relations. For instance, Taft (1954, 257) reported that 'indirect evidence indicates that ideology can be a factor in promoting or restraining industrial conflicts'. However, undoubtedly the most pre-eminent writer on ideology in industrial relations is Alan Fox. Fox's (1963; 1966; 1971; 1974) writings were seminal in the foundation of ideology based analysis in mainstream industrial relations.

In Fox's early works on the topic, (1963, 1966) he described a typology consisting of two central industrial relations ideologies - unitarism and pluralism (Geare, 1994; Kitay & Marchington, 1996). These two ideologies fundamentally differ on the way that conflict is viewed by their relative proponents – hence this approach to industrial relations is also called 'conflict theory'.

Actors with a pluralist approach to industrial relations were said to accept the view that 'an industrial organisation is made of sectional groups with divergent interests... the degree of common purpose which can exist in an industry is only a very limited nature... conflict is endemic to industrial organisation...' (Fox, 1966, 8). Thus, holders of pluralist ideology accept that there are legitimate interests groups in the employment relationship other than the employer. This acceptance normally entails some acknowledgement that there is a relatively unstable balance of power between the actors in industrial relations that is often expressed in conflict (Provis, 1996; Bellemare, 2000). Accordingly, pluralists tend to treat the occurrence of conflict as a natural part of the employment relationship.

Pluralist approaches to industrial relations systems contain mechanisms enabling the actors to express and channel their conflicts. At a national level, such mechanisms are sometimes evident in the balances put in place to ensure that the actors are not too unevenly matched in strength and power, for example, State endorsed arbitration or conciliation procedures (Provis, 1996; Fox, 1999). Such accommodation of conflict is made because pluralists argue that divergent interests in society and industry are not only legitimate, they are a critical component of democracy. Thus, unions (as well as employers), not only have a right to represent their own viewpoints, the whole structure must allow them to do so or democracy will suffer. By recognising the legitimacy of different interest groups and providing a structure that allows for the resolution of conflict, pluralists believe that order can be attained while the democratic rights of different interest groups are protected (Provis, 1996).

Such openness gives the potential for the development of co-operative industrial relations systems in which ‘...the union and management can agree on strategic objectives and negotiate their implementation’ (Ogden, 1993, x). The negotiated approach has the effect of channelling conflict and gives both management and labour potentially positive gains. For management, the reduction in intractable conflict offers the potential for a stable internal operating environment and (perhaps) improved levels of employee commitment. For unions, there is an added ability to focus on

...wealth creation as well as distribution. It can deal with issues not traditionally part of industrial relations, but important to workers. This is already happening as we see training, work redesign, skill based career paths, and consultative mechanisms move to the centre of the negotiating table (Ogden, 1993, x).

The nature of pluralism is such that it could be argued that employment relationships operating within a pluralist framework utilise a structured antagonism which is relatively open to contestation – the antagonism is mitigated the ability of the parties to constructively express their own interests.

By contrast, the unitarist ideology asserts that management has the only legitimate source of power in organisations (Provis, 1996). This approach is entirely

sympathetic to capitalist interests and is likely to support managerial initiatives over and above employee initiatives. At a workplace level, this is expressed by the common objective - "we must all work together as a team", and the genuine belief that the interests of managers and employees are the same. Within a unitarist industrial relations system, conflict is viewed as dysfunctional and a result of a breakdown in the managerial process (for example through poor communication), or a result of the stirring by agitators (often 'reds') or stupidity on the part of workers (Fox, 1966).

Unitarists do not see legitimately conflicting interests in industrial relations - rather they tend to take the view that the wages of workers depend upon the profitability of the company which in turn depends on the public buying the company's goods or services (Provis, 1996). Based on the argument of interlocking dependence, unitarists assert that there is a common interest in ensuring the best product or service is produced at the lowest price and by extension; it is management that knows best how to ensure this is done. Thus, the fulfilment of the company's strategic plans and objectives are in the interests of everyone and workers should agree with, support and seek to achieve those plans. Conflict in industrial relations is seen as harmful to the achievement of profitability and/or strategic goals, in this ideology. Therefore, conflict is seen as unnecessary and not legitimate since it harms everyone. The more extreme unitarists also argue that there is no role for a 'third party' interfering in the employment relationship and thus unions have no place. Softer unitarists may accept a role for unions but only within a sharply proscribed set of rules in which management has the absolute right to manage its business and strikes or any other interference in the market are outlawed.

Unitarist ideology is premised on economic property rights - where the prerogatives of the employer are endowed and vested through the pre-eminent rights of ownership. The fundamental base to this ideological view being the freedom for property owners to enjoy their assets or goods without interference - in the case of the employment relationship, the property in question is the business, and the owner of the business obtains the fundamental right to manage that business without

(undue) interference (Godard, 1996). The essential elements of an expression of unitarism in a workplace is such that it would be unable to accommodate the labour process theory view that the employment relationship is a 'structured antagonism' between parties with different interests. As such, unitarism delegitimises the rights of workers to express their interests and is inherently more likely to foster exploitation.

Fox's classification of ideology into unitarism and pluralism provides researchers using a systems approach (and to a lesser extent institutionists) with the means to explain the motivation and beliefs of actors in industrial relations. The utility of Fox's typology is its simultaneous ability to explain workplace and institutional behaviours. However, Fox faced criticism about the typology on a number of grounds. In particular, the description of pluralist ideology seems to assume almost equal power distribution between the actors in industrial relations - power imbalances being viewed as akin to a swinging pendulum in which first one actor will profit, then the pendulum will swing back and the other actor will profit (Hyman, 1978). Such an approach de-emphasises the natural advantage employers/managers have in a capitalist industrial relations system (Hyman, 1978). Hyman (1978) also notes that pluralism is prefaced on an assumption that the State is effectively impartial and will not intervene in the industrial relations system.

Associated with these criticisms is the assertion that Fox's early work is essentially functionalist and by act of omission pays too much intellectual homage to the maintenance of the system's status quo. Dunlop industrial relations system model has also criticised in detail for this failing. For example, some of the most vehement criticism of Dunlop's work has come Bain and Clegg (1974) who describe the systems approach to industrial relations as being overly conservative because it emphasises the stability and integration of the institutions and because of the system's assumption of continuity.

Bain and Clegg (1974) believe that the industrial relations system proposed by Dunlop could be 'taken to imply that an industrial relations system is 'naturally'

stable and integrative and ‘necessarily’ strives to perpetuate itself’ (Bain & Clegg, 1974, 92). As the manner in which Dunlop (1958) described the web of rules and ideology in industrial relations seemed to imply that conflict was exceptional and that stability was the norm, his approach was deemed to be ‘unacceptable’ by Bain and Clegg (1974, 92; also see Kirkbride, 1979).

It is clear that proponents of a Dunlopian systems approach do tend towards functionalism because they assume that the purpose of rules in industrial relations is the channelling of conflict for the purposes of stability (Clegg, 1990). However, such criticism might be argued to confuse industrial calm with stable relationships. This defence is posited on the belief that it is possible for a system to maintain stable relationships while the parties constituent to the system are in continuous conflict (Godard, 1996). Such a belief would have the parties in the system in states of dynamic equilibrium, constantly adapting and changing according to the alterations to power balances and momentums.

Other critics of Dunlop’s approach urged that systems approaches to industrial relations should be refined so that models be ‘...seen as open rather than closed...’ (Stephenson & Brotherton, 1979, 3). Such criticisms arise from the failure by Dunlop to explicitly incorporate social action theory into the model – in particular consideration of the motivation of the actors (Heneman, 1969). An open systems approach would allow a greater incorporation and consideration of the social, political and economic substructures of society that may provide greater opportunity for the inclusion of a consideration of motivation and of class based analysis. This type of approach would have silenced the criticisms that Dunlop ignored behavioural considerations such as ‘...personality, motivation, status, authority and career...’ (Heneman, 1969, 15; also see Roche, 1986; Geare, 1995).

A final level of criticism of Dunlop’s systems approach to industrial relations is related to changing ideology (Dimmock & Sethi, 1986). At one end of the ideological issue, the development of neo-liberalism has resulted in a narrowing of the parties legitimately involved in industrial relations and as Dunlop’s model is

premised on the legitimate coexistence of the three main actors or all institutions in industrial relations, it is challenged by neo-liberalism. This is particularly evident in the neo-liberal's rejection of unions (and to an extent) the government in industrial relations because of the interference they exert on the labour market (Adams, 1994; Purcell, 1994).

Neo-liberalism is also ideologically prefaced and includes a normative theme that tends to reinforce the rights of individuals - primarily property owners (capital) and secondarily workers (labour) over and above the rights of collectives (unions) (Boxall & Haynes, 1997; Kelly, 1997). In combination, neo-liberalism tends to isolate workers from collectives and delegitimise the role of unions in industrial relations. The primary point of incongruity between neo-liberalism and systems approaches is Dunlop's (1958) conception of a shared ideology in the system. This conception is not likely to apply to a developing neo-liberal industrial relations environment, as the ideologies of the various parties involved are not likely to even be complementary, let alone common.

At the other end of the ideological debate, there have been widespread calls for industrial relations systems to incorporate the concerns of a wider field of stakeholders than the traditional triumvirate of institutions (Bellemare, 2000). Commentators from this end of the ideological debate assert that there has traditionally been insufficient consideration given to social groups who are affected by industrial relations and as a result, industrial relations theory should be widened to consider minorities and subordinated social groups (Piore, 1995; Dabscheck, 1995; Bellemare, 2000).

Aside from criticisms of systems theories of industrial relations that focus upon Dunlopian ideological issues, the role of rules in industrial relations systems theories is also widely critiqued. For example, Flanders' (1965) addition of rule formation to systems theory is questioned (Barbash & Barbash, 1989; Geare, 1995). Critics of Flanders' (1965) approach argue he tends to privilege rules as an outcome and this leaves little conceptual space to treat rule formation as part of a contested and

negotiated process (Godard, 1996). Thus, Heneman argues that ‘...the purpose of employment is not rules’ (1969, 15) and even Hyman (1975) who is sympathetic to the approach taken by Flanders (1965) says that to define industrial relations ‘...*exclusively* in terms of rules and regulation is far too restrictive...’ (1975, 11).

The Radical Approach to Industrial Relations

Radical commentators argue that traditional models of industrial relations such as institutional and systems theory are insufficient to explain the discipline area. In particular, they suggest a widened approach to industrial relations is necessary because institutionally based industrial relations focuses too exclusively upon the parties to industrial relations and is unable to incorporate a consideration the wider societal influences affecting industrial relations (Giles, 2000; Haworth & Hughes, 2000; Wailes, 2000). Similarly, proponents of the radical approach find fault with the systems approach’s apparent deference to the maintenance of the status quo. However, the radical approach to industrial relations does usually not totally reject the issues addressed by institutional or systems based approaches. Instead, it extends the range of phenomena considered in industrial relations by incorporating ‘...broader issues and debate in the economy and in society’ (Godard, 1994, 2). This wider consideration of phenomena often highlights for the radicals that ‘...for workers’ interests to be represented fairly, they must have a direct role in the ownership and management of the firm (Anderson, Gunderson & Ponak, 1989, 9).

One of the most famous proponents of a radical approach to industrial relations is Alan Fox (1979; 1985) in his later writings:

...between 1973 and 1974, he exposed what he saw as the ideological nature of pluralism, which legitimised the unequal relationship between hired labour and capital, and reinforced the status quo. He had converged on a Marxist position, though this did not imply an endorsement of Marxist politics (Topham, 2002).

During this intellectual journey Fox (1979) critique of his own unitarist/pluralist dichotomy led to a widened the framework to include *radical pluralism*, which incorporates relations beyond the workplace. In this new ideology, Fox (1973; 1979) rejected the pluralist assumption that the relative power bases of the actors in

industrial relations were balanced, instead he accepted that capitalist society privileges the rights of the Capitalist class and he advocated a restructuring of society as a necessary precondition to achieving a truly pluralist industrial relations setting.

Other theorists also echo Fox's radical theme and have pursued the argument that workers and managers have mutually counter posed class relationships and often mutually exclusive workplace goals (Hyman & Brough, 1975). Within this approach, work is viewed as a mechanism of exploitation of the working class by Capital. Accordingly, conflict is not viewed as dysfunctional or a failure of institutional procedures, but as an inevitable expression of class conflict and oppression by a dominant class.

Radical analysis of industrial relations often utilises a Marxist class-based analysis as a basis for wider understanding of society (Hyman, 1975). In particular, class divisions between those who employ others, and those who are employed, are highlighted. The class division is viewed as representative of the class separation between those people who own capital and buy labour to reproduce that capital (employers), and those who own no capital and must sell their capacity to labour to survive (employees). In the arena of industrial relations, these differences in class positions are viewed as vital by the radicals. The prime resource available to these different classes (capital and control of the means of production for employers and the capacity to work for employees) affords them different status in capitalist society and different rights and obligations in the industrial relations arena (Hyman, 1975).

Through ownership and/or control of a firm, employers and managers have the resources available to offer paid work and can (within limits) exercise control over those employees according to their own requirements (Godard, 1994). Ownership and/or control of the capital resource gives the employer or the manager the right to close down the place of employment and withdraw paid employment as he or she sees fit (Hyman, 1975). Ownership also gives the employer certain protections from the State through guarantees of the rights to hold private property. Such protections

take various forms; for example, providing legal penalties against the theft of product or armed police standing in the path of rioting protestors. The rights accruing to employees in the industrial relations arena are somewhat different. As the non-owner of capital, employees' property rights extend only to their capacity to work – their labour power or labour potential. As employees do not own either the means of production or the job, it is only the capacity and/or promises to work that employees sell when they enter into an employment relationship. The mechanisms involved in employers attempting to translate the promise to work into actual work outputs are central to industrial relations discipline and practice (Hyman, 1989).

Within a radical analysis of industrial relations, the difference in the power of the classes is often examined through the latent potential for conflict arising from the efforts of capital to control the employment relationship and the efforts of employees to contest this control (Hyman, 1975; Keenoy, 1991). The radical approach tends to rely upon labour process theory as the major vehicle for gaining insight into issues of conflict, control and contestation in industrial relations (Hyman, 1989). Radical commentators operating from within the labour process theory discipline, take the view that from the very outset of the employment relationship, there is a potential for conflict between the employer (or the employer's management) and the employee as each seeks to gain the best return for their property rights as is possible. When selling their labour power, employees naturally seek to obtain the best price possible through their package of wages and conditions. Likewise, employers and/or managers will tend to endeavour to make the largest return on the capital that is possible and will probably wither seek to pay the least wages possible to employees or to intensify the labour purchased through a process of *valorised exploitation*.

The potential for conflict extends beyond the initial stage of forming the employment relationship - throughout the period of employment, the employee is subject to the day-to-day control of the employer or the employer's management. Employees do their work under the control and direction of the employer or employer's management staff. The rules followed in the process of undertaking this work and the pace at which the work is undertaken are usually up to the discretion of

the employer or manager. The ultimate expression of the power imbalance involved in the employment relationship is the Anglo common law designation of employees as 'servants' and employers as 'masters'. With this common law underpinning, the employee owes duty and fidelity to the employer in keeping with 'inferior' social status, while the employer has parallel obligations linked to his/her 'superior' status in keeping with common law tenets of *noblesse oblige* but also gains the legal power to dominate. This right of control and superiority arises from the employer's rights and responsibilities resulting from the ownership of the capital involved in the employment relationship.

The changing nature of industrial relations

Regardless of which of the theoretical approaches are taken to defining industrial relations, there is a general acceptance that the environment of industrial relations has changed recently. This is evident in that traditionally, industrial relations has tended to be associated with '...strong unions, rising real wages, stable income differentials, the growth of internal labour markets...' (Wood, 1997, 307).

However, since the 1970s and 1980s, there have been many trends of change that have affected industrial relations practice and theory (Edwards, 1995a; Erickson & Kuruvilla, 1998; Hassel, 1999; Stern & Najita, 1999). In particular, the power of unions has waned - collective bargaining coverage in the UK and USA, and union density levels throughout the Western world, have declined to some of the lowest levels recorded (Kesser & Bayliss, 1992; Edwards, 1995a; Shaw, 1997; Wood, 1997; Bamber & Lansbury, 1998). As the power of unions has waned, there has been a reassertion of managerial prerogative in many industries, which is associated with changes in the bargaining agenda of managers and unions (Kesser & Bayliss, 1992; Hyman, 1997; Bennett, 1999; Sen Gupta & Sett, 2000).

The explanations of the causes of these changes are as numerous as the changes themselves. Some of the main causes include widespread and multi-national alterations in the structures of labour markets, increased competition in product markets, and wholesale rewriting of industrial relations related legislation (Purcell, 1989; Lewis, 1990; Kesser & Bayliss, 1992; D'Art & Turner, 1999). For many

private sector organisations in Western capitalist economies, these trends of change have resulted in low or fluctuating levels of profitability and increased domestic and international competition (Anderson, 1989; Brown, Deakin & Ryan, 1997).

The structural change that affected many Western capitalist economies in recent times has given weight to strongly reformist rhetoric. For instance, in Australia, it was argued that ‘the changes taking place in economic, technological and industrial relations... [could not be] addressed satisfactorily by the existing system with its inflexible awards, work practices, union structures and industrial relations practitioners’ (Hyland & Sloan, 1996, 147)

This rhetoric and the accompanying decline in industrial relations is also linked to the ascendancy of neo-liberalism in the macro context and human resource management in the workplace context (Fiorito, Lowman & Nelson, 1987; Edwards, 1995a; Boxall & Haynes, 1997; Wood, 1997; Godard, 1998; Horstman, 1999). The shift to neo-liberalism and HRM can be seen as complementary in their impact on managerial strategies in employment relationships (Purcell & Sisson, 1983). This is because both HRM and neo-liberalism are associated with a change in emphasis in employment – a movement away from the recognition of inherent conflict that is fundamental to traditional industrial relations (Beaumont, 1991; Hegewisch, Tregaskis & Morley, 1997; Bamber & Lansbury, 1998; Horstman, 1999). Thus, where HRM replaces industrial relations, it is often observed that strategies of mediating and controlling conflict through negotiation are replaced with strategies that de-emphasise conflict and stress flexibility, ‘high performance’ and ‘high commitment’ (Guest, 1987; 1989a; Horwitz, 1991; Purcell, 1993; Edwards, 1995c; Hegewisch, Tregaskis & Morley, 1997; Godard & Delaney, 2000).

These shifts in managerial strategies have resulted in numerous changes to traditional institutions, rules, ideology and tasks in industrial relations (London, 1990; Horwitz, 1991; Edwards, 1995b). For example, new trends in employment relationships tend to result in less union involvement and recognition than had been the case in the past (London, 1990; Metcalfe, 1995; Monks, 1998). In combination,

these changes amount to a '...fundamental change in the way labour is managed throughout the industrialised world' since the 1980s (Brown, Deakin & Walsh, 1997, 79). To secure their position, many unions have 'bought into' flexibility arguments (for example see Hyland & Sloan, 1996). Unions have also altered the manner in which they participate in industrial relations, for example in Britain many unions have entered into 'sweetheart' deals in which an employer will allow them sole representation rights over employees in return for partnership agreements which often include no-strike deals and pay freezes (Kochan, Katz & McKersie, 1986; Walsh, 1999). Similarly, in the USA during the 1980s, unions increased the amount of concession bargaining they entered into - unions moderated wage and benefit claims in return for promises of job security for members (Cappelli, 1985b; Anderson, 1989).

Accompanying institutional shifts such as these, are the necessary changes to the rules in industrial relations as there has been a lessened emphasis on bargaining as a means of controlling conflict (Barbash, 1987; Beaumont, 1987; Niland, Lansbury & Verevis, 1994; Hyman, 1997). The most obvious illustration of the nature of the changes to rules in industrial relations is the reduced emphasis on demarcation issues (Ogden, 1993). These changes in rules also serve to reinforce managerial prerogatives and result in shifts in managerial ideology towards unitarism (Horwitz, 1991; Godard, 1996; Hyman, 1997).

Finally, changes in institutional, rule and ideological aspects of industrial relations are paralleled by alterations in the practices of industrial relations (Barbash & Barbash, 1989). This alteration has been felt in two main ways. First, there has been a trend of change away from collective and towards individual and enterprise bargaining patterns (Beaumont, 1987; Walsh, 1993; Evans & Hudson, 1994; Millward, 1994; Welch & Leighton, 1996; Callus, 1997; Rimmer, 1998; Tuckman & Finnerty, 1998). Second, there has been a change in the nature of collective bargaining that has remained in place. For example, Hyman (1997) notes that collective bargaining seems to be being increasingly used as a 'hollow shell' mechanism by which management '...disperse responsibility for their own initiatives

(‘avoiding blame by sharing it’)’ (also see Fiorito & Greer, 1982; Brown, 1993; Jackson, 1993; Millward, 1994; Waddington & Kelly, 1995; Cutcher-Gershenfield, McHugh & Power, 1996).

Such has been the scale of the change to industrial relations that some commentators severely question the future viability of the discipline and of unions (Barbash, 1987; Boivin, 1992; Kaufman, 1993; Godard, 1994; Niland, Lansbury & Verevis, 1994; Beaumont, 1995; Hyman, 1997). For example, Wood (2000) argues that ‘...it might appear that these changes have sucked the lifeblood – collective bargaining and unionism – from the subject of industrial relations’ (also see Kochan & Barocci, 1985; Kochan, Katz & McKersie, 1986; London, 1990). Those commentators who see a future for unionism tend to argue that the future will require different approaches to industrial relations than were taken historically (London, 1990; Taylor, 1995; Waddington & Kelly, 1995; Boxall & Haynes, 1997; Scheuer, 1997). In particular, there is a belief that unions will have to become more strategically oriented in their bargaining and membership servicing. For some unions this change will involve shifting to a professional servicing model, for others the adoption of an organising model might be warranted (Brown, 2000).

In regards to the future of industrial relations as an academic discipline, there is an acknowledgement of a need to reconsider some of the traditional forms of theorising the subject matter (Chaykowski & Weber, 1993; Bellemare, 2000; Kochan, 2000; Wood, 2000). For example, P. K. Edwards (1995c) makes a strong case for a refocusing of industrial relations on to the broader *employment relationship*. Although a change in the focus of the academic discipline related to industrial relations is already evident – Wood (2000) reports that the main disciplines underpinning industrial relations research have shifted over time from sociology (1960s and 1970s), to economics (1980s) to psychology (1990s) (also see Brown, 1976; Isaac, 1983; Cappelli, 1985a; Kaufman, 1993). Similarly, Whitfield and Strauss (2000) identify a shift in research methodology in industrial relations from being primarily characterised by atheoretical, inductive, qualitative and focused on policy implications to being primarily characterised by deductive, scientific,

quantitative and focused on individuals and theory building (also see Cappelli, 1985a; Kaufman, 1993; Kaufman, 2000; Godard & Delaney, 2002).

CONCLUSION

Research within the traditional approaches to industrial relations is often threaded through with a theme of duality. On one hand, there is a basic assumption that industrial relations is concerned with conflict. For instance, Keenoy (1991, 314) notes, the ‘... assumption that the employment relationship engenders the “management” of endemically conflicting interests’ has a long and continuing history in mainstream industrial relations’ (also see Gardner & Palmer, 1992). On the other hand, there is a recognition that the approaches taken by the parties are often imbued with tendencies towards stabilising co-operation and consent.

The three major theoretical approaches to defining and describing industrial relations (institutional, systems and radical) each provide a slightly different basis for understanding how and why the practical system of industrial relations has operated and survived. In particular, the way that the three theoretical approaches explain the conflict/co-operation duality differentiates them from each other. For example, radical approaches stress class conflict, while systems approaches stress the tacit and explicit agreements reached to resolving conflicts and the institutional approach treats conflict as a structural consideration (Kirkbride, 1979).

In recent times, industrial relations as both a discipline and as a practice, have come under increasing and severe pressure. Changes to State and workplace ideology, and alterations in managerial strategy and practices have begun to challenge the very essence of industrial relations theory. In particular, the adoption of neo-liberal ideology has resulted in structural shifts towards individualisation, de-collectivisation and decentralisation (Brown, Deakin & Ryan, 1997). At the workplace level, there has been a shift towards more ‘flexible’ managerial strategy exemplified by HRM. The result of this shift in managerial strategy has been a lessened role for unions in the workplace and a reduced use of collective bargaining.

The combination of the structural and workplace level changes have been argued to have undermined the practice of industrial relations by delegitimising collective action and undermining the role of unions in the macro and micro levels. As a discipline, industrial relations has responded by widening its fields of inquiry – shifting away from the dual tenets of unionism and collective bargaining. As a practice, industrial relations has also tended to refocus with many unions (for example) exploring partnership and consensus models of operation.

One of the central themes of this chapter is that as a discipline, industrial relations has come under pressure from environmental and competing discipline changes. In order to fully understand the role of industrial relations in capitalist societies it is important to place any conception of industrial relation alongside its competitor disciplines. Hence, the next chapter (Chapter five) examines the PM/HRM family of disciplines and their role in capitalist employment relationships.

CHAPTER FIVE

PERSONNEL MANAGEMENT

AND

HUMAN RESOURCE

MANAGEMENT IN CAPITALIST

SOCIETIES

INTRODUCTION

This chapter explores the discipline family of personnel management and human resource management, paying greater attention to the later. This discipline family is explored with a view towards explaining its role in structuring the employment relationship.

Within the area of workforce management in the western world, the phenomenon of human resource management (HRM) has recently captured the interest and agenda of both contemporary practitioners and academics alike (Guest, 1991; Storey, 1992a; Beardwell & Holden, 1994a; Boxall, 1995a; 1995b). As such, human resource management is a phenomenon that acts to define many employment relationships in contemporary capitalism and it is widely treated as a replacement for both industrial relations and personnel management alike (Legge, 1989; Guest, 1991; Townley, 1993; Betcherman, McMullen, Leckie & Caron, 1994).

The phenomenon of human resource management is that it has been in the vocabulary of (British) academics since the 1970s (Hendry & Pettigrew, 1990), and had become a prominent practical model of management in the USA and UK the early- and mid- 1980s respectively (Prewitt, 1982; Beer, Spector, Lawrence, Mills & Walton, 1985; Blyton & Turnball, 1992a; 1992b). However, the term 'human resource' was used quite some time in advance of the term 'human resource management' coming to mean a distinct approach to managing the employment relationship. For example, in 1965 William Sutch published a small pamphlet entitled *Full development of human resources*.

The use of the term 'human resource management' is somewhat obscured because of a number of inter-disciplinary debates surrounding it and because of a number of questions arising in the intra-disciplinary area (Storey, 1992a). Such is the level of scrutiny HRM has been subjected to, examination of the debates and questions associated with it, is a prime means to understand it as a discipline. However, as a starting point for understanding these debates and questions, the explanations for HRM's uptake need to be explored. Most of these explanations view the rise of

HRM as a discipline as being associated with macro level changes (particularly) in Western capitalist economies.

Commenting on the rise of HRM in the USA, seminal authors in the discipline of human resource management, Beer, Spector, Lawrence, Mills and Walton (1985) speculate that the expansion of the use of the term HRM has been as a partial response to macro societal pressures. In particular, they highlight social pressures for equitable and fair treatment of citizens extending to the realm of work resulting in the equal opportunity legislation in the 1960s and 1970s. They believe this equal opportunities legislation has become both the kernel of, and the catalyst for, HRM practices in the USA (Beer et al., 1985).

A second macro level explanation of the rise of HRM has been associated with notions of labour market flexibility (Pollert, 1991; Blyton & Morris, 1992; Bacon & Storey, 1993). This explanation posits that HRM has been utilised by employers to seek to regain managerial prerogative by 'discard[ing] the traditional and operational function of collective labour market regulation' (Williams, 1994, 5). This explanation has particular credibility in light of three labour market contingencies that have been witnessed in the last 10 to 15 years. In the first, the rise of HRM has been associated with the rise of labour market flexibility in national economies that have been subjected to neo-classically inspired labour market reforms (Haworth, 1990). In Britain for example, the rise of HRM is often associated with Thatcherism (Storey, 1992a; Ezzamel, Lilley, Wilkinson & Willmott, 1996; Hope-Hailey et al., 1997) and in New Zealand it is associated with Rogernomics (Kelsey, 1995). Second, the rise in the use of low cost styles of HRM has been associated with the increase in utilisation of offshore manufacturing plants. For example, European and North American manufacturers moving production to Asia (Helms & Wright, 1992), USA manufacturers utilising Mexico (Schuler, Jackson, Jackofsky & Slocum, 1996), Japanese manufacturers shifting production to Korea and China, and Australian and New Zealand manufacturers shifting production to Asia and Fiji (Williams, 1994).

A third macro level explanation for rise in HRM is associated with the heightened external competitive pressures being generated by an increasingly global economy

and the need for organisations to take a strategic response to these pressures (Betcherman et al., 1994; Williams, 1994). In the USA this rationale was partly related to the concern over declining competitiveness in comparison to Japanese competitors that dominated the early 1980s (Legge, 1989; Beardwell & Holden, 1994b). In other Western countries, the pressures of competition organisations felt in the early-mid 1980s were more likely to be the result of a neo-classical shift in their national economy (as discussed above) (Betcherman, et al., 1994; Williams, 1994; Chew & Goh, 1997).

While the factors giving rise to HRM at the macro level are fairly well charted, what is not clear is how far that ascendancy in the theoretical sphere is translated to domination by human resource management at the micro level i.e. in practices adopted by organisations. The question of how great an inroad HRM practice has made into contemporary organisations has been the basis of a number of the interdisciplinary debates associated with human resource management (Storey, 1992a; Wright & McMahan, 1992).

The first debate over HRM relates to the relationship between human resource management and personnel management. Within some of the literature of the late 1980s and early 1990s, there is a strong sense that personnel management was the direct forebearer of human resource management and that there is still a question of whether the 'practice' of personnel management has actually given way to the 'practice' of human resource management (Prewitt, 1982; Mahoney & Deckop, 1986; Torrington, 1988; Tyson, 1999). A related question that arises out of this debate is whether personnel management and human resource management are actually manifestly different at either the theoretical or the practical level (Storey, 1989a; 1989b; Grant & Oswick, 1998). This question has turned the attention of many researchers towards distinguishing personnel management and human resource management by way of attempting to theorise or map their philosophies and practices (Keenoy, 1990a; Noon, 1992).

A second debate about the inroads made by HRM into contemporary organisations does seem to accept (at an implicit level) that personnel management and HRM are

distinct disciplines at both the theoretical and practical levels. This debate focuses upon the manner in which HRM has been used to ‘sideline’ the discipline of industrial relations (Guest, 1991). According to (mostly British) researchers working in this area, unlike personnel management, human resource management is philosophically motivated to oppose unions and structured union involvement in organisations (Guest, 1989a).

The last two major debates are mainly intra-disciplinary debates about what HRM actually is, or does, in practice; thus the first of these two is a conceptually structured debate over what HRM ‘is’, and the second is a more empirically focused debate over what HRM ‘does’. Both of these debates are framed by a number of questions about the nature and structure of HRM. For example, there are questions of how HRM is structured by philosophical underpinnings, how HRM and strategy interact, what constitutes HRM best practice, what the relationship between HRM and line managers are, why HRM is adopted, what determines HRM practices, how nation states influence HRM practice and what the relationship is between HRM and organisational performance.

The following sections of this chapter explore all of these debates in more depth.

DEBATE ONE: PERSONNEL MANAGEMENT AND HRM

A prime debate that has troubled the HRM discipline has been ‘...centred around the emergence of the view that HRM constitutes a threat to conventional forms of personnel practice’ (Williams, 1994, 7). However, while the question of how distinct human resource management is from personnel management had captured a great deal of attention during the 1980s it seems to have fallen by the wayside in more recent times (Beardwell & Holden, 1994a; Tyson, 1999).

As a discipline, personnel management predates human resource management by between fifty and eighty years. However, during the late 1970s and throughout the 1980s, human resource management gradually came to supplant personnel

management ‘...both in the international management literature and as the preferred title for departments that dealt with personnel issues’ (Deeks, Parker & Ryan, 1994, 556; also see Tyson, 1999). By the mid-1980s, the transformation of personnel departments into human resource management departments was stunning in terms of speed and completeness (Storey 1992a; Tyson, 1999). Yet, while the phenomenon of change in terminology was widespread, the question that drives this debate is - was this transformation a change of form or a change of substance? There are three basic stances in response to this question.

On one side of the debate, there is the position Storey (1992a) calls ‘synonym’ in which there is no discernible difference between HRM and personnel management except a change in terminology (also see Keenoy & Anthony, 1992) and although this position is rare, much of the basis for it arises from the American literature’s ‘...liberal attitude towards terminology...’ in which HRM is used ‘interchangeably’ with personnel management (Noon, 1992, 17).⁸

A middle range position in this debate views personnel management and HRM as being essentially the same in practice, but distinguished in their utilisation of different ‘language’ or ‘marketing’. The proponents of this position have noted the widespread renaming of personnel departments textbooks to HRM (Guest, 1987, Legge, 1989; Torrington, 1989; Boxall, 1990a; 1990b; Beardwell & Holden, 1994b; Storey, 1996; Ezzamel et al., 1996; Rudman, 1999a) and have likened the rise of HRM to the fable of the ‘emperor’s new clothes’ (Armstrong, 1987; Legge 1989). The choice of the metaphor implying that practitioners are performing personnel management but ‘cloaking’ their activities in a ‘cape’ of HRM that actually has no substance (Rudman 1992). Similarly, within this middle range position, there has been a metaphoric description of HRM as ‘old wine in new bottles’ (Beardwell & Holden, 1994b).

An illustration of this middle-range position is provided by Fowler when he suggests that ideas associated with human resource management have ‘...been at the heart of

⁸ See the 1997 symposium on the future of HRM in *Human Resource Management Volume 36, No. 1* for examples of synonym treatment of HRM.

good personnel practice for decades.... So perhaps what is new about HRM is not what it is, but who is saying it. In a nutshell, HRM represents the discovery of personnel management by chief executives' (1987, 3). An argument that supports viewing HRM in this way is provided by Townley's (1993) consideration of HRM as a discourse which is primarily concerned with the '*...construction and production of knowledge*' and which '*...serves to render organizations and their participants calculable areas... by which activities and individuals become knowable and governable*' (p. 526). In taking such a view of HRM, Townley implies that the 'technologies' of management may be essentially the same between personnel management and HRM but what is different is the intent that underlies their discourses.

Where this position in the debate matches practice, HRM is likely to take a low level and mundane role in the organisation, focusing on hiring, payroll compensation benefits and often being regarded as 'glorified file clerks' performing maintenance and 'fire-fighting' functions (Tung, 1984; Laurent, 1986; Lorange, 1985; Chew & Goh, 1997).

Proponents of the mid-range position usually accept one of two underlying motivations for the change to HRM based terminology. First, such a position implicitly acknowledges that personnel management had developed an image 'problem' arising from welfarist and paternalism tendencies and that HRM was a mechanism to correct this image problem (Skinner, 1981; Storey, 1989a; 1989b; Torrington, 1989; Rudman, 1992; Beardwell & Holden, 1994a; Gibb, 2000). Second, the change in terminology might be seen as signalling a philosophically 'harder line' in managing the employment relationship - '*...the victory of the hawks over the doves in the relationship between corporate strategy and personnel policy*' (Deeks, Parker, & Ryan, 1994, 556) and it is this position that gives rise to the metaphor of HRM being a 'wolf in sheep's clothing' (Fowler, 1987; Keenoy, 1990a; Beardwell & Holden, 1994b)

The final position in the debate over the distinctiveness of HRM in comparison to personnel management retains the view that, while HRM draws some of its lineage

from personnel management, they are actually distinct disciplines (Ezzamel et al., 1996). Proponents of this view can range in the degree of distinctiveness they perceive, from viewing HRM as the practices of personnel management with a 'strategic' overlay (Fombrun, Tichy & Devanna 1984; Storey 1992b) to citing wide scale difference because of HRM's theoretical links to systems theory and strategic management (Prewitt, 1982; Rudman, 1992; Cunningham & Hyman, 1999). Within the latter viewpoint, HRM distinctiveness is said to exist because it allows '...innovative and proactive contributions to corporate goals and business success' (Tyson, 1987, 526). Other proponents of this view '...have argued that the onset of HRM meant that human resource policies were too important to be left to personnel specialists as they had consistently failed to achieve results in the past' (Skinner, 1981, 107, also see Guest, 1991; Cunningham & Hyman, 1999).

Proponents of the view that HRM and personnel management are distinct disciplines generally cite five major themes that encapsulate the practical and philosophical differences between the two. First, personnel management is argued to be mainly concerned with workers whereas HRM has as much focus on managerial staff (Legge, 1989; Storey, 1989a; 1989b; Guest, 1991; Blyton & Turnball, 1992a; Boxall, 1995b; Legge, 1995a). Second, personnel management is treated as a staff function which services and influences line management whereas, HRM is said to be a more integrated activity which is carried out at the line (Legge, 1989; Storey, 1989a; 1989b; Guest, 1991; Boxall, 1995b; Legge, 1995b; Ezzamel et al., 1996). Third, HRM incorporates and integrates strategic direction whereas personnel management seems less accommodating of unitary objectives and has a greater focus upon mediation and problem solving (Guest, 1987; Torrington, 1988; Guest 1990; 1991; Blyton, & Turnball, 1992a; Legge, 1995b). Fourth, HRM is argued to be more proactive than personnel management, i.e. HRM will act as an '...initiator and catalyst- in contrast to the often reactive approach of conventional personnel administration' (Desatnick, 1972, i). Finally, in the fifth theme, HRM is said to be focused on 'bigger' or more strategic issues than personnel management (Lundy, 1994; Ezzamel et al., 1996) - 'human resources management emphasises the dynamic and creative aspects of the management of employees rather than the

routine tasks of selection, welfare and record-keeping that so frequently are accepted as compromising personnel management' (Graham, 1977, 118).

In relation to this first debate, an insight into the relative distribution of people within the three viewpoints is provided by Grant and Oswick's 1998 survey of British practitioners. The survey classified practitioners into three groups according to whether they thought there was a discernible difference between personnel management and HRM. Those who perceived no differences between the two were classified as 'atheists', those who did not know or were unwilling to say whether HRM was different were classified as 'agnostic' and those who thought there was a discernible difference were 'believers'. Of the practitioners canvassed, 39 percent were in the atheist category, 13 percent were agnostics whereas just over 50 percent were in the believer category (Grant & Oswick, 1998).

Alongside the debate about the interaction and disciplinary rivalry between personnel management and HRM has been a second major debate that has focused upon the relationship between HRM and industrial relations.

DEBATE TWO: INDUSTRIAL RELATIONS AND HRM

The majority of this debate between industrial relations and HRM has apparently arisen out of the concerns of academics in the UK (Legge, 1988; Clark & Winchester, 1994). Some commentators within this debate argue that although HRM is an inferior academic discipline because it is conceptually confused and imprecisely defined, it poses a significant (potential) threat to industrial relations theory and a lesser but still significant threat to industrial relations practice (Guest 1987; 1989a; Storey, 1989b; Hart 1993).

However, it is interesting to note Storey's (1992a, 243) assertion that while academics who commented on the relationship between IR and HRM during the 1980s typically 'viewed the latter as a threat to the former' but on the whole, industrial relations literature actually had little to say about HRM. At the same time,

HRM literature 'has been almost totally silent on the subject of trade unions and industrial relations' (Storey, 1992a, 243). This lack of cross referencing between the disciplines was probably the result of a degree of ambivalence between the disciplines of human resource management and industrial relations. For example, Regini (1993) suggests this ambivalence arises from the large-scale move to after-Fordist patterns of production which have made HRM more important but have not removed the role of industrial relations in regulating the employment relationship.

Regardless of the ambivalence on the matter, Purcell (1993) notes that widespread changes associated with human resource management's expansion have resulted in a redefinition of the discipline of industrial relations. For example, Rudman (1992) argues that industrial relations has become an important *component* of HRM, which may in some ways explains Regini's (1993) observation that industrial relations has not been removed by the rise of HRM. Instead, Regini argues:

HRM has forced open the boundaries to the study and practice of industrial relations in the firm both vertically (the strategic, functional and workplace levels) and horizontally (technology, manufacturing systems, financial controls, training and development...) (1993, 514).

Another acknowledgement of the inroads made by HRM in the academic arena comes from Boxall when he says: '...it would be unwise to dismiss it. Confusion over terminology is not the same thing as irrelevance' (1993, 646).

Yet the perceived threat of HRM to industrial relations arises on three (related) fronts: first, HRM's tendency towards individualisation of the workforce, second, HRM's prevailing unitarist ideology and third, a diminished use of collective industrial relations practices in HRM dominated employment relationships.

HRM is argued to be a threat to the industrial relations discipline because it is designed to 'individualise' industrial relations and circumvent unions. This is achieved through the development of policies, practices and arrangements which deal with workers as single entities instead of as a collective whole (Guest, 1989b; Legge, 1988; Boxall, 1993; Hart 1993; Storey & Bacon, 1993; Clark & Winchester, 1994; Geare, 1995; Storey, 1995b; Cunningham & Hyman 1999):

HRM is in essence the development of a set of policies, practices and

arrangements designed essentially to “individualise” industrial relations, and thus circumvent the unions, weaken individual membership commitment and loyalty to the union, is one [view] that is probably widely accepted throughout the British union movement (Beaumont 1991, 306).

The second threat to the industrial relations discipline posed by HRM is philosophical. HRM purportedly relies upon unitarist values ‘to the extent that they assume no underlying and inevitable differences between management and workers’ (Guest, 1989b, 40) or ‘there is essentially only space for one source of legitimacy and there is or ought to be a single, shared, set of objectives...’ (Mabey, Salaman & Storey, 1998, 281). This unitarist threat has been particularly identified with the commentary of British academics upon models of HRM that they associate with the USA (Torrington, 1988; Guest, 1989; Legge, 1989; Barker 1999).

Third, (and related both to concerns over individualisation and unitarism) there is a perception that HRM practices are purposefully structured to undermine collective bargaining and by extension, traditional industrial relations (Guest, 1989a; Storey, 1992a). Associated with this concern is the fact that HRM operates almost exclusively at the level of the firm although ‘a handful of scholars have also investigated the industry level....’ and ‘a small group has considered the societal or public policy level of analysis’ (Boxall, 1992b, 2). On the other hand, the discipline of industrial relations operates at the level of the firm, the industry and (often) the national economy (Storey, 1992a; Purcell, 1993; Geare, 1995).

As a result of these three grounds for concern, the work of academics from industrial relations backgrounds that comment on human resource management is often interspersed with a heightened perception of the threat posed by HRM to IR (Boxall, 1993; Heller, 1993). However, a strong stream of contrary evidence now indicates that the belief that HRM is inherently anti-union may be overly simplistic (Sisson, 1993; Storey, 1995b). For example, research by Sisson (1993) indicates that although (British) HRM does seem to be linked to both individual rather than collective negotiations and increased utilisation of direct methods of involving employees, these methods are also positively linked to degrees of unionisation in workplaces. Likewise, Storey (1995b) argues that there has been no widespread

move to marginalise unions in organisations utilising HRM – in fact he asserts that although there has been an individualisation of industrial relations, many organisations have worked with unions to find another role for them to play (also see Wood, 1995). Therefore the assumption that HRM is inherently anti-union needs further examination as both Sisson's (1993) and Storey's (1995b) findings indicate unions and HRM can co-exist despite individualising propensities.

Where the debates over the relationship between personnel management, industrial relations and HRM have primarily operated at an inter-disciplinary level, the third major debate in relation to HRM is fundamentally intra-disciplinary; this is the debate over 'what HRM is'.

DEBATE THREE: WHAT IS HRM IN (CONCEPTUALISED) PRACTICE?

The debate about just what is meant, in practical terms, by the 'new way of managing the workforce' offered by HRM is unclear (Beardwell & Holden, 1994a). One of the most commonly utilised methods of delineating what HRM 'is' in practice, is to utilise models to divide its practices into components, or to use normative assertions of its practices, according to conceptualised models. There are two major themes to this conceptual description of HRM, the first theme delineates models of HRM according to typologies of philosophical underpinnings– i.e. soft and hard (Storey, 1989a; 1989b; 1992a; Cunningham & Hyman, 1995; Legge 1996; Storey, 1998) and the second theme discusses the role of strategy in the HRM model (Wright & McMahan, 1992).

The Soft Model of HRM

The 'soft' model of HRM philosophy stresses employee commitment and organisational humanism and is identified with efforts to develop and empower employees (Storey, 1989b; 1992a; Boxall, 1993; Legge, 1995; Storey, 1996; Boxall, 1996). It is often called the high commitment model (Wood, 1995; Storey, 1998) and is specifically associated with the work of Harvard academics Beer, Spector,

Lawrence, Mills and Walton in their 1985 book *Human resource management: a general manager's perspective*. In this book, the authors acknowledge that human resource management is often associated with 'exclusively instrumental values about people and insufficient human values' but they explicitly reject this approach (Beer et al., 1985, xi). Their version of HRM has theoretical links to the human relations approach and consequently has an '...emphasis on communication, teamwork and the utilization of individual talents' (Blyton & Turnball, 1992b, 4, see also Storey, 1989b). So one of the primary outcomes Beer et al. see arising out of the approach they advocate is '...the development of trust between employees, management, and unions...' and they argue that managers should view an effort expended in developing trust '...as a long term investment...' (1985, xi).

The soft approach to HRM is also associated with a stakeholder-based approach to management that recognises multiple interests in the organisation (Hendry & Pettigrew, 1990; Wilson, 1996; Boxall, 1995a; Kaye, 1999). For example, Beer et al. suggest that 'one way of viewing a company is as a minisociety made up of large numbers of occasionally harmonious, occasionally conflicting constituencies, each claiming an important stake in the way the company is managed and resources are deployed' (1985, 22).

The acceptance of multiple stakeholder perspectives provides the soft version of HRM with a more pluralist philosophical base than is the case for other approaches to HRM (Kaye, 1999). This increased pluralist tendency may, in part, explain the finding that organisations that adopt approaches to HRM that could be classified as 'soft' are generally found to have higher rates of unionisation than organisations pursuing other approaches to HRM (Bacon, Ackers, Storey & Coates, 1996; Storey, 1998).

Reflecting this pluralist leaning, Kane, Crawford & Grant (1999, 496) argue that soft HRM

...is an approach that acknowledges the importance of HRM to the aims of the business, whilst reflecting attempts by management to create a work environment that emphasises employee development, through practices such as training, participation and communication, and the importance of having

innovative, flexible, committed employees who are valued resources....

Such descriptions of HRM are associated with the HRM truism, “our people are our most important asset/resource” (Desatnick, 1972; Guest, 1991).

The Hard Model of HRM

By comparison the ‘hard’ model of HRM emphasises the ‘...quantitative and calculative...’ (Storey, 1989b, 8) aspects of managing employees (also see Storey 1996; 1998). The hard approach is also called the Michigan School of HRM because of its link to a seminal text by Michigan University staff Fombrun, Tichy and Devanna (1984). This approach to HRM utilises rational economic frames of logic in which employees are viewed either as ‘resources’ in the same manner as land, plant, equipment, investment funding and materials (Storey, 1996) or as an ‘expense of doing business’ (Tyson & Fell, 1986, 135). Decisions in pursuing strategic attainment are thus argued to be strongly unitarist in outlook with ‘...a singular endorsement of managerialist views’ (Blyton & Turnball, 1992b, 4; also see Hendry & Pettigrew, 1990). In acknowledging the tendency towards unitarism, Beer et al. suggest that ‘...managers may be aware of the differences, but may deny the “legitimacy” of any viewpoint other than that of owners and managers’ (1985, 23).

The primary goal of practitioners operating within the hard frame of human resource management is to ‘...maximize the contribution of people to the organisation’ (Hendry & Pettigrew, 1990, 18). Thus within a hard approach to HRM, employees are viewed as ‘a resource to be used dispassionately and in a formally rational manner’ (Storey, 1992a, 5). As such, this style of HRM is most often evaluated for effectiveness on the basis of cost minimisation measures and efficiency of utilisation of employees (Williams, 1994; Storey, 1998; Kaye, 1999; Kane, Crawford & Grant, 1999). Best practice HRM in such settings tends to promote ‘lean’ organisational forms (Purcell & Hutchinson, 1996). Such views of HRM give rise to the business truism that “our employees are our biggest expense/cost”.

Although clear distinctions exist between the conceptualised soft and hard models of HRM, Stace and Dunphy (1991) argue that in practice, these models may not be mutually exclusive. For example, organisations may switch between the hard and

soft model in reaction to the business cycle or might use softer approaches with skilled staff and harder approaches with unskilled staff (for example, see Cunningham & Hyman, 1995). Looking beyond the apparent bifurcation of the philosophical motivations the question of strategy is another commonly occurring theme through which HRM is conceptualised (Kaye, 1999).

The Strategic Model of HRM

The strategic model provides the grounds for considering approaches to HRM based on the mechanisms used to utilise employees in pursuance of strategic objectives. The nature of this theme in the discipline of HRM is twofold. First, in the inter-disciplinary debate about the difference between HRM and personnel management, HRM is often identified as having a greater strategic orientation⁹ (Schuler, 1992; Storey, 1992a; Kaye, 1999). Second, the manner in which the discipline of HRM interacts with the discipline of strategic management is examined in research as a means to define HRM's academic boundaries and renown. This second model is commonly called 'Strategic HRM' or SHRM for short.

SHRM is associated with inter-disciplinary research into the link between HRM and organisational strategy that has three distinct themes. In the first theme of research, strategic management was initially identified as being closely aligned with the 'hard' version of HRM (Boxall, 1992a; Kane, Crawford & Grant, 1999). In this theme of research, HRM's role in the relationship is to ensure the human resources are in place so that strategic goals can be met (Miller, 1991; Truss & Gratton, 1994; Boxall, 1995b; Tyson, 1995). A second theme of research associated with SHRM arises from a contingency-based approach to strategy. In this approach, HR activities are aligned through 'best-fit' to contingencies that effect the organisation (Boxall & Purcell, 2000). The third main theme in SHRM has mirrored the development of a stream of academic research in the field of strategic management that stresses the importance of the resources and capabilities within an organisation (Boxall, 1995b). This third theme of research is called the *resource-based view of*

⁹ See Storey, 1998 for an alternative viewpoint on this issue.

the firm and its adoption within the HRM discipline has added a new dimension in the consideration of strategic human resource management.

The first theme of SHRM research – the matching approaches.

Within the first theme of research into SHRM the assumed relationship between HRM and strategy was that HRM was servile or secondary (Purcell, 1989). Such views of the relationship have many variations¹⁰ but can be broadly called ‘matching approaches’ because they are based on HRM being matched to strategy. Within such approaches to SHRM, the *a priori* style of strategic management theory that provides the underpinning assumes that the organisation can analyse its internal and external environment, select an appropriate corporate or business level strategy and position itself to compete accordingly.

The principal assumption behind *matching*-type approaches to SHRM is that competitive advantage will be able to be achieved by aligning HRM practices and business strategy (Miller, 1991; Schuler, 1992; Wright & Snell, 1998). This alignment of HRM practices and organisational strategy is seen as possible through two broad methods. Delery and Doty (1996) call the first method *the contingent approach* while Wight and Snell (1998) call it a *fitting* method. In this method, HRM is driven by the organisation’s *demand* for labour and skills (Torrington, 1989; Delery & Doty, 1996; Gibb, 2000). The focus is upon employees in the organisation having the requisite body of skills, abilities and competencies to attain strategic goals (Guest, 1989a; Torrington, 1989; Wright & Snell, 1998; Purcell, 1999). A similar variation to this method stresses that rather than a quantum of skills and abilities, HRM is responsible for attaining the types of behaviours required to achieve strategic goals. Wright and McMahan (1992) and Lado & Wilson (1994) call this method the *behavioural perspective*.

The logic underlying both of these broad matching methods is the belief that they will enhance the organisation’s ability to utilise employees effectively or efficiently

¹⁰ For example the *matching model* (Legge, 1989), the *fitting* approach (Wright & Snell, 1998), the *behavioural perspective* (Wright & McMahan, 1992; Lado & Wilson 1994), the *contingency perspective* (Delery & Doty, 1996).

towards some strategic goal (Fry & Smith, 1987; Martell & Carroll, 1995; Morishima, 1995; Vanhala 1995; Ezzamel et al., 1996; Barker, 1999). As such there is a strong notion of the subordination of HRM in the three variants of the matching model, as ‘the task of the HRM strategist is to fill in those blanks on the operational side of the strategic matrix...’ (Williams, 1994, 8).

A point to note in relation to the matching model approaches is that while there is an implication of a freedom of choice for practitioners to select the most appropriate HR techniques for the organisations’ strategies, their choices are constrained by internal and external factors in the organisations’ environments (Morishima, 1995). Factors that influence HRM practices include the size and nature of organisation (Kane, 1994), the national culture (Morishima, 1995; Alder & Bartholomew, 1991), the influence of unions, government policy, legal structures, the politics of corporate decision-making (Kane & Palmer, 1995; Morishima, 1995).

The second theme of SHRM research – the best fit approach.

Another method advocated SHRM, is based on *best-fit* HRM. Compared to the *matching* approaches this approach to HRM is more structurally driven than demand driven. Best practice HRM has a focus upon gaining a competitive advantage by having the techniques in place to recruit, maintain and retain the most ‘appropriate’ employees (Purcell, 1999; Boxall & Purcell, 2000; Gibb, 2000). This type of approach results in researchers advocating certain HRM practices as universally appropriate and thus, Delery and Doty (1996) also refer this type of approach as the *universalistic perspective*.

Best fit/universalistic approaches to strategic HRM operate at two levels – vertical and horizontal. Proponents of a vertical fit view the appropriate match between the organisation’s external environment and the HRM practices pursued by the organisation as key to SHRM effectiveness (Boxall & Purcell, 2000). For example, organisations that are in highly competitive and mature markets could be expected to pursue HRM practices that are different to organisations operating in a less mature and less competitive environment. The most influential commentators who urge consideration of vertical contingencies in order to determine HRM practices are

Schuler and Jackson (1987) who advocated the utilisation of HRM practices that reinforced generic strategies.

The second level in the 'best fit' theme of SHRM advocates that HRM activities be horizontally aligned to each other. Commentary in this vein suggests that HRM practices should be 'bundled' into mutually consistent systems (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Youndt, Snell, Dean & Lepak, 1996). Such bundling is seen as necessary because of the assumption (and supporting research evidence) that the outcomes of HRM activities are *additive* in nature (Lahteenmaki, Storey, Vanhala, 1998). Accordingly, bundles of HRM activities should be carefully designed to lay emphasis on the types of workplace outcomes that relate directly to the selected organisational strategy.

In combination, the vertical and horizontal approaches to *best fit/universalistic* HRM approximates the *configuration approach* identified by Delery & Doty (1996). This approach is reliant on the view that HRM practices should be both horizontally and vertically aligned with strategy through a holistic method that considers patterns of multiple interaction of variables within the organisation (Delery & Doty, 1996).

The assumption behind *best fit/universalistic* views of SHRM is that any organisational context should be a secondary consideration to normative models of appropriate HRM practices. These best practices are said to variously involve decentralisation, empowerment (Purcell, 1993), commitment building, quality, strategic integration and flexibility (Guest, 1991) or employment security, selective hiring, team-working, high pay (linked to performance), training, reduction of status differences and information sharing (Pfeffer, 1998). Nevertheless, it should be noted that there are serious concerns about the veracity and validity of such approaches (Becker & Gerhart, 1996; Boxall & Purcell, 2000).

The third theme of SHRM research – the resource based view approach.

A third theme of research in SHRM follows the advent of a *resource based view of the firm* in strategic management (Prahalad & Hamel, 1990; Grant, 1991; Barney, 1991; Wright & McMahan, 1992; Wright, McMahan & McWilliams, 1994; Becker

& Gerhart, 1996; Becker, Huselid, Pickus & Spratt, 1997; Barney & Wright, 1998).

Within such an approach, there is an assumption that -

...competitive advantage stems, over the long run, from building 'core competencies' in a firm which are superior to those of rivals. Proponents of the resource based view either assert that it is a firm's ability to learn faster and apply its learning more effectively than its rivals, that gives it competitive advantage... (Boxall, 1996, 66)

- or that sustained competitive advantage can be developed by creating value links that are hard to imitate (Becker & Gerhart, 1996).

This treatment elevates the role of HRM by comparison to both the *matching model* and the *best practice/universalistic* approaches because whereas in those models the strategy of the organisation is *a priori*, in the resource based approach, strategy is not a given (Boxall, 1994). This is because in a resource based approach, the resources that are available (and hopefully unique) to the firm drive the formation of competitive strategy and as such, HRM provides a pivotal role in strategic attainment (Boxall, 1994; 1996; Barker, 1999; Budhwar 2000). 'More importantly' according to Boxall, 'the resource-based perspective offers a way of theorising the contribution of HR strategy that does not rest solely on the reactive norms of the matching model' (1996, 66) or on the spurious coherence of the *best fit approaches* (Boxall & Purcell, 2000). As a result of the higher value placed upon the contribution of employees, a resource based view of the firm will tend to result in an approach to HRM that is closer in alignment to a soft or high commitment approach than either a matching or best practice approach (Boxall, 1995b; Wood, 1995).

DEBATE FOUR: WHAT IS HRM IN (EMPIRICAL) PRACTICE?

Alongside conceptually based examinations of HRM (i.e. its philosophy or its link with strategy), a third major theme of exploration has been empirically driven.

There are many themes of empirical research that explore what HRM 'is'. These have been driven by intra-disciplinary questions such as:

- Why is HRM adopted by organisations?

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- Once adopted, what determines HRM practices and policies?
 - How do cultural, geographic factors and nation state differences influence HRM?
 - Is there HRM best practice?
 - How does HRM interact with line staff? and
 - Does HRM contribute to organisational performance?

The question of why HRM is adopted by organisations

In terms of elucidating the question of why HRM is adopted, two bodies of thought emerge to provide explanations - factors internal to the organisation and factors external to the organisation.

The internal factors that are key to the adoption of HRM and the types of practices utilised are determined by the power, motives and knowledge of decision-makers within the organisation (Jain & Murray, 1984). In particular, the types of decisions made are dependent upon the knowledge base of the organisation's specialist staff, specifically any education/training in HRM they have received, in combination with their level of experience (Jain & Murray, 1984). A review by Terpstra (1994) examined the influences on HRM practitioner behaviour and found support for the internal factors identified by Jain and Murray (1984).

External to the organisation, the central factors influencing the adoption of HRM have been identified as societal pressures (Beer et al., 1985), competitive pressures, technological change, structural change, market changes and changing expectations held by customers (Hendry, 1988).

In a related examination, Tsui and Milkovich (1987) have studied the factors that determine the uptake of HRM. In their analysis, three explanations for the development of HRM approaches were explored. The first was a structural/functionalist explanation that views the utilisation of HRM as arising from growth and the increased requirement to have specialists in place to perform certain tasks. The second explanation is entitled the 'strategic contingency perspective', and this

views the adoption of HRM as a reaction to external contingencies such as a changing legal or industrial environment (also see Delery & Doty, 1996). The third explanation views HRM as necessary to develop the activities to ensure that goals and objectives of the organisation are met – this is called the strategic perspective (Tsui & Milkovich, 1987; Kane & Palmer, 1995). Each of the three explanations for the uptake of HRM tested by Tsui & Milkovich (1987) were found to have some degree of validity for explaining why organisations in certain situations were likely to turn to HRM. These varied reasons for the uptake of HRM were also found to have some significance for determining the types of HRM practices organisations were likely to undertake (Tsui & Milkovich, 1987).

The Question of What Determines HRM Practice and Policies

Once organisations shift to utilising HRM, there is a question of what variables influence their selection and use of HRM practices. Tyson and Witcher (1994) suggest that an important, but often-ignored factor that influences upon the nature of HRM practice, is the economic environment and profitability of organisations. In support of this finding, Dyer and Holder (1988, 17) have cited a number of US corporations that have ‘...found their paternalistic HR strategies to be unsustainable in the face of continuing competitive pressures and depressed earnings’. For example, national economic recession has tended to result in HRM practices concerned with downsizing, focused recruitment, and reduced training and manpower planning (Cascio, 1993; Kane & Palmer, 1995; Sahdev, Vinnicombe & Tyson, 1999).

A related consideration, which has had more research attention, has been the influence of organisational size on the adoption of HRM and the types of practices used (Fisher & Shaw, 1992; Kane & Palmer 1995; Poole & Jenkins, 1998; Budhwar, 2000). In addition, other contingent variables such as the age and nature of organisation are said to influence HRM practices (Poole & Jenkins, 1998; Budhwar, 2000), as is the question of whether the organisation is in the public or the private sector (Poole & Jenkins, 1998; Boyne, Poole & Jenkins, 1999).

An exploratory study by Kane and Palmer (1995) sought to evaluate the influence of various factors (identified by literature reviews) on the use of HRM and the types of HRM practices. The study was conducted in 1994 and involved a sample of 28 full-time HRM managers drawn from part-time postgraduate students in the Faculty of Business, University of Technology, Sydney. The HRM practitioners in the sample were asked to rate each factor as to the amount of influence they believed it had had on HRM policies and practices in their organisation. The five factors determined to have the most influence included: legislation/regulation; organisational strategy/objectives; industry/sector characteristics; the priorities of top management; and the organisation's size.

However, an interesting (and unexpected) finding according to the results reported by Kane and Palmer (1995), is that the 'overall HRM strategy' was not found to be a major source of influence on the HRM policies and practices in use in this sample. Based on this finding, Kane and Palmer (1995) argue that their exploratory study found no support

...for the strategic HRM-based hypothesis that HRM strategy would have the highest mean level of influence on HRM policies and practices overall as well as on policies and practices in the various sub-areas of HRM, and that the presence of influence by an HRM strategy would result in a decrease in the amount of direct influence by other factors (1995, 12).

In place of a strategic orientation, Kane and Palmer (1995) argue that their results appear to support a model proposed by Tsui (1990) and Tsui and Milkovich (1987) of a multiple constituency or 'employment relations/pluralist approach to HRM, which is based on the assumption that HRM policies and practices are determined by numerous 'direct influences' as opposed to ideal HRM techniques or strategies (Kane, Crawford & Grant, 1999).

In support of Kane and Palmer's (1995) finding that HRM policies and practices are determined through reactive responses to a wide range of pressures and expectations from a variety of interest groups within the organisation, as opposed to a strategic approach, Kane, Crawford and Grant (1999, 497) argue that a number of studies have found that 'HRM often appears to have been implemented on an *ad hoc*, partial or reactive basis' (see for example Jain & Murray, 1984; Buller, 1988; Gilbertson &

Fogelberg, 1991a; Guest, 1990; 1992; Kramer, 1992; Moore & Jennings, 1993; Plevall Lane, Nellis & Schuler, 1994; Legge, 1995a, 1995b; Storey, 1995b).

Similarly, Becker and Gerhart find that: 'at times, there appears to be a major 'disconnect' between what the research literature says that firms should do and what firms actually do' (1996, 796).

Explanation for the poor uptake of strategically focused and integrated approaches to HRM may rest in three often-cited factors. The first focuses upon the lack of dedication and priority to HRM found among top managers (Torrington, 1989; Gennard & Kelly, 1995; Kane, 1996; Beer, 1997; Grant & Osrick, 1998; Kane, Crawford & Grant, 1999). The second barrier to effective HRM relates to a paucity of skill and ability among the HRM practitioners (Collins, 1985; O'Neill, 1985; Dyer & Holder, 1988; Schuler, 1990; Miller, 1991; Moore & Jennings, 1993; Beer, 1997; Kane, Crawford & Grant, 1999). The third barrier results from a lack of statistical reliability within the discipline as there is little investigation of the impact of HRM programmes and policies especially over the longer term (Guest & Peccei, 1994; Fernie & Metcalf, 1995; Legge, 1995b; Storey, 1995a; Huselid, 1998; Kane, Crawford & Grant, 1999).

Beyond the question of what determines HRM practice, a third theme of empirical research focuses upon geographic factors and nation/state variations to explore what HRM is in practice. As such, this third theme is closely related to both questions of why organisations take-up HRM and why organisations using HRM utilise certain practices and policies.

Nation State/Geographic Influences on HRM Practice

Within the discipline of HRM, a question that has captured large-scale empirical attention is the geographic dimension to variations and nation state in HRM practices. Geographic consideration based on single national cases is problematic for two reasons. First such analysis can result in lists of HRM activities that are so abstracted from the environment that they could be found in any HRM textbook (Vanhala, 1995), and second '...there is overwhelming evidence against a universalistic set of HR practices....' (Boxall & Purcell, 2000). However, despite the

difficulties, geographic and national cases are important to factor in a consideration of how the widespread HRM phenomenon has prospered or floundered in specific historic contexts. In addition, geographic consideration allows researchers to compare nation states of similar structures to highlight similarities and disparities that may aid the explanation of the HRM phenomenon.

To illustrate, according to Chew and Goh (1997), companies in Singapore pursue a form of HRM that is very close to personnel management and that there is a long way to go in terms of changing organisational practices before HRM in that country could be considered strategic. Explaining their argument Chew and Goh note that 'very few HR directors are involved in business strategy...' (1997, 245). In accord with Chew and Goh (1997), Khatri (1999) argues that HRM is not particularly well managed in Singapore. However, when HRM in Singapore is compared to Indonesia, its practices do not look inferior. In Indonesia, HRM is viewed as synonymous with personnel management and as a discipline, it is 'not regarded highly' and plays a very limited role in most organisations (Habir & Larasati, 1999). A 1995 survey showed Indonesian managers' perceptions of specialist HRM practices were essentially negative (Habir & Larasati, 1999).

As was the case in many Western capitalist economies, the early 1980s were the beginning of the widespread utilisation of the term HRM in the USA. Surveys conducted by the American Management Association and Bureau of National Affairs during the 1980s found evidence of a growing uptake of HRM related practices (Guest, 1990). However, as with other geographic models, there are few empirical examples of organisations in the USA implementing HRM to a point that approaches normative best practice (Boxall & Purcell, 2000).

Another often cited variation in geographic practice is the case of Britain in which HRM was said to have appeared and taken hold in many organisations during the early 1980s (Storey & Sisson, 1989; Keenoy & Anthony, 1992). By 1990 the Workplace Industrial Relations Survey found evidence of HRM expansion in that there was greater use of individual rather than collective agreements and increased attention being paid to involving individual employees (Sisson, 1993). A later study

conducted by the University of Warwick's Industrial Relations Research Unit confirmed that there was a remarkable degree of HRM uptake among (large mainstream) organisations (Storey, 1992c).

However, while there is a large body of evidence to indicate that there was a widespread adoption of HRM in British companies by the 1990s, the nature of the HRM practices pursued remained under question. Sisson and Storey (1990) noted that while HRM practices had been widely adopted by organisations, they fell well short of strategic HRM (also see Storey, 1995b). This theme of limited strategic focus was again echoed by Legge in the mid-1990s when she concluded that there was still '...only patchy and sometimes contradictory evidence on HRM's *strategic* implementation' (1995b, 36 emphasis added). Research that adds weight to the position that there is only limited evidence of strategic HRM is provided by a study of British engineering firms by Storey (1998) which showed 38% of firms using a 'soft' approach to HRM and 13% following a 'hard' approach.

In comparison to the British model of highly contested HRM development, literature on HRM from US researchers tends to stress the view that HRM has been a logical development from antecedent strands of management theory (Claydon, 1994). There is a line of argument that places HRM as a natural successor to personnel management, which developed from human relations theory which in turn, developed from perceived problems with scientific management (Beaumont, 1992; Salaman, 1992). Following this line of argument, it could be asserted (especially within labour process terms) that HRM is just another phase in the contested terrain or structured antagonism that marks modern employment relationships. Yet, researchers looking at HRM within the USA seem just as likely to identify strategic integration limitations and problems with internal coherence as researchers in Britain have.

A trend that parallels the growth in the use of HRM terminology and practices has been a heightened management response to unions (Kochan, Katz & McKersie, 1986; Beaumont, 1987). As a result of these parallel (and related) developments, HRM in many Anglo countries (especially USA and UK) is often associated with

union avoidance tactics and anti-union attitudes and such was the strength of this response, HRM throughout the world has been labelled as anti-union (Kochan, Katz & McKersie, 1986; Guest, 1990).

By comparison to the British and US models, Finnish HRM practices are identified as being much more variable and dependent upon size, company type and industrial sector (Vanhala, 1995). Vanhala (1995) argues that as the majority of companies in Finland are considered 'small' it is unsurprising that no specialised methods of performing HRM (or personnel) practices are found, with the few practices being utilised in the organisation falling to the manager or owner-manager to perform.

Where empirical studies have been conducted on HRM practices, they have shown a '...strong bias towards large companies....' (Vanhala, 1995, 44). The Price Waterhouse/Cranfield study of HRM in Europe (conducted by Mattila and Saarinen (1992)¹¹ in Finland), showed that 78 per cent of large companies possessed a specialist HRM (or personnel) manager – a lower percentage than in Sweden, Germany or the UK. Of these specialist HRM staff, 56 percent were women. The Price Waterhouse/Cranfield study also revealed that HRM departments utilised specialist staff in a positively linear relationship with the number of employees in the organisation and that personnel departments in the private sector were smaller than in the public sector (Vanhala, 1995). In terms of educational background, HRM managers were most likely to hold MBAs, followed by behavioural science, engineering and law degrees (Vanhala, 1995). Finally, in terms of HRM's strategic nature, Mattila and Saarinen (1992 cited in Vanhala, 1995) found that in Finnish companies, 61 percent of organisations have an HR manager within the top echelons of management, compared with 30 percent in Germany and 84 percent in Sweden.

As is the case in Finland, in Australia the normative textbook models of HRM practice are somewhat stretched by nation state contingencies. Studies into the nature of HRM policies and practices in Australia '...typically indicate that only a minority of organizations appear to have adopted the major elements of a strategic

¹¹ Published in Swedish but cited in Vanhala, 1995, 44

approach to HRM' (Kane & Palmer, 1995, 12). For example, a survey reported by Kane (1994, 32) reported that only 33 percent of respondents

believed their organization's HRM policies and practices adopted a long-term perspective, only 37 per cent saw HRM policies and practices in the various areas of HRM as closely integrated, and only 43 per cent saw these policies and practices as designed in line with the organization's strategy and objectives.

Similarly, Dowling and Fisher (1997) found that only 17 percent of Australian organisations had HR representation at the level of the board of directors.

The other major theme in HRM in Australia is philosophy. In 1995, Kane & Palmer suggested that HRM in Australia was heavily influenced by a pluralist underpinning to employment relationships which was reflected in their assertion that there is an 'assumption that various stakeholders have a valid interest in HRM policies and practices...' (1995, 7; also see Keenoy & Kelly, 1998). This pluralism had been entrenched by the industrial relations regime that was structurally pluralist. But by 1999, the industrial relations setting became decentralised and fragmented and Kaye reported that 'the evidence to date suggests labour is being treated as a variable input where it is a cost to be minimised' and the '...widespread use of hard HRM strategies...' has become increasingly evident (p. 12). Fisher, Dowling and Garnham (1999) concurred with Kaye's (1999) assessment of the philosophical change by noting an increasing tendency towards unitarism in Australian HRM (also see Keenoy & Kelly, 1998; Fisher and Dowling 1999).

The Question of HRM 'Best Practice'

Associated with the debate over SHRM, numerous empirical studies have investigated what practices and activities can be categorised as constituting universal HRM 'best practice' (Boxall & Purcell, 2000). For example, research shows that a comprehensive approach to selection is positively correlated with organisational performance (Kleiner, Block, Roomkin & Salsburg, 1987; Russell, Terborg & Powers, 1985; Terpstra & Rozell, 1993; Youndt, Snell, Dean & Lepak, 1996). Similarly, it has been shown that HRM practices associated with increasing employee commitment such as devolved decision-making, comprehensive training,

salaried compensation, employee participation are all correlated to higher performance (Arthur, 1992; 1994).

Likewise, Huselid's (1995) research shows that HRM practices such as incentive based remuneration, comprehensive selection techniques and employee participation all resulted in higher organisational productivity and performance. Whereas, Heffernan and Flood (2000, 83) suggest that the activities of 'selection, performance appraisal, incentive systems, job design, promotion systems, grievance procedures, information sharing, attitude assessment and union-management partnerships' should be treated as the basis of HRM best practice.

Alongside these findings about the universally positive impact of certain HRM practices, research has also revealed that HRM is more effective when practices are 'bundled' into mutually consistent systems and that HRM practices tend to work more effectively when they are bundled with similar practices than individual practices working alone (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Youndt, Snell, Dean & Lepak, 1996).

Nevertheless, there has been only limited definitional congruence in empirical research on what constitutes HRM best practice although a number of researchers have persisted with this line of inquiry, possibly because the '...seductive power of... [HRM] means that it is all too easy to fall into the trap of distorting reality by rarefying the often incomplete and indeed amorphous character of everyday managerial practice by attributing to it a spurious coherence' (Storey, 1992a, 17).

An explanation for this lack of congruence in research may be cited in that HRM cannot be easily defined through empirical descriptions of best practice because there is so much happening within the field (Storey, 1992a). There also appears to be little stability in the core of workforce management techniques operating under the mantle of HRM either; from time-to-time, between companies, between industries, or over spatial and national distribution (Boxall, 1993).

The explanation for the lack of stable practices that form a core of HRM can be understood in two ways. First, empirical studies of firm level HRM generally do not take into account the tendency to segment workforces and ‘adopting different HRM strategies for each segment’ (Boxall, 1996, 62; also see Ezzamel et al., 1996).

Unless segmentation is understood and accounted for, researchers will look for consistency in action and practices where none could be expected (Boxall & Purcell, 2000).

A second explanation for the failure of congruence over best practice might arise from HRM’s role in pursuing a competitive advantage through strategic management. In taking such a role, HRM consists of whatever combination (or bundle) of practices that will assist in achieving competitive advantage. As organisations seek to differentiate themselves through their strategic approaches, a similar differentiation can be expected in the practices HR managers select and utilise to attempt to achieve strategic objectives (Guest, 1998). Therefore, it cannot be reasonably expected that human resource management practices will be completely structured around benchmarks of best practice (Becker, Huselid, Pickus & Spratt, 1997; Boxall & Purcell, 2000).

An issue that significantly clouds the question of HRM best practices is the fact that researchers in this area tend to assert their findings are universally applicable to all organisations while in practice, HRM activities are most often associated with larger organisations (Wilkinson, 1999). This failing brings Horstman to observe that many authors assert ‘that best practice HRM is evidenced by the existence of a defined set of HRM practices in a particular organisation irrespective of its strategy, size, or sector’ (1999, 330).¹² As these best practice approaches are universalistic and normative in their prescriptions they tend to under-theorise the variations in practices that are inevitable when considering organisational size and resources (Horstman, 1999; Kinnie et al., 1999).

¹² For example, see Guest, 1987; Storey, 1992a; Pfeffer, 1994; Huselid, 1995; Wood, 1995; Marchington and Wilkinson, 1996.

Bacon, Ackers, Storey and Coates (1996) also support the assertion that best practices may not be applicable to smaller organisations. Their research indicates that although business owners and managers may have a good understanding of human resource management practices, it is unlikely that smaller organisations will undertake HRM in the same way as a larger organisation. For example, it seems unlikely that smaller organisations will have; the depth of personnel to utilise internal labour markets for promotion; or the resources available to conduct 'expensive' HRM practices like assessment centres; or the organisational dynamics to perform practices like 360° performance evaluation or peer mentoring.

To further cloud the issue of best practice, Purcell (1999) questions whether best practice research is reliable because the specific contingencies that affected HRM in the sampled organisations may not actually be feasible to reproduce. In particular, Purcell (1999) notes the reliability of the research into this area of HRM may be strained by an under-consideration of specific contingencies affecting the organisations studied given that these contingencies might have as much of an impact on outcomes as the HRM practices themselves. On the basis of this evaluation, Purcell (1999) argues that research that has advocated best practice HRM has gone down a 'cul-de-sac', while the style of research that has treated HRM as capable of a completely autonomous contingent response has amounted to HRM's 'Chimera'.

Although empirical findings of best practice have yielded contentious insights into what HRM 'is', other lines of empirical inquiry have provided some explanations for certain questions about 'why' HRM is practised in certain ways.

The Question of HRM and Line Management

One of the central questions within the discipline of HRM relates to the manner in which HRM practices and activities are deployed. Initially, many commentators assumed that the transition from personnel management to HRM would result in a shift from HRM being undertaken as a staff function to it being undertaken by line managers who were supported by HRM internal consultants (Tyson, 1987; Storey, 1989b; Guest, 1989; 1991; Legge, 1995a). However, there are serious questions

within HRM as to whether this 'hand-over' of responsibilities has occurred in any large scale (Storey, 1993; Hope-Hailey et al., 1997; Skinner & Mabey, 1997; Cunningham & Hyman, 1999; Renwick, 2000).

Where there has been a devolution to the line, the transition has apparently not been smooth; Boxall (1994) notes that HRM has developed an unclear relationship with the line level which results in human resource departments sometimes being viewed as an unfortunate distraction by line managers (also see Cunningham & Hyman, 1995; Beatty & Schneier, 1997; Cottrell, 2000). However, this unclear relationship has not, according to (British) evidence presented by Poole and Jenkins (1997), impinged the line level managers taking responsibility for employee involvement practices that were previously the preserve of HRM units. Similarly, Cunningham and Hyman (1999) found that where line managers have tended to take on HRM activities, it has often been because of their dissatisfaction with the lack of direction and leadership of HRM specialists within their organisation.

The Question of HRM and performance

An increasing area of research interest in the field of HRM is the question of how the discipline and its practices contribute to organisational performance (Becker & Gerhart, 1996; Delaney & Huselid, 1996; Beer, 1997; Hope-Hailey et al., 1997; Rogers & Wright, 1998; Tyson, 1999). Whereas 'human resources, both as labor and as a business function, has traditionally been viewed as a cost to be minimized and a potential source of efficiency gains' (Becker & Gerhart, 1996, 780), HRM decisions are now being considered as a source of value creation and a means of direct contribution to organisational performance. It is claimed that research 'has progressed far enough to suggest that the role of human resources can be crucial '...in creating and sustaining organizational performance and competitive advantage' (Becker & Gerhart, 1996, 779), but 'the specific form of this relationship is still open to debate' (Youndt, Snell, Dean & Lepak, 1996, 836).

The reasons that HRM influences on performance may be obscure are basically two-fold; the first is a failure of method - Becker and Gerhart (1996, 783) indicate that part of the problem is an observed reluctance on the part of researchers within this

field to undertake ‘careful and repeated [research] efforts to improve empirical estimates of a theoretical relationship’. This is exacerbated by an apparent unwillingness on the part of many researchers to utilise ‘natural, meaningful metrics (e.g., shareholder return, profits, organizational survival, productivity, cycle time, customer complaints)’ (Becker & Gerhart, 1996, 784). The second problem is an issue of definition – in particular the fact that HRM suffers from a dearth of accepted definitions (Delaney & Huselid, 1996; Lahteenmaki, et al., 1998). In addition, within this field of analysis, what is meant by the term ‘performance’ is often under defined, with wide variation in what is meant by ‘performance’ between studies, with most commentators taking performance to approximate either profit, stock price, survival, sales growth, customer satisfaction, product quality or perceived performance (Becker & Gerhart, 1996, also see Rogers & Wright, 1998).

Aside from the lack of clarity that exists in this debate, there is contradictory evidence about whether organisational-level performance generally improves through the use of HRM. Wright (1998) and Cunningham and Hyman (1998) arguing that evidence for a link is weak while literature reviews by Youndt, Snell, Dean and Lepak (1996) indicate that there is evidence that HRM based on both universalistic best practice and contingency approaches *have* been evidenced as contributing to performance (also see Hiltrop, 1996).

Despite the problems, several studies have been useful in highlighting the role specific HRM activities play in attainment of specific performance measures (Niehaus & Swiercz, 1996). Delaney and Huselid (1996, 952) conducted literature reviews that found that ‘selectivity in staffing is positively related to firm performance’ and that ‘considerable evidence suggests that investments in training produce beneficial organizational outcomes’ (1996, 952; also see Harel & Tzafir, 1999). In their own research, Delaney and Huselid (1996) surveyed a number of US for-profit and not-for-profit organisations and found a positive association between some HRM practices (training and selection) and perceptions of company performance. Similarly a survey of the banking industry by Delery and Doty (1996) found that three specific HRM practices – participation, results oriented appraisal and employment security - were positively related to accounting based measures of

organisational performance. However, a performance-HRM link identified by Welbourne and Andrews (1996) that was outside the usual range of findings in this area identified that 'compensation programmes that link employee wages to the success of an organization have a strong and negative effect' on the organisation's performance (in terms of stock price).

Research exploration of HRM at a broader level than just specific activities has two sets of research that stand out. First, Huselid, Jackson & Schuler (1997) surveyed 300 public companies in the USA for dimensions of professional HRM capabilities, strategic HRM effectiveness, technical HRM effectiveness and business related capabilities of HRM. Their findings indicate that large firms in the USA tend to have higher levels of proficiency in technical skills than in strategic skills but that strategic capability is positively related to firm profit and performance measures. Second, Delaney and Doty's (1996) bank survey indicated that organisations that were successful in aligning HR practices with their strategy attained nearly a 50 percent higher ROA (return on assets) and ROE (return on equity) than those banks that had HR practices just one standard deviation out of alignment.

CONCLUSION

Proponents of human resource management often describe the discipline as a '...new way of managing employees...' (Purcell, 1993, 13) or a '...new pattern of management strategy in employment relations' (Boxall, 1993, 647). Or in more comprehensive terms:

Human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques (Storey, 1995a).

To add to the claims of distinctiveness, Storey (1992a, 9) also notes that 'the familiar categories of what represented 'industrial relations' or 'personnel management'... may have begun to dissolve'. Therefore, it is this factor that has probably been at the seat of the inter-disciplinary debates surrounding the development and spread of

HRM. Much of the consternation was spurred by the fact that HRM has been a relative latecomer to the area of employment relationships, and as such, it has had to contend with, or in Boxall's (1993, 645) words, '...jostle for influence with....' established disciplines that already held sway over the domain of employment relationships. As a result, disciplines theorising and governing employment relationships have been involved in boundary disputes – as HRM researchers 'stake off' a part of the domain for their discipline, they shake the foundations of other disciplines theorising the employment relationship.

To illustrate the problem with competition over discipline boundaries, Keith Sisson the editor of one of the pre-eminent HRM journals (HRMJ) defined HRM '...to refer to policies, procedures and processes involved in the management of people in work organizations' (1990, 1). Blyton & Turnball (1992b, 3) note that in taking such a broad definition; HRM '...is able to embrace more traditional subject areas such as industrial relations, personnel management, organizational behaviour and industrial sociology'. For academics working within these traditional disciplines, the results of such an encompassing definition are twofold. Either they could perceive there to be greater opportunities to publish, as long as they are willing to cloak their work in the style of HRM, or they could perceive their traditional disciplinary concerns as being mutated and diluted by HRM 'usurpers'. Whichever way the researchers in the older disciplines have reacted at an individual level, it is worth noting that as Storey points out 'the phenomenon of human resource management has evoked tremendous interest from practitioners and academics alike in recent years' (1992a, xii).

Therefore, the motivation of the discipline groups that have been affected by the spread of HRM has been two-fold. Firstly, and as already noted, the terrain they had 'marked off' as their own came under encroachment by HRM, and secondly there has been an added ignominy that the threat has been from a discipline that has been widely described as having no unifying theory. Blyton and Turnball for example, describe HRM as having a '...breadth of definitions....' (1992b, 3) and acknowledge that '...there is a general lack of clarity as to what HRM means for both the practitioner and the academic' (1992b, 16) as '...there is no singular universally adopted definition of HRM' but '...there is a surplus of conceptual models that have

been developed to help explain it' (Heffernan & Flood, 2000, 13). Alternatively, in the words of Storey, '...there have been few attempts to define HRM' and yet '...there are multiple interpretations of its meaning...' (1996, 5; see also, Wright & McMahan, 1992). Thus, there are numerous points of debate and questions arising from the broad discipline of HRM and as many explanations for why these debates and questions arise.

One explanation for this lack of conceptual clarity may be the result of the lineage of HRM. Various streams of HRM theory arise from different theoretical antecedents aside from industrial relations and personnel management, including scientific management, manufacturing management, human relations theory, industrial and organisational psychology, organisational development, organisational behaviour, human capital theory, and strategic management (Prewitt, 1982; Poole, 1990; Noon, 1992; Boxall, 1992a; 1993). Each of these antecedents has a tendency to stress particular sub-functions of HRM, for example, HRM themes developed from organisational psychology tend to focus attention on selection testing, while organisational development tends to focus attention on organisational change. In combination, the different antecedents, and the sub-functions that arise from them, cause the discipline of HRM to be fragmented (Boxall, 1992b).

Another explanation for the lack of clarity in the HRM discipline has been the fact that HRM has tended to be treated as a unified field of knowledge whereas a number of commentators point to HRM approaches being disjointed on geographical and industrial fronts and over time. For example, Zucchi & Edwards (1999, 334) argue that the nature of HRM has changed over time – it was once a '...supporting and advisory function' but is now '...much more integrated into the strategy of the business' and the '...role of the HR manager is more recognised than it was before' (Also see Tyson, 1999). The disjointed nature of HRM is seldom acknowledged in literature and therefore, studies that make broad pronouncements on the nature of HRM often lack credibility when the contextually bound nature of their analysis is examined.

A third explanation for the lack of clarity affecting the HRM discipline is the sparse theoretical basis for most of the issues dealt with by the discipline (Wright & McMahan, 1992). For example SHRM has been noted as being one glaring example of an area of HRM that has tended to be lacking in theory¹³ (Bacharach, 1989). To carry the discipline forth in the face of such theoretical limitations, many commentators have tended towards a normative treatment of issues in HRM (Noon, 1992). Therefore, HRM has been identified as having many similarities with evangelistic religious belief in the way that it is promulgated and sustained (Storey, 1995a; Keenoy, 1990b; Keenoy & Anthony, 1992; Grant & Oswick, 1998).

In a related sense, for many of the opponents of HRM, the main problem with the discipline is its apparent propensity towards unitarism. This propensity arises from models of HRM tending to oversimplify the employment relationship in that there is often an assumption that once managers have established the required behaviours, workers will inevitably fall into line with such plans (Boxall, 1992a; 1995). Little consideration is given in these models to questions of control, resistance or even workers' voice in the process. Employees are treated as subjects whose behaviour is to be ordered and structured, in for example, pursuit of strategic goals.

Such unitarist tendencies are said to be particularly evident in the 'hard' approach to HRM and in models of strategic HRM, utilising 'matching' based theoretical assumptions. However, it seems likely that as HRM is a managerial discipline and functionalist in perspective (Townley; 1993), unitarism is just as likely to be an (implicit) part of 'soft' models of HRM as hard. This is because regardless of whether HRM is seen in its hard, calculable style or in its soft, humanistic style, its role is to '...confer legitimacy on forms of managerial control' (Payne & Wayland, 1999). For example, where soft styles of HRM allow for unions 'being accepted and even valued for their representational role' (Mabey, Salaman & Storey, 1998, 282), the role of these unions is apparently much curtailed by the individualistic methods of HRM (Barker, 1999).

¹³ Although more recent work by Wright and McMahan (1992) and Boxall, (1996) has gone some way to rectifying this omission.

Similarly, both the hard and soft styles of HRM will be implicitly functionalist because the bulk of the theory that supports the practice in this discipline is an explanatory body and a set of tools *for* management to structure, control and order the employment relationship to maximise the organisation's outcomes. As a discipline for management's use, there is limited consideration of the freedom of action and motivation of workers except in the sense in which workers are considered as 'problems' to be overcome when management meets resistance to change.

While the undefined nature of the human resource management discipline is academically frustrating, it may also be the field's greatest strength. The '...elasticity in the meaning'... noted by Storey (1989b) means that human resource management can fluidly move to incorporate any new fad in workforce management, it need never be concerned with being overtaken by fashion trends. Where this lack of precise definition raises inter-disciplinary debates and intra-disciplinary questions about the nature of HRM, might give pause to cautious observers, Storey (1992, 23) reminds us that 'irrespective of the intellectual coherence which HRM may be found or not found to carry, the sheer level of interest which the idea generated is itself a matter of some significance.'

Early inter-disciplinary debate between proponents of personnel administration and industrial relations and proponents of the emerging field of human resource management seem to have fallen by the wayside in recent times. Likewise, initial predictions that HRM was a fad that would soon fade seem to have been proved wrong and this ability to survive renders it important in understanding the nature of the employment relationship.

The next two chapters (Chapters Six and Seven) take the analysis of employment relationships further by exploring the literature descriptions of the operation of the disciplines of industrial relations and human resource management in New Zealand.

CHAPTER SIX

INDUSTRIAL RELATIONS AND EMPLOYMENT RELATIONSHIPS IN NEW ZEALAND

INTRODUCTION

This chapter examines the nature of employment relationships in New Zealand by exploring the literature describing the industrial relations systems and structures that have affected individuals and workplaces.

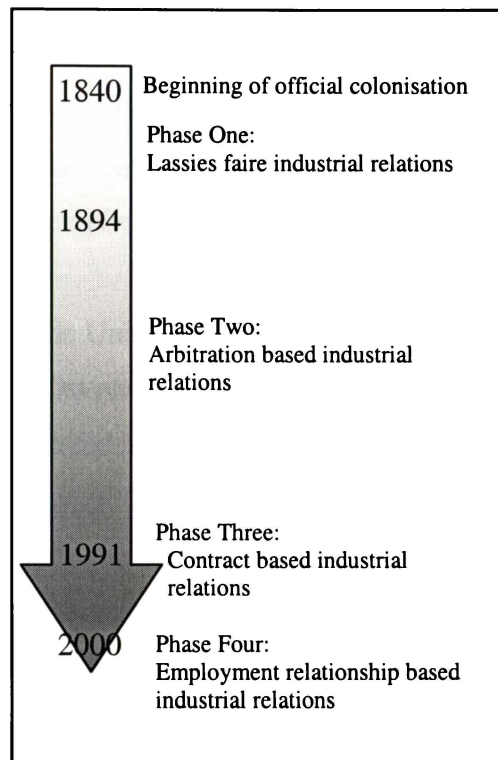
Throughout New Zealand's post-colonisation history, there have been a series of definable industrial relations systems and an accompanying set of distinctive characteristics among the industrial relations institutions. The explanation for the development of New Zealand's unusual pattern of industrial relations is intimately connected with the unique nature of the capitalist production system New Zealand has experienced. New Zealand's capitalist mode of production is unique for two particular reasons. First, for much of New Zealand's colonised history, its productive systems were geared to be an 'offshore farm for Britain' (Wooding, 1993, 93; also see Haworth, 1994). Second, compared to other Western capitalist nations, New Zealand has had an unusually small and dispersed population base.

These two factors have contributed to historic contingencies which have resulted in successive New Zealand governments playing an extremely important role in shaping the various industrial relations systems and in setting the boundaries and balances of power between institutional players in the industrial relations system (Williams, 1981). Even at the point in the 1990s when the government chose to absent itself from overt involvement in industrial relations, its absence after so many years of involvement resulted in a major structural upheaval.

There have been four discernible phases (see figure 6.1) of industrial relations in New Zealand (Wilkes, 1993). These phases have been primarily marked by different legislated industrial relations systems but they have also had distinctly different institutional and ideological structures. The first phase was the initial laissez faire capitalism that occurred between colonisation (officially 1840) and the election of the Liberal Government in 1891 (Rasmussen & Lamm, 1999). The Liberals legislating for an arbitration based industrial relations system heralded the second phase. The arbitration system was adapted many times but it essentially remained in

place until the Employment Contracts Act 1991 established contract based industrial relations (phase three). The fourth phase of industrial relations in New Zealand has just been entered – it is marked by a shift from contract based employment law to industrial relations based on a greater emphasis on relationships. The rest of this chapter examines industrial relations in New Zealand via these four phases.

Figure 6.1 Phases of Industrial Relations in New Zealand



Phase One - Laissez faire industrial relations

The first system of industrial relations was legislatively structured almost entirely by copying British statute, common law and social structures (Roth, 1978; Rasmussen & Lamm, 1999). ‘Travelling halfway round the globe in search of a land of economic opportunity, British settlers transplanted the economic arrangements they had known at home, a system with sharp divisions between buyers and sellers of labour power’ (Roth, 1978, 20; also see Roth & Hammond, 1981).

Prior to 1878 industrial relations in New Zealand was mainly regulated by the common law established via British precedents. Under common law, unions were severely disadvantaged as strikes and trade unionism were considered to be criminal

conspiracies (Brosnan, Smith & Walsh, 1990). These legal principles in relation to unions arose from the fact that employment was deemed to be a servile relationship. Employers were legally and socially designated as ‘masters’ and employees were designated as servants. Unions tended to be viewed as bodies whose sole purpose was the unlawful interference in the rightful conduct of business.

In 1878 the Trade Union Act, which was copied from British Trade Union law of 1871 and 1876 was enacted. This law made unions and strikes lawful and resulted in small branches of Australian and British craft unions such as the Amalgamated Society of Engineers and the Amalgamated Society of Carpenters and Joiners, being established in New Zealand (Geare, 1995).

After New Zealand’s Trade Union Act was passed, the major factor influencing unionisation during this first phase, was the ebbs and flows of the economy - when the economy expanded, so did union membership, but when the economy contracted, membership levels fell as well (Brosnan & Wilson, 1989). Craft unions were moderately successful during this phase because their labour was in heavy demand and there was a distinct shortage of skilled labour (Roth & Hammond, 1981). By comparison, unskilled labour had less power in this early capitalist system and tended not to form unions (Lloyd Pritchard, 1970). This is because unskilled labour was fairly abundant and there were no formalised social security arrangements to protect unemployed workers (Trlin, 1977; Woods, 1979).

The economic contingencies influencing industrial relations were exacerbated by two other factors – first, residential settlement was geographically spread and numerically sparse and it was difficult for early unionists to gain sufficient strength of numbers to organise many industries. Second, employment conditions in New Zealand tended to be somewhat better than colonists from the United Kingdom were accustomed to and given the often severe shortage of various types of labour, wage rates were reasonable. Overall, the period from the beginning of colonisation until the 1880s slightly favoured unions – union organisation slowly spread and gains were made at a slow but steady progress.

However, in the 1880s the spread of unions faltered as New Zealand entered a period of economic recession known as the Long Depression. This depression decimated many non-craft unions (Fryer & Oldfield, 1994; Rasmussen & Lamm, 1999).

Woods explains the labour market changes brought by the Long Depression: 'Wages fell, hours of work lengthened and boy and girl labour supplanted that of men, and there was a great deal of unemployment. Many abuses crept into working conditions' (1963, 23).

The government's response to the declining standards of employment marked a shift within the first phase from pure laissez faire capitalism to the emergence of State controlled industrial relations. Specifically, the Employment of Females Act 1873 was legislated to control the working conditions of women, and later children in factories. Aspects that were regulated in this Act included hours of work, cleanliness in workrooms, provision of facilities and days off. However, no structures were put in place to enforce this Act and it tended to be ignored by employers (Martin, 1991). Further concern over the condition of work in factories led to the establishment of the 'Sweating Commission' in 1890. The Commission found a number of examples of very poor working conditions in New Zealand factories. Concerns over industrial matters were given force by the election of the Liberal Government in the early 1890s.

The Liberals saw the increasing incidents of poor industrial conditions as a symptom of a wider problem of class division and their policy agenda began a wide reaching set of social reforms which addressed this division. One of the main areas of action was the Liberals' identification of a growing class division between capital and labour (Hamer, 1988). They acted on a number of fronts to try to address these issues (Hamer, 1988, Wilkes 1993; Rudd, 1993). In particular, new laws were introduced to allow State involvement in employment relationships. State mandated protection for industrially weak workers, particularly women and youths was introduced through legislation such as the Factory and Shop Acts and legislation was introduced to achieve wage protection (for example the Truck Act) (Reeves, 1969/1902; Martin, 1991; Rasmussen & Lamm, 1999). The State's ability to intervene was further heightened by the establishment of a new State institution - the Department of Labour to police the provisions of the new legislation.

Aside from legal developments, a second major outcome of the Long Depression was union militancy in the late 1880s and early 1890s. In particular, a major turning point during the first phase of industrial relations came with the 1890 maritime strike (Fryer & Oldfield, 1994). The strike was easily defeated by employers and in the aftermath of the strike, the pendulum of industrial strength swung and 'employers took advantage of their industrial superiority to reverse gains made by unions in the previous decade' (Walsh, 1993, 174-175). As a result, many smaller unions lost strength but larger unions reacted to the pressure placed upon by becoming more militant (Reeves, 1969/1902).

The first phase of industrial relations affected the public sector slightly differently to the private sector. During this phase, the State moved to expand its infrastructure and many agencies and departments were established (Rasmussen & Lamm, 1999). During the 1880s and 1890s, several State unions were formed to represent the interests of public sector workers. Membership was voluntary and density rates were initially quite low – consequently several of these unions struggled to survive. For example, the Public Service Association of New Zealand was initially formed in 1890 but had gone out of business by 1898.

Phase Two – Arbitrationist Industrial Relations

The second phase of industrial relations was the system based on arbitration in the private sector. The arbitration system was introduced by the Liberal Government in 1894 and remained in place until the late 1980s. Although the system was in place for a significant period of time, it did not remain static; there were many occasions in which the system was altered to serve some pragmatic or political end. Evidence of the repeated changes to the arbitration system is provided in the legislative history of the system - 'There were six *ICA Acts* (1894, 1900, 1905, 1908, 1925 and 1954) and an *ICA Compilation Act* in 1905. In addition there were forty-five *ICA Amendment Acts (ICA AM Act)*' (Geare, 1995, 363).

The arbitration system was initially established by the Liberals to settle industrial unrest that would negatively impact upon the economic development and social

stability of New Zealand's private sector (Hare, 1946; Brooks, 1978; Law, 1991). One of the major catalysts for the Act was the industrial impotency felt by small unions during the long depression and the resulting lobbying by smaller unions for succour in the form of compulsory arbitration. However the union movement was split on this issue - militant unions argued that a State enforced arbitration process was likely to result in unions being captured by the system resulting in eventual over-reliance on the State (Richardson, 1981).

In the end, the militant unions were over-ruled, the Industrial Conciliation and Arbitration Act's 1894 preamble said it was 'An Act ... facilitate the settlement of industrial disputes by conciliation and arbitration...'. Such industrial harmony was deemed to be necessary because the economic injury caused by industrial disputes needed to be minimised in order 'to provide the conditions for effective servicing of the imperial market' (Haworth, 1994, 21; also see Lloyd, 1900; Reeves, 1969/1902; Rasmussen & Lamm, 1999).

The second major intention of the Industrial Conciliation and Arbitration Act 1894 was to promote the formation of industrial unions. This secondary rationale legislated for the formation of collectives of workers in order to bolster the industrial power of weaker groups of workers (Reeves, 1969/1902; Hamer, 1988). This arose in part as a result of the concerns of the Liberal Party's section of urban, middle class voters whose interest in the suffering of women and children in employment had been peaked by a series of articles published in the Otago Daily Times and by the findings of the 'Sweating Commission' (Martin, 1991).

The central role played by unions in the arbitration system was also mirrored by legislated roles for both employers and the state, thus the arbitration system was legally tripartist and purposefully pluralist (Woods, 1979; Rasmussen & Lamm, 1999). The arbitration system was premised upon the ideological position that conflict was inherent in industrial relations (Geare, 1994). The three institutional groups involved had a presence in the system by legal regulation and their mandates were strictly outlined on the basis of this premise (Reeves, 1969/1902; Williams, 1981; Rudd & Roper, 1993). The role of the unions was to represent workers in a particular industry, the role of the employers' groups was to represent employers

within the industry and the role of the State was to provide a balance between the interests of the unions and the employers so that conflict could be controlled (Métin, 1977/1899).

Four main benefits accrued to the union and employer groups as a result of being included in this system. First, employer organisations and unions registered under the Act had monopoly rights to represent workers/employers in their prescribed industry area. Second, the system provided these groups with influence by giving them exclusive rights of access to the Arbitration Court and conciliation boards. (Walsh, 1993). Third, unions and employers gained access to the centralised macro-level negotiations and the accompanying (almost consistently present) compulsory conciliation and arbitration that prevailed under the various IC&A Acts (Lloyd, 1900; Brooks, 1978). This access was particularly important for small unions because industrial strength became unimportant - negotiations were conducted under the mediating influence of the State and if agreement could not be reached during conciliation, the matter was referred to the Arbitration Court for an enforced settlement. Fourth, the right to access negotiations allowed the parties to be involved in the formation of awards – agreements setting out the minimum wages and conditions of workers within the industry covered. These had which had *blanket coverage* of all enterprises in the industry (Brooks, 1978; Holt, 1980; Fryer & Oldfield, 1994).

In return for institutional rights, the employer and union groups were limited in the nature of their activities. In particular, the Act severely limited the role and behaviours of registered unions in a number of ways. First, unions were required to restrain their activities to the narrow function of pursuing improved wages and conditions for their members (Walsh, 1993). For example the IC&A Act of 1925 restricted the activities of unions to *industrial matters*, which was interpreted as meaning ‘...matters relating to wages, hours and conditions of work’ (Hare, 1946, 176). An IC&A Amendment Act in 1936 did widen the definition of *industrial matters* somewhat but ‘...until 1964, unions were prohibited from undertaking any educational or welfare activities for their members’ (Walsh, 1993, 178). It was not until the 1960s that the IC&A Act was amended to allow trade unions to engage in training, welfare and educational activities (Harbridge, Woods, Douglas, &

Knowles, 1994). Second, the law also regulated who could and could not belong to certain unions, the fees that could be charged, and the purposes for which fees could be spent. Third, registered unions conceded the right to strike as it became illegal to strike while an agreement (award) was in force. Yet, the coverage of awards was perpetual as they remained in force until replaced by a new one. Therefore, it became technically impossible for registered unions to legally strike (Brooks, 1978). The obligation to concede the right to strike was described by many unions as a capitulation to capital, and led the future leader of the Labour Party - Harry Holland – to denounce the arbitration system as ‘labour’s leg irons’ and other commentators to describe ‘unionism in New Zealand [as] ... an artificial creation of the State.’ (Hare, 1946, 174; also see Olssen, 1985).

While many unions were opposed to the constraints of the arbitration system, it must be noted that for large periods of time throughout the system’s history employers were the strongest advocates. There were four main reasons for employers’ support of the arbitration system. First, small employers did not have to concern themselves greatly with bargaining as awards were negotiated and settled on their behalf by industry representatives. Second, the blanket coverage within industries tended to remove wages from competition (Fryer & Oldfield, 1994). Organisations were left to compete for market share on the basis of production efficiency, or innovation rather than driving down wage costs or having to greatly raise wage costs to retain scarce workers. Third, the system imposed restraints on the lawful activities unions could undertake. This allowed employers the freedom to exercise their managerial prerogative in the workplace without significant interference from unions. Fourth, the system prohibited strikes and this contributed greatly to the lessening of business risk faced by many employers – especially those operating in the exporting sector.

The fact that there were no strikes or lockouts for twelve years after the Act was passed was taken by the Liberals and a number of national and international commentators as proof of the efficacy of the Act (Lloyd, 1900; Holt, 1980). The influence of the Act was long lasting: compulsory arbitration remained in place (except for a short period in the 1930s depression) until 1987 (Geare, 1995). The registration of unions remained until 1990 and awards were the corner stone of industrial conditions for most employees until 1991. More importantly, this Act

structured the psyche of the institutional players in industrial relations – it legitimised the role of the State intervening in industrial relations by ‘equalising’ industrial power (Griffiths, 1975).

The primary significance of the change from the *lassies-faire* phase of industrial relations to the arbitrationist phase was that wages were no longer to be something determined solely by bargaining in the context of a ‘free’ labour market, nor was class conflict to be left as a matter for the contending parties to resolve through industrial unrest (Brosnan & Wilson, 1989; Geare, 1995; Rasmussen & Lamm, 1999). The state-controlled wage fixing system, regional awards and unions, the bureaucratic system and procedures were all by-products of the efforts to prevent industrial unrest (Woods, 1979). Effectively this meant the State had both the obligation and the right to intervene in industrial relations but at the same time it tried to ensure social and political unrest was minimised by evening out the relative bargaining powers of workers and their unions and management (Hare, 1946). The rationale for the State taking this role upon itself was explained by the main proponents of the Act, William Pember Reeves. He argued that the right of employers to manage their own business without restraint or impediment ceases upon their conduct becoming an injustice to others or on their conduct becoming an inconvenience to the State (Reeves, 1969/1902). Based on this logic, the Liberal Government led the way for the State to become heavily involved in industrial matters up until the 1990s.

The arbitration system proved to be relatively enduring as it was in place for nearly one hundred years - 60 percent of New Zealand’s colonised history. However the stability of this system of industrial relations varied according to the period – initially (up until 1908) there was limited industrial opposition to the arbitration system. Some unions that were in strong industrial positions objected to the constraints that were placed upon them by arbitration and many employers did object to the degree of State intervention the IC&A Act brought.

By 1908, union militancy and opposition to the restraints of the Industrial Conciliation and Arbitration Act began to result in industrial unrest and the Blackball Miners struck as a response these issues and poor conditions in their

workplace. The miners were dismissed and the issues went before the Arbitration Court, which found in favour of the employer. In the face of continued industrial unrest the employer eventually conceded and a clear message was taken by many unions that they could gain more through strike action than the arbitration system would give them. The waterfront workers followed the lead of the coal-miners and undertook direct negotiation (Department of Labour, 1979; B. Roth, 1993).

These events brought the industrial unions together and saw the formation of the first New Zealand Federation of Labour (FOL), which became known colloquially as the 'Red Feds'. The unions within this peak body tactically chose to deregister from the IC&A Act in order to be lawfully entitled to undertake direct negotiations with employers outside of the influence of the conciliation boards and in order to be permitted to strike (Department of Labour, 1979; Smith & Turkington, 1981). By mid-1912, the Federation of Labour had approximately 15,000 members – a quarter of all unionists and this posed a major threat to the arbitration system.

The industrial unrest was partly responsible for the Liberal Party losing political power in the 1911 election and the conservative, anti-union Reform Party, which was dominated by employer and farmer interests, becoming government.

The new government approached the FOL led unrest with a two-pronged strategy. First, employers in areas where unions had deregistered were encouraged to form alternative unions and have them registered under the IC&A Act in order that they gain the monopoly coverage of workers in affected industries. This tactic was used particularly effectively to defeat the Waihi miners strike and the general strike of 1913 (Barber, 1982). Second, the government enacted the Labour Disputes Investigation Act to make it harder for unregistered unions to strike. As a result of these tactical responses and military repression, the Red Feds were defeated by 1915 and the industrial power wielded by unions was significantly reduced (B. Roth, 1993).

The next stage in the life cycle of the arbitration phase of industrial relations was during World War I. In this period, high levels of inflation were experienced and the award system came under pressure because the rounds of three yearly wage reviews

being used were found to be ineffective in protecting workers' living standards. Again, this perpetuated a situation in which militant unions resorted to striking. However, this time the striking unions had more experience with direct action and they remained registered under the IC&A Act. Effectively this meant that the unions were acting unlawfully but they made their point, and in 1918 the government amended the law to allow the Court to increase wages during the term of an award so as to compensate for high inflation. The amendment explicitly allowed the Arbitration Court to be able to fix a basic wage for all workers through the issuing of general wage orders and required the Court to build a fair living wage into award rates. Aside from keeping industrial peace the change to the arbitration to allow in-term alterations became a major mechanism through which successive governments influenced wage rates to provide social equity.

After the war, there were two years of economic expansion followed by many years of economic recession - the Great Depression. During the Great Depression of the late 1920s and 1930s, the arbitration system, and the Arbitration Court in particular, was blamed for the economic failure in New Zealand and the level of criticism it faced was such that Belshaw commented that '...the attack on the Court has been conducted with all the fervour of a religious crusade' (Belshaw, 1928, 1). The response to such criticisms was the Court's use of general wage order powers to deliver a 10% cut in all award rates. During the same period (1932), the government acceded to employer and farmer demands and amended the IC&A Act to remove compulsory arbitration (Rudman, 1977; Walsh, 1993). Employers could now determine the terms of awards during conciliation and offer these terms on a 'take it or leave it' basis with unions having no legislatively based power and limited economic power (because the restrictions on strikes had not been removed) to affect a change in the offer. Consequently, unions were enfeebled and wages fell markedly. The rationale for this change in the law was that the declining economic circumstances required the flexibility afforded by freer wage bargaining and greater market influence on wages and conditions (Brosnan & Wilson, 1989). The results of the change were wage cuts, serious industrial unrest occurred in many industries and general social division.

The economic and social conditions of the Great Depression had unleashed a desire for change and the first Labour Government was elected and soon introduced massive amounts of reform that have left a deep and lasting impression on New Zealand society. Before the election, the Labour Party's Manifesto declared that if elected the Party intended to:

To organise an internal economy that will distribute the production and services in a way that will guarantee to every person able and willing to work an income sufficient to provide him and his [sic] dependants with every necessity to make a home and a home life in the best sense of the meaning of those terms

(Gustafson, 1980, 165; also see Hawke, 1982)

In acting upon this philosophy, the Labour Government undertook massive reforms, many of which required intervention in industrial relations (Rudman, 1977). For example, a minimum basic wage was established - the Finance Act of 1936 setting the basic pay rate at £4 for a 40 hour week, with an estimated 19,000 workers affected by this increase (Hawke, 1982). In addition, compulsory arbitration was reintroduced in 1937 and the Factories Amendment Act of 1936 legislated that workers in the manufacturing sector would have their hours of work cut to a maximum of 40 per week (Rudd, 1993). Union membership rose from 81,000 in 1935 to 233,000 in 1937.

During this period, the industrial relations system was used as an instrument to deliver social equity and economic stability - the Government tried to calm to overall climate of industrial relations through economic stabilisation regulations in which the government gave itself the power to directly intervene in the economy. This approach was paralleled by attempts to incorporate the unions through co-operation in raising wartime (WWII) production and in particular by appeal of nationalism to avoiding strikes (New Zealand Labour Party, 1941). In addition, an amendment was made to the IC&A Act to instruct the Arbitration Court to fix basic wages for adult male at a level '...sufficient to enable a man in receipt thereof to maintain a wife and three children in a fair and reasonable standard and comfort' (Woods, 1963, 138). The amendment to the IC&A Act also effectively delivered compulsory unionism in the private sector, as it became possible, for the first time, to register national unions, and for those unions to have national awards.

The decades following the Second World War were a period of economic expansion in New Zealand. This period is often called the 'long boom' and it was characterised '...by sustained economic growth fuelled by historically high levels of profitability and productive investment, full employment, low inflation, rising real wages, and the absence of prolonged balance of payment problems due to historically favourable terms of trade' (Roper, 1993, 2). However, the high commodity prices and rising profits spurred worker perception that the arbitration system was not delivering the fullest benefits that could be gained from the economic situation, and many unions in New Zealand became more militant.

The militancy resulted in the industrial unions (led by the watersiders) breaking away from the Federation of Labour and forming the Trade Union Congress (TUC). The TUC called for an end to the arbitration system and an introduction of direct wage negotiation (B. Roth, 1993). The expression of their militancy is best exemplified by the 1951 Waterfront Dispute (Basset, 1972; Barnes, 1987). This dispute arose when the Arbitration Court awarded a 15 percent wage increase as a post war adjustment but port employers refuse to meet the order and the waterfront union retaliated with an overtime ban (B. Roth, 1993). The port employers threatened to dismiss workers who refused to work overtime and in response the workers walked off the job (Basset, 1972). This dispute was one of the most costly in New Zealand's history as it lasted 151 days and many unions in other sectors of the economy led sympathy strikes (Rasmussen & Lamm, 1999).

The government's response to the Waterfront Dispute was a hallmark of the type of industrial relations that would follow over the next thirty years – the government intervened directly in the dispute (Barnes, 1987). In this case, the government deregistered the union, replacing it with a registered 'arbitrationist' union and providing armed services personnel to work the docks for the employers (Basset, 1972; Barnes, 1987). As a result, the militant unions 'they were destroyed... [when] the FOL stood aside and left the industrial unions to their fate' (Walsh, 1993, 180).

The defeat of the TUC temporarily settled the climate of industrial relations by removing the most radical protagonists from positions of power in unions. However, the calm was temporary, as the displaced activists from the watersiders' union

moved to other occupations and many eventually took up leadership positions in other unions, including the freezing industry unions, drivers unions, bus drivers, stationery engine drivers (B. Roth, 1993). So, while the arbitration system stabilised to the point where in 1961, the newly elected National (Holyoake) government's proposal to return to voluntary unionism was strongly opposed by union and employer groups alike, the stability was not to last (Brosnan, 1983; B. Roth, 1993).

During the late 1960s opposition to the arbitration system spread to more conservative industry groups and under the influence of the ex-watersiders, many unions began to argue for the right to free wage bargaining or direct negotiation with employers with no involvement of the Arbitration Court (Department of Labour, 1979; B. Roth, 1993).

A further catalyst for unrest over the operation of the arbitration system arose in 1968. In that year, there was a commodity price failure and the New Zealand economy went into recession. As a result, the Arbitration Court agreed that a case for a wage increase had been proved, but in the wider interests of the economy, it could not be granted. Accordingly, the Court recommended the infamous 'nil wage order'. The consternation this order created resulted in wide-scale public unrest and a deal being struck between the Employers Federation and the FOL in which their representatives on the Court combining their efforts to outvote the judge in the Court and change the nil order to 5 percent. The co-operation between employers and unions was described as an 'unholy alliance' by the Minister of Finance, Robert Muldoon (Harbridge & Walsh, 2000). However, the impacts of the decision were more far-reaching - 'the Court's decision to issue a nil general wage order provoked a crisis of confidence in its wage-fixing role from which the Court never recovered' (Walsh, 1993, 182).

By the beginning of the 1970s it had become clear to most interested parties that the machinery of compulsory conciliation and arbitration was no longer adequate to resolve the kinds of issues which confronted a developing industrial society (Woods, 1970; 1971; Brooks, 1978). To meet social equity objectives not addressed by the arbitration system, the Third Labour Government (1972-1975) began a process of

revising the private sector industrial relation system with the introduction of the Equal Pay Act 1972 and the Industrial Relations Act 1973.

The Equal Pay Act of 1972 was to provide a fundamental change to the traditional wage fixing system in New Zealand. Where the arbitration system developed to be systematically biased towards men, the Equal Pay Act provided that from 1977, women workers in the private sector would have the right to equal pay for doing the same work as men. The Act was to apply to all rates of remuneration applicable to jobs performed by men and women of substantially similar skills, efforts and responsibility.

The Industrial Relations Act 1973 was based on a 1972 joint submission by employers and unions about changes they desired in the private sector arbitrationist framework (Woods, 1974; Anderson, 1979).¹⁴ The Act was a major revision of the IC&A Act but it did not alter the fundamental philosophies of the arbitration system (Fryer & Oldfield, 1994). The Act brought two major changes. First, there was an introduction of a distinction between disputes of interest and disputes of right (Department of Labour, 1974; Williams, 1984). Strikes were only possible in disputes of interests - workers could strike whilst an award was being negotiated, but whilst the award was subject to conciliation talks or to arbitration, it remained illegal to strike over it (Anderson, 1979). The separation of disputes of rights and disputes of interest had a major impact upon unions - union members were allowed access to resolution mechanisms for disputes of right – these were classified as ‘personal grievances’ and it became illegal to strike over a personal grievance. This provision was intended to restrict union use of wildcat strikes in relation to disputes of right. The provision is also a good example of the manner in which unions (as institutions) were often required to act as quasi organs of the State under the arbitration system. In this specific case, unions were required to attempt to get settlement for the personal grievance in the workplace and if this was not possible, they were legally obligated to vet complaints to avoid frivolous litigation. These dual responsibilities effectively resulted in unions being legally required to act as ‘mangers of discontent’ in the arbitration system.

¹⁴ The 1977 State Sector Act applied similar provisions to public sector industrial relations.

A second major change brought by the Industrial Relations Act, was the introduction of a system for the registration of voluntary settlements in addition to awards (Smith & Turkington, 1981). This *second tier* bargaining allowed for some free enterprise level bargaining for the first time since 1894 (Harbridge, 1986; Anderson, 1979). Second tier agreements could be made outside the State controlled conciliation and arbitration system but once settled the agreement could be registered with the Court and thus made enforceable. Second tier bargaining brought a small but significant change to the future shape of industrial relations in New Zealand by bridging the gap between an arbitrationist and a collective bargaining based industrial relations system.

However, before these new legislative adaptations to the arbitration system could be fully implemented, three major forces of change impacted upon New Zealand industrial relations. The first was global economic recession in which many national economies suffered from economic stagnation, high inflation, declining profitability, insufficient investment, low terms of trade, balance of payments deficits, cessation of real wage growth and high levels of unemployment (Roper, 1993). Second, Britain joined the European Community and New Zealand lost its main commodity market (Wilkes, 1993; Haworth, 1994) and third, the OPEC oil shocks hit and high oil prices in combination with falling commodity prices resulted in disastrous terms of trade for New Zealand (Roper, 1993).

In terms of the arbitration based industrial relations system, these three forces manifested themselves as a central symptom – a huge increase in the number of unemployed people in New Zealand. The 1950s and 1960s had periods of full employment with large-scale economic expansion and resultant labour shortages. Such was the scale of the deterioration of economic conditions that employers and the government rejected the existing arbitration system as a means of controlling wage costs. One of the National Government's first actions when it gained power in 1975 was to attempt to impose a wage freeze. Resounding union opposition forced the Government to soften its stance. Nevertheless, the economic situation worsened, by the mid 1976, inflation was 18 percent and by 1979, permanent unemployment had grown to 25,000 people (with 31,000 hidden on job creation schemes). The

arbitration system proved ineffective at reducing wage costs and the New Zealand government became increasingly focused on attempting to maintain control of the economy through direct intervention in wage-fixing (Rudman, 1977).

However, the actions of the government were not sufficient to insulate New Zealand from economic upheaval and unemployment continued to grow throughout the 1970s and early 1980s. Consequently, labour market conditions loosened and the employer rationale for supporting arbitration ended. The government's response was to legislate for direct intervention whenever milder interventions did not succeed (Rudd, 1993). An illustration of this intervention was the enactment of the Remuneration Act 1979 to stop the Arbitration Court ruling on any general wage order application (Roper, 1982). The government attempted to justify its action by arguing that a general wage order would exacerbate inflation and heighten unemployment but because the Remuneration Act was passed without consultation with either the FOL or the employers, disquiet and union militancy in industrial relations grew (Roper, 1982).

For the majority of the arbitrationist phase of industrial relations, the public sector operated under slightly different rules than private sector industrial relations. Public sector wages were set so as to be 'fairly comparable' with private sector wages (Harbridge & Walsh, 2000; also see Fairbrother & MacDonald, 1999). Determining levels of comparability was the responsibility of the Department of Labour through surveys of private sector wage rates that determined 'ruling rates'. Rules relating to union in the public sector unions were also different – public sector unions were not registered under the IC&A Act. Instead, they were organisations were usually incorporated societies 'recognised' by the State Services Commission (SSC) - the employing entity of the government. While the private sector used centralised award structures for negotiation, public sector unions bargained directly with departmental heads and the SSC on behalf of the employer. Although the State sector did not have direct access to the Arbitration Court or conciliation services, the sector had a parallel structure in the form of the Public Service Tribunal (PST) (de Bres, 1998).

However, the PST was relatively rarely used as unionism had been considered an integral part of industrial relations in the public sector and there was a '...culture of

support for the union even among the highest managers' (de Bres, 1998, 6). Such was the incestuous nature of this system that public sector unions often found that departmental heads proved to be allies in negotiations with the SSC. De Bres explains that this often occurred because the system of hierarchical relativities within the State service resulted in department heads being aware that 'any gains made were reflected in their own salaries through the operation of a "margins" review (1998, 6).

The specific terms and conditions of employees in the public sector received were established by various acts. For example, the Public Service Act 1912 specified details such as wage rates, salary increments and superannuation details. Similarly, the State Services Remuneration and Conditions of Employment Act 1969 specified as rights, wage rates and conditions of employment. This Act was also notable for its inclusion of legislated half-yearly or annual wage adjustments based external on relativity with wage rates in the private sector.

As was the case in the private sector, the consensual behaviour of the parties to public sector industrial relations began to break down in the late 1970s. In the public sector the catalyst for the end of the consensus was the government seeking to repeal the State Services Remuneration and Conditions of Employment Act 1969. The government's proposed changes to the conditions of employment in the public sector included changes to pay fixing criteria, penalties that could be imposed on unions for industrial action, provisions for deregistering unions and a shift to accessing wage increases annually rather than twice a year. For the most part, public sector unions resisted the proposed changes because the 1969 Act had been consultatively written but the government was trying to put it aside simply because it was becoming increasingly costly. The changes went ahead in the State Services Conditions of Employment Act 1978 but in the face of public sector union opposition the deregistration provisions were deleted and the penalties clause made harder to exercise.

The breakdown of consensus in the public sector during the late 1970s is also illustrated by the National (Muldoon) government's reaction to industrial action led by the PSA in the electricity industry. Two days of industrial action were undertaken in which there was a slight restriction in electricity supply. The

government reacted by introducing the Public Service Association Withdrawal of Recognition Bill that would have allowed for the PSA to be legally disestablished. In response, the union postponed its planned industrial action and suggested that the dispute go to arbitration. The Bill was set aside and eventually mediation resulted in a ‘...substantial vindication of the union’s case’ (de Bres, 1998, 9). Later, industrial unrest linked to the Remuneration Act resulted in the PSA being specifically targeted with a new and more severe Public Service Withdrawal of Recognition Bill and a government threat to invoke the Public Safety Conservation Act 1932 to imprison any unionists who were involved in industrial action that resulted in a disruption of essential services.

Despite (or because of) the National Government’s interventions, the nation’s economic situation worsened and in 1982 a total wage and price freeze was introduced to attempt to control inflation. Initially the freeze was to have been in place for twelve months but it was later made indefinite as the economic situation worsened. The freeze amounted to a massive intervention in industrial relations and union militancy and employer disquiet rose in response. The National Government’s response to increased union militancy was to introduce ballots to determine whether unionism should become voluntary (Brosnan, 1983). The ballots were all in favour of compulsory unionism but the government ignored the results and legislated for voluntary unionism (to begin in February 1984).

The backlash against the interventions of the National government resulted in the election of the Fourth Labour Government in 1984. The Labour Party had been heavily supported by unions in both the public and private sectors of the economy in the run up to the election (Holland & Boston, 1990). The unions hoped that Labour would be an alternative to the totalitarian and oppressive industrial relations setting that had developed under Muldoon’s National Government. However, the election actually saw the beginning of New Zealand’s political shift to the ideology of the new right, particularly the adoption of neo-classicism and monetarist economics (Law, 1991; Bertram, 1993; Goldfinch & Roper, 1993; Haworth 1994). This shift brought radical changes in economic and social structures in New Zealand in the ensuing six years, including the removal of economic protections that had bolstered the domestic economy from excessive competitive pressures (Holland, & Boston,

1990; Roper, 1991; Walsh, 1993). The dollar was floated, the finance sector was deregulated, monetary policy was tightened, and tariffs and prohibitions on foreign ownership and investment were reduced (Law, 1991; Sharp, 1994). In addition the wage and price freeze that had been imposed in 1982 was lifted - the award round that year (1984/85) saw a 16.5 percent increase in wages.

The logic of new right ideology resulted in the arbitration system's role in maintaining mechanisms to intervene in the labour market being viewed as anachronistic (Walsh, 1993; Sharp, 1994; Scott, 1995). Likewise, unions were no longer seen as the primary mechanism to ensure that social justice and issues of equity were represented in industrial relations (Roper, 1991). Yet much to the chagrin of the new right proponents outside of the Labour Government, one area that was not radically reformed was the industrial relations system (New Zealand Business Roundtable, 1986; 1987; 1988; 1990; New Zealand Employers Federation, 1989; 1990a; 1990b, 1991; Myers, 1988; 1990). The reasons for the Labour Government's reluctance to involve the industrial relations system in the revolutionary changes they were undertaking were three-fold. First, there was significant opposition within the Labour Party to many of the changes being introduced in pursuing the new right agenda – this opposition was most galvanised among the union affiliates who expected to have their interests served by the Labour Government they helped to elect (Bertram, 1993). Second, the New Zealand Employers' Federation initially argued that the existing institutions and procedures in industrial relations should be retained because of the greater flexibility they afforded in negotiations. Third, the Minister of Labour, Stan Rodger, did not support radical deregulation of the labour market and he had a majority support among the Labour MPs.

Instead of revolutionary changes such has been introduced in most other areas of economic and social policy, the Fourth Labour Government took it upon itself to start a process of evolutionary change in the area of industrial relations. However, even the direction of that change was much contested. As part of the evolutionary process, the Labour Government made five notable (if not radical) changes to the industrial relations system. The first was an act of omission. Compared with the previous National Government's approach, the Minister(s) of Labour, did change the

nature of industrial relations through the adoption of a hands-off approach in which the parties to disputes were encouraged to settle those disputes themselves (Deeks & Boxall, 1989; Harbridge & Walsh, 1989; Walsh, 1989).

Second, in 1984 the government amended the Industrial Relations Act to abolish compulsory arbitration. However, although this was done with the approval of the Federation of Labour many unionists saw the move as a betrayal of the compromise that they had viewed themselves as having with the Government. The compromise they perceived rested on the fact that the imposition and subsequent reinforcement of the arbitration system in 1894 had taken away unions' rights to strike and had limited rights to organise in return for other legislated rights and protections. The key of these was the right to compulsory arbitration. With the amended Act removing compulsory arbitration, unionists perceived that they received no reward or concessions for the constraint on their industrial rights.

Third, in 1986 the Labour Government began consultation on the Labour Relations Bill that would begin to change the arbitration system. Stan Rodger (Minister of Labour at the time) commented:

It is clear from the submissions that, while a climate for substantial reform exists, there is little consensus on the nature of that reform. The differences are sharpest between union and employer interests, but even within these sectors, discernible differences exist on important issues. In the absence of any consensus, the responsibility for making decisions shifts squarely onto the Government (1986, v).

The Labour Relations Act (LRA) was eventually enacted in 1987 to replace the Industrial Relations Act. It set in place a system in which industry and/or enterprise agreements were encouraged (Boxall, 1987). This system allowed unions to voluntarily identify certain employers or enterprises that would be 'cited-out' of the national award system of negotiations (Walsh, 1992). The intention was to encourage parties in industrial relations (specifically unions) to undertake bargaining patterns that reflected the particular profitability and productivity of specific firms (Rodger, 1985; Harbridge & McCaw, 1992).

Other changes established by the Labour Relations Act were also carefully crafted to improve the transition from an industrial relations setting characterised by arbitration to an industrial relations system partly characterised by enterprise bargaining (Boxall, 1987). In particular, the introduction of a rule that required registered unions had to have at least 1000 members was intended consolidate unions into economically viable units (Walsh, 1992). Partly to support the shift to larger economic units and partly to reflect the changing strategies associated with the shift to enterprise (as opposed to industrial) agreements, unions were given the right to bargain for and cover members not previously covered by their coverage rights (Boxall, 1987).

Yet even as the Government passed the Labour Relations Act 1987 it was acknowledged that this Act was an interim step on the path to moving from the arbitration system to a system of 'freer' collective bargaining.

A fourth major change introduced by the Labour Government was the State Sector Act 1988 which brought the public sector industrial relations into line with the private sector (New Zealand Public Service Association, 1988; Fryer & Oldfield, 1994). As a result, employees in the public sector became subject to the Labour Relations Act. The fifth change was the introduction of the Employment Equity Act 1990 (Holland & Boston, 1990). This Act was intended to introduce systems whereby there would be parity in remuneration patterns between male dominated and female dominated occupations. This Act would have been revolutionary had it been fully implemented but its introduction at the end of the Fourth Labour Government's parliamentary term relegated it to quick repeal and no significant impact.

Phase Three - Contractual Industrial Relations

The most revolutionary change to the industrial relations system in New Zealand since the enactment of the Industrial Conciliation and Arbitration Act 1894 was the National Government's (1990-1996) Employment Contracts Act 1991 (ECA). The system of industrial relations brought by the ECA was driven by ideology (Geare, 1994). The central feature of this Act was the philosophical position that the

employment relationship is essentially a contract between equals and as such, it required little specialist law beyond the law of contract (Brook, 1990; 1991; Roper, 1991; Boxall, 1995a; Rasmussen & Lamm, 2000).

The ideology inherent in the ECA was a continuation of the new right agenda begun by the Fourth Labour Government in 1984. Where the Labour Government was reticent to continue the new right reforms into industrial relations, the National Party had no such qualms. Prior to the 1990 election, the National Party had formed firm alliances with new right lobby groups – in particular the New Zealand Employers' Association and the New Zealand Business Roundtable (Law, 1991; Bertram, 1993). The strength of these alliances was such that when the National Party were elected, unions and the New Zealand Council of Trade Unions (CTU) had become excluded from any position from which they could effectively lobby the government.

The new right's influence upon the Employment Contracts Act was evident in the stated intent of the Act, which was to promote efficient labour market conditions (Dannin, 1997; de Vires, 1997). The implication being that traditional industrial relations systems in New Zealand had caused the formation of inefficient labour markets (Dannin, 1997). In legislating for labour market efficiency, the National Government abandoned the concerns that underpinned the arbitrationist system. The new right lobby explained its shift away from arbitration based industrial relations as reflecting an alteration from a view of employment relationships as being 'inherently adversarial or exploitative' to a view that 'employment relationships are a matter of mutual benefit to employers and workers, and for this reason are fundamentally co-operative' (Brook, 1991, 8). Similarly, the New Zealand Employers' Federation asserted that the ECA '...moved New Zealand from a labour relations system based, essentially, on conflict, to a system which, by concentrating on individual workplaces, places greater emphasis on co-operation' (1992, 2; also see Brook, 1990; Sharp, 1994; Kasper, 1996).

In fulfilling the primary intent of achieving efficiency, the system of industrial relations associated with the Employment Contracts Act differed from the arbitrationist system in a number of ways. First, negotiation was mandatorily shifted from the level of centralised-national to the enterprise (Skiffington 1994). Second,

wages and conditions were to be determined by a combination of market forces, negotiation strength and statutory minima whereas the arbitration system tended to set wage levels in line with concepts of social equity and economic contingency (Harbridge & McCaw, 1991). Third, there was an alteration and displacement in the parties involved. Unions were particularly affected – they went from being legally registered organisations that were endowed with regulatory duties and obligations such that they were akin to being organs of the state, to organisations that had no special legal status before the law (Rasmussen & Lamm, 1999). An often-cited example of the diminished status of unions under the ECA is the fact that the word union is not even mentioned in the body of the Act. Instead, unions became defined as ‘employee organisations’ and ‘bargaining agents’ with the legal status of ordinary incorporated societies (Walsh, 1992; Industrial Relations Service, 1993; Baird, 1996; Rasmussen & Lamm, 2000).

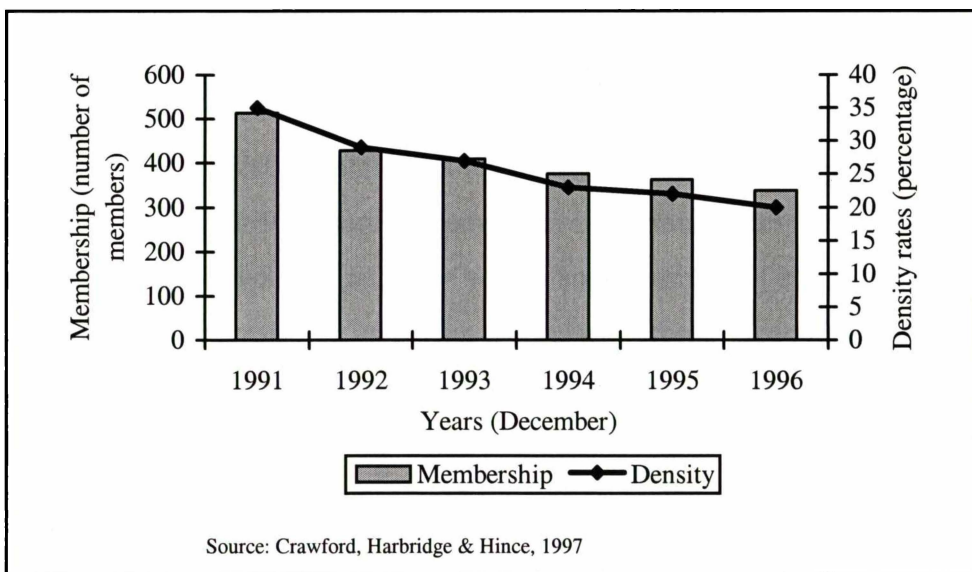
Under the ECA unions were ‘... no longer treated as legitimate partners...’ (Mulgan, 1993, 136). This was achieved by incorporating ‘provide for freedom of association’ into the Act by allowing employees ‘to chose whether or not to associate with other employees for the purposes of advancing the employees’ collective employment interests’ (ECA, 1991, s.5). In practical terms, this meant that they lost their traditional ‘monopoly’ role in the industrial relations system (Baird, 1996; Rasmussen & Lamm, 1999).

The loss of the ‘traditional’ rights to organise were the major mechanisms through which unions lost ground under the ECA. In particular, five structural factors proved to be impediments to unions operating under the ECA. First, unions were not allowed free access to work sites without the consent of employers or there being some bargaining matters related to collective contracts under way. Second, access new employees’ names were not given to the union as a right. Third, unions had to have authorisations from members in order to represent them in negotiations. Fourth, employers were under no obligation to bargain with duly authorised bargaining agents. Fifth, employers could choose not to deduct union dues from workers’ wages. Skiffington (1994) argues that these changes effectively disenfranchised unions and in particular resulted in the restriction of access rights to matters relating to contract negotiation while barring ‘union access to the workplace

to discuss with their members a range of other significant issues such education and training' (Skiffington, 1994, 52). Effectively this limitation meant that if an employer restricted site access to the legal minimum, unions would become isolated from their membership and is seen to be of little day-to-day value to prospective members.

The impact of the ECA was on unions was immense (see figure 6.2, below). Victoria University research estimates that between May 1991 and December 1996 union membership fell 45 percent, from (approximately) 603,118 to 338,967 members, 'with the bulk of this fall (to 428,160 members) occurring in the first 17 months of life of the statute' (Hince & Harbridge 1995, 239; also see Harbridge, Crawford & Kiely, 1997). The majority of the decline in union membership has occurred in the private sector; the 'decline of union membership in the public service sector has been minimal (8 percent between December 1991 and December 1993)' (Hince & Harbridge, 1995, 240). Between May 1991 and December 1996, union density rates (averaged across both sectors) declined from 41.5 percent to 19.9 percent (Rasmussen & Lamm, 1999, 9; also see Harbridge & Hince, 1992).

Figure 6.2 Change in union membership & density 1991-1996



However, the ECA was not entirely negative for unions – where employees were represented in negotiations, unions were the bargaining agent of choice. Over 85 percent of employees covered by collective contracts were covered by a union negotiated contract (Hince & Harbridge, 1995, 238). The implication of the fact that

unions were retained as bargaining agents under the ECA was that despite the removal of union 'monopolies', employees who wanted industrial representation still saw unions as the source of that representation.

The second major change to the institutional structures of industrial relations under the ECA was the State's move to lessen its own role in the industrial relations system (Roper, 1991; Sharp, 1994). In particular, the State ceased acting as both regulator and arbiter of the bargaining process and abandoned the traditional assumption that there is a power imbalance in employment relationships such that State involvement is required to protect national prosperity (de Vires, 1997). It acted to remove itself from being directly involved in industrial relations because new right ideology associates State involvement as impeding the 'free operation of the labour market' (Bertram, 1993; Sharp, 1994; Rasmussen & Lamm, 1999). This shift results from the assumption inherent in the Act that '...an employer and employee have equal power in the employment relationship, and should be free to negotiate with each other' (Fryer & Oldfield, 1994, 12)

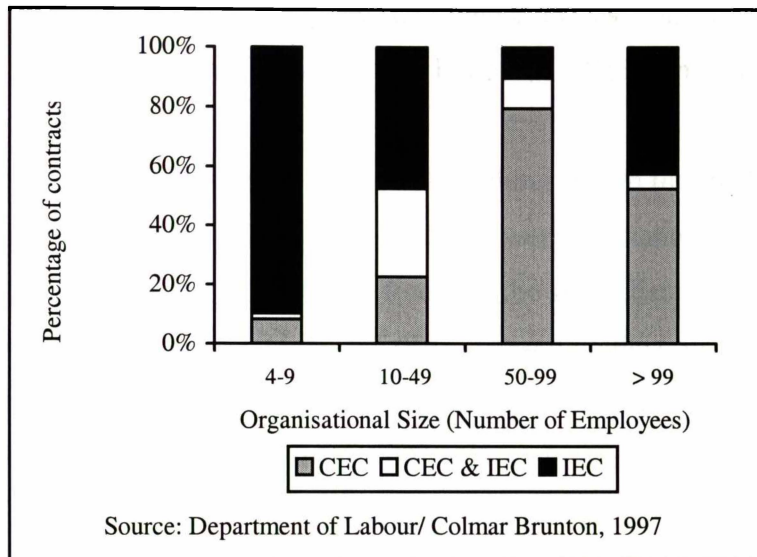
This shift was so significant by comparison to the previously heavily legislated involvement of the State that the ECA was '...commonly interpreted as eliminating the State from any significant role in [workplace level] industrial relations...' (Walsh, 1993, 187; also see Sharp, 1994; de Vires, 1997). As a result of the new and lessened role for the State in the Employment Contracts Act, the onus and responsibility for negotiations shifted onto employers and to a lesser extent onto employees.¹⁵ Boxall (1995) examined employer behaviour under the ECA and classified it into three types. First, there were a small number of employers attempting *high trust strategies* involving workplace reform. Second, there were another small number of employers attempting *low trust strategies* involving anti-union tactics and reductions in wages and conditions, and third there was a large group of employers with no strategies who were just *muddling through*.

Boxall's (1995a,b,e) categorisation might be enhanced by a consideration of the probable differences in employer tactics on the basis of organisational size. For

¹⁵ See Lansbury and MacDonald 1994 for an international discussion of this theme.

example, research carried out by Colmar Brunton for the Department of Labour (1997) on the impacts of the ECA revealed that employees in smaller sized organisations tended to use individual contracts more often than employees in larger organisations (Refer to figure 6.3, below).

Figure 6.3 Influence of Organisational Size on Employment Contract Types



The opposite relationship is the case for collective contracts, with employees in larger organisations more likely to have been covered by collective contracts under the ECA than employees in smaller organisations were. More detailed analysis of these Department of Labour/ Colmar Brunton (1997) results reveals that employees in small firms were also much more likely to be covered by unwritten contracts than their counterparts in firms of larger sizes. On this basis, it might be safe to assume that smaller sized organisations were fairly highly represented in Boxall's (1995a,b,e) 'muddling through' category.

However, it is important to note that although the ECA resulted in the State removing seeming to itself from direct involvement in industrial relations and passing the onus onto employers, some State mandated specialist employment institutions (the Employment Court and Employment Tribunal) remained in place (Hughes, 1991; Bartlett, Muir, Toogood & Wilson, 1991). Also retained in parallel to the ECA was a set of employment law collectively entitled the 'statutory minima'. This law includes provision for holidays and special leave, minimum wage rates,

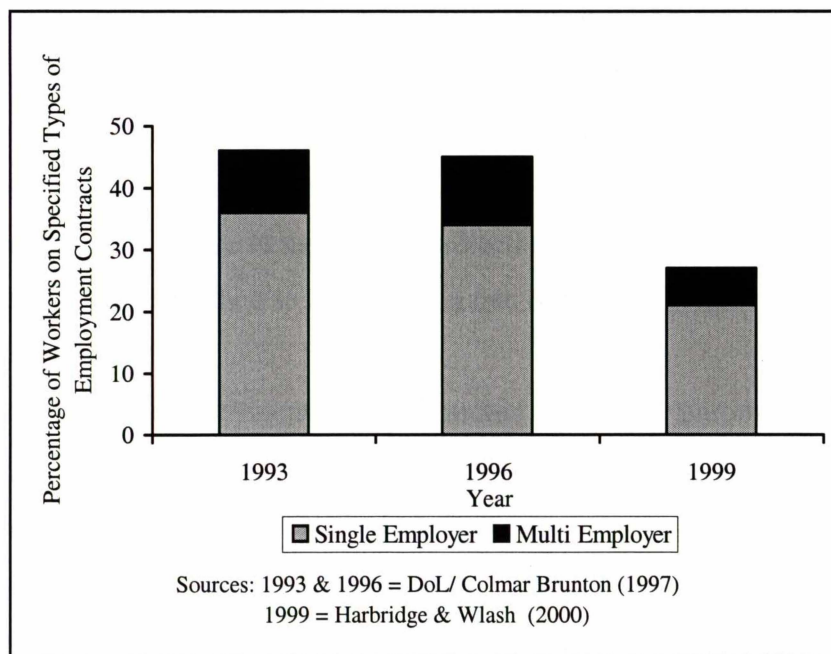
health and safety, discrimination protection and regulation governing the payment of wages. The retention of the specialist institutions and statutory minima were major sources of constraint upon the behaviour of employers (Walsh, 1995).

The decision to retain the specialist institutions and statutory minima were also major sources of discord within the Government. The Treasury and the Minister of Finance were both strongly opposed to these interventions, while the Minister of Labour, the Department of Labour and the State Services Commission were all in favour of these provisions (Department of Labour, 1991; Ryan & Walsh, 1993).

The contention over the vestiges of specialist labour law in the ECA remained throughout the period the ECA was law. There were substantial and repeated calls throughout the period the ECA was in force for the specialist jurisdictions to be replaced with general contract law jurisdiction based on the common law (Baird, 1996; Kerr, 1993, Marshall 1993, New Zealand Business Roundtable/ Employers Federation, 1992; Jones 1992; Brook 1991). Part of the reason that the issue did not diminish over time was that the ECA's specialist institutions - the Employment Court and Employment Tribunal tended to make decisions with a much higher degree of continuity with pre-ECA law than was perhaps intended by the National Government. While some commentators from the (far) new right suggested that these decisions that were out of keeping with the intentions of the ECA and arising out of judicial activism (Baird, 1996; Kasper, 1996; Epstein, 1997), the likely reason for the variance is much more mundane. The ECA was permissive and minimalist in the manner in which it was written, it allowed the parties in the industrial relations system to work out their own arrangements without much restraint in terms of form or structure. Therefore the specialist institutions had the role of 'fleshing-out' the framework established in the Employment Contracts Act and as this law was written in a permissive as opposed to prescriptive style, the institutions had to 'fill in the blanks' in the law with appropriate common law (Anderson, 1997; Goddard, 1997). In addition, the ECA's instruction to the institutions to make decisions based on equity and good conscience restricted the institutions' use of ordinary contract law. Consequently, the specialist intuitions were a major source of moderation under the ECA.

The major point of difference between the arbitrationist and contractual eras of industrial relations was the structure of bargaining. The product of negotiation under the ECA was employment contracts. The system was conceived such that employers (or their authorised representatives) and employees (or their authorised representatives) negotiated either an individual contract (ECA, s.19) or a collective contract (Industrial Relations Service, 1993). Collective contracts (ECA, 1991, s.20) could be formed between two or more employees and one or more employer (Industrial Relations Service, 1993). While multi-employer contracts could be formed under the ECA, they were relatively rare (see figure 6.4, below). The limited number of multi-employer collective contracts formed after the shift from award based to contractually based systems of industrial relations system partially reflected the diminished rights of workers under the ECA - workers are not permitted to strike to obtain multi-employer collective contracts (Boxall, 1991; Harbridge and McCaw, 1991b).

Figure 6.4 Types of Collective Employment Contracts



The ECA did allow for employees to be simultaneously covered by both a collective and an individual employment contract, with the proviso that where there was already an *applicable collective contract*, in the workplace, individual contracts must contain elements which were 'not inconsistent' with the collective contract. The term 'not inconsistent' was interpreted as meaning that the elements of the individual

contract could not be materially worse than those in the collective contract were. The number of workers with both collective and an individual employment contracts was estimated by the Department of Labour to be 4 percent of all employees in 1996; having fallen from the 8 percent of all employees in 1993 (Department of Labour/ Colmar Brunton, 1997, 19).

Gilson and Wagar (1997) argue that there is actually an underlying bias towards individual contracting in the ECA. This bias can be seen in two important structural components of the ECA. First, when a collective contract (or an award or registered agreement) expired and a replacement contract covering affected workers had not been negotiated, employees previously covered by the collective had their terms and conditions of employment translated into individual employment contracts (ECA, 1991, s.19(4)). The terms and conditions included in these individual contracts were 'based on' the expired collective and the case of *Prendergast and the New Zealand Workers Union v. Associated Stevedores Limited* indicated that the Employment Court 'strongly favoured the preservation of the existing terms and conditions' (also see Skiffington, 1994). The Department of Labour/ Colmar Brunton (1997, 18) survey data revealed that in 1996 five percent of all employees had individual employment contracts based on an expired collective agreement of some type. The second structural factor was that by being silent on the matter, section 9 of the ECA allowed employers to refuse to negotiate a collective agreement even where the majority of employees wished to be bound by one (Gilson & Wagar, 1997).

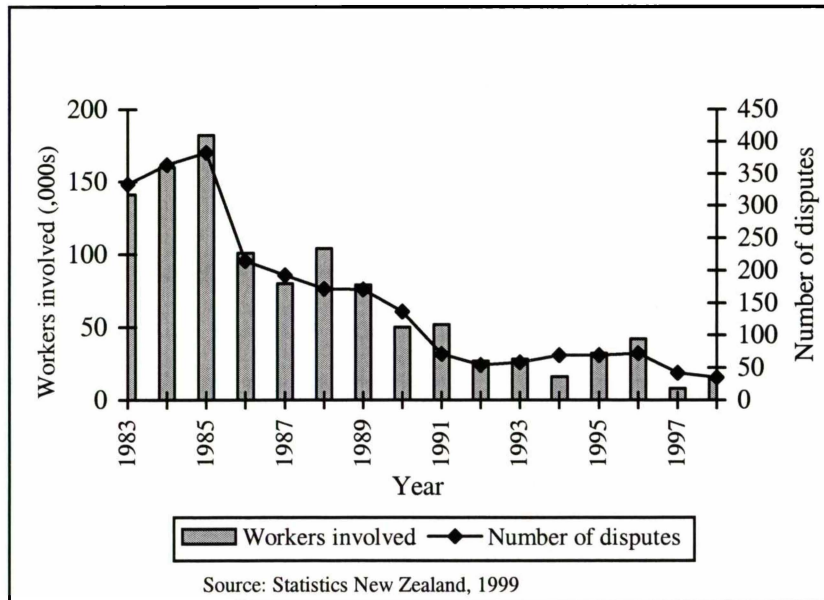
Although the type of employment contract entered into by the parties was meant to be a matter of negotiation (ECA, 1991, s.9), over the time that the ECA was in force, there was such a noticeable shift towards individual contracts that Gilson and Wagar's (1997) bias thesis is perhaps borne out. Hince and Harbridge estimated that in the period May 1991 to May 1994, the workers covered by collective contracts declined from '...some 721,000 employees to approximately 370,000, a decline of between 40 percent and 50 percent, in the three year period....' (1995, 237). Similarly, enterprise based survey research conducted by Colmar Brunton and the Department of Labour in 1993 and again in 1996 indicates that the use of individual contracts increased from 40 percent of all workers' contracts being on an individual

basis in 1993 to 44 percent of all workers' contracts being on an individual basis in 1996 (Department of Labour/ Colmar Brunton, 1997, 18).

Given the strong theme of individuality underlying the new right ideology, the fact that the ECA caused a dramatic shift from collective to individual contract arrangements might have been viewed as a positive outcome by proponents of the Act. However, research by Gilson and Wagar found that far from encouraging flexibility, individual contracts were measurably linked to '...cost-cutting exercises, defensive business strategies, workforce reduction, and a marked absence of any form of progressive decision-making' (1997, 230).

In evaluating the influence of the ECA along other lines, proponents of the Act often cited the decreasing number of industrial disputes (strikes and lockouts) as evidence that the philosophies of the ECA had improved industrial relationships. This viewpoint is certainly supported by cursory examination the available statistics (see figure 6.5, below) but unfortunately, three factors make the veracity of this claim somewhat suspect.

Figure 6.5 Industrial Disputes (1983-1998)



First, the introduction of the ECA removed the requirement for mandatory reporting of industrial disputes so the decline noted over the period could be wholly or partially related to statistical failures. Second, if the statistics are accepted as

accurate, the claims that the ECA is responsible for this industrial 'peace' are somewhat flawed in the fact that rates of unrest have been almost consistently trending downwards since 1985. Thirdly, if the statistics are accepted as accurate and the trend of decline pre-ECA discounted as insignificant, the fact that the ECA severely limited the use of strikes is a sufficient explanation of the decline without resorting to assuming that the decline was the result of the Act being a 'bringer of industrial harmony'. In particular, section 63 of the Act made it unlawful to strike or lockout while a collective contract was in force (New Zealand Employers Federation, 1992). It was also unlawful to strike or lockout to achieve a multi-employer collective contract or over a personal grievance.

Another point of evaluation that was often used in respect to the ECA was labour productivity. From the outset, proponents of the ECA argued that the increased flexibility designed into the ECA based industrial relations system would result in better utilisation of human resources and an increase in labour productivity. Ross Wilson (2000, 6) points out that:

Even on its own key justification the ECA failed. It was claimed in 1991 that the real need for the ECA was to improve labour productivity. Since 1990 our labour productivity has grown at an average of only 0.5% a year.... lower than before the ECA Australia had labour productivity growth from 1993 to 1998 that is six times higher than New Zealand? In a non-ECA environment their labour market is producing a growth in labour productivity of 3.2% a year on average NZ ranks 23rd out of 26 developed economies.

A wider evaluation of the ECA can be conducted at the macro-contextual level. The new right lobby argued that the ECA would result in a more efficient labour market and higher levels of employment. On the face of it, this claim seemed to be justified. Between the introduction of the Act in 1991 and its repeal in 2000, approximately 295,000 jobs were created; unemployment also fell over the period the ECA was in force. However, these results hide the troughs experienced during the currency of the ECA. Unemployment averaged 5.9 percent for the five years before the ECA being passed and 8.8 percent for the five years after the ECA was passed

The nature of employment has also changed. For the majority of the period the ECA was in force, the growth in full time employment was approximately half the growth of part-time employment. The Council of Trade Unions (NZCTU) saw this as evidence that ‘...there is increasing evidence that poor quality jobs have replaced better quality ones’ and that the Act ‘...created a significant segment of the labour market in highly precarious employment circumstances’ (Conway, 2000, 5).

Phase Four – Relationship based industrial relations

In 1999, the Labour-Alliance Coalition took power following the New Zealand general election. One of the key election issues both parties had campaigned upon was the repeal of the Employment Contracts Act. After much negotiation between the coalition partners about what the new law should consist of, and extensive public consultation over the Bill, the Employment Relations Act 2000 (ERA) was passed.

Three driving philosophical positions underlaid the ERA. First, the government treated employment as a *relationship* not a *contract*. The ERA

...is based on the understanding that employment is a human relationship involving issues of mutual trust, confidence and fair dealing, and is not simply a contractual, economic exchange. This basis requires specific recognition in any regulation of the relationship – something not satisfactorily achieved by general contract law (M. Wilson, 2000).

Because of this philosophical position, the product of negotiations and bargaining became individual and collective *agreements* not employment *contracts*. Second, there was a philosophical return to governmental and legal recognition that an inherent inequality exists in the bargaining power in employment relationships. Third, the enactment of the Employment Relations Act gave clear notice that employment issues were once again matters for State involvement. In particular, two specialist institutions involved in employment relationship became non-judicial: first, the Mediation Service; a subsection of the Department of Labour and second, the Employment Relations Authority; a body made up of members appointed by the Minister of Labour which has some similarities to a Commission of Inquiry.

These institutional changes can be seen as a significant departure from the ‘ands off’ industrial relations New Zealand had experienced since the mid-1980s because the institutions’ lack of standing as courts allows the State to guide the institutions’ actions based on government policy. The significance of this difference arises because New Zealand’s constitutional structure restricts the degree of direct influence the political arm of government can have over the judicial arm of the state. In ideological terms, the ERA is similar to the ideology that underpinned the second phase of industrial relations – the arbitration based system. In particular, the ERA explicitly recognised that unions and collective behaviour are prime mechanisms through which to address that power imbalance in employment relationships. In these respects, the ERA can be described as fundamentally pluralist.

However, the ERA is ideologically divorced from the arbitrationist system in respect to its continued adherence to the tenets of freedom of association that were first expressed in the ECA. There was no return to compulsory unionism, blanket coverage or closed shops in the ERA. Instead, the ERA can be seen as an evolutionary approach from the ECA – freedom to associate is not extinguished but the structures of the ERA are weighted to ensure that employees’ decisions not to associate with unions are made more actively and less by force of convenience.

The Minister of Labour Margaret Wilson (2000) explained the middle ground ideological position taken in the ERA. She argued that ‘in the future the Employment Relations Act will be seen as a moderate, middle position between the extremes of the former New Zealand industrial relations system and the Employment Contracts Act (M. Wilson, 2000).

This middle ground position can be seen in the manner in which inequality in the employment relationship is addressed, the ERA has three main mechanisms: first, it requires that parties to employment relationships behave in *good faith* towards each other (especially during bargaining). Second, it promotes union led collective bargaining and third, it provides for a legitimate and involved role for unions in the industrial relations system. To support these mechanisms, the ERA established the two new institutions already referred to above – the Mediation Service and the Employment Relations Authority and it bolstered the jurisdictional position of the

residual institutions. In particular, the Employment Court gains primary jurisdiction over all employment-related matters and the Appeal Court is directed to apply employment law precedents and the standard of 'equity and good conscience' to employment related decisions.

These changes to the formal organs of employment law are intended to make the role of the institutions more productive and decisions made by these organisations less contentious than under the ECA. Although the bulk of the work undertaken by the Employment Tribunal that operated under the ECA was mediation, the establishment of a Mediation Service is a significant illustration of the intent of the Act to treat employment as a relationship. Because, unlike the Employment Tribunal, the role of the Mediation Service is to help with 'employment problems' - it is an information and disputes resolution agency not a system for specifically enforcing the Act.

The Employment Relations Authority is historically unique as it is tasked with investigating and making decisions on cases but it is not a Court or a Tribunal. It has wide-ranging investigative powers and may call for evidence and make determinations on matters even in situations in which none of the parties involved have made a complaint. The structure, jurisdiction and apparent intent of the Authority marks a point of significant departure with the ECA and the ideology of the new right as it indicated the willingness of the state to once again proactively 'referee' employment relationships.

The ERA also continues the system of curtailing industrial disputes that was established in 1973. It remained unlawful to strike or lockout over a dispute of right and in relation to personal grievances. As was previously the case, strikes and lockouts are to remain lawful only if they relate to matters of imminent safety and health danger and dispute of interest. However, the ERA does significantly reverse one aspect of the ECA in that it allows strikes and lockouts to be used in pursuit of multi-employer collective agreements. However, the ERA should not be viewed as moderate in relation to strikes and lockouts as actually added restrictions in the form of mandatory timeframes that must be adhered to – for example, strikes or lockouts for collective agreements cannot occur until forty days after bargaining has been initiated.

The ERA does maintain some deference to the sixteen years of new right ideology, as it maintains the philosophy of individual choice. Union membership remains legally voluntary but is effectively less than 'free' because employees wishing to be covered by collective agreements must be members of unions. The law retains the provision that undue influence, duress or preference because of union membership or non-membership is not permitted.

Not-with-standing the retention of the freedom of association philosophy, the institutional role for unions is re-legitimised under the ERA. Minister of Labour Margaret Wilson (2000) comments that her

...government believes that there is a place for unions. Unions are an essential part of democratic life. They empower workers and allow their views to be expressed. They balance the power and influence of employers and allow the dignity of all work to be recognised.

Essentially this sentiment can be seen as expressing the view that unions have a philosophical and pragmatic role in the new industrial relations system. In returning to viewing unions as legitimate players in the industrial relations system, the ERA defines and delimits their roles and rights. Unions must have legal entity as incorporated societies and must be registered by the Department of Labour. To obtain registration unions must be able to prove that they are democratic, independent and operate at arm's length from employers.

In return, the Act allows the registered unions several rights: first, they are guaranteed access to any workplace covered by their rules. Second, they have the right to two stop-work meetings of up to two hours in length per year per site, and third, they amass entitlement for paid employment relations education leave according to their membership levels. The fourth right arises from the requirement that employers give any new employees information about relevant unions that are operating at the worksite. The fifth right unions gain is their most significant—collective agreements can only be formed between employers and unions. Therefore, unions achieve legitimate and legally enforceable involvement in any worksite with a collective agreement in place.

These rights are complemented by a new, overarching obligation upon unions. Unions must undertake their activities (especially in bargaining) in good faith. The requirement for unions to act in good faith extends to their interactions with employer they bargain with, members they represent, other unions in sites where they are involved in multi employer bargaining, other employers from sites in which they are involved in multi-employer bargaining and members of other unions in sites in which they are involved in multi-employer bargaining. This obligation is complicated by the fact that there is no clearly established understanding arising from the Act about what the general duty to act in good faith might involve.

Employees also gain general rights under the ERA that redress many of the issues that were contentions under the ECA. For example, employees have the absolute right to be represented in any industrial matter. Employers are restrained from using pro-forma, 'take it or leave it' individual agreements and must now provide contract information to employees and give them time to seek advice. The ERA also specifies that all employment agreements must be in writing. There are limits on the use of fixed term contracts and significant limitation on employers' use of probationary agreements.

Despite the gains achieved by employees and unions, the shift into relationship-based industrial relations will probably not mark a dramatic change in enterprise level practices for employers. The Minister of Labour, Margaret Wilson (2000) suggests that employers will find the ERA '...a moderate piece of legislation which does not return us to the days of national awards, compulsory unionism or compulsory arbitration'.

CONCLUSION

This chapter has explored the four basic phases of industrial relations that New Zealand has experienced since colonisation- these are the laissez faire, arbitrationist, contractual and relationship-based systems. During the laissez faire phase, New Zealand had a nascent capitalist system that tended to enforce the traditional prerogatives of the capitalist class. However, a number of incidents in the 1880s

resulted in a growing realisation that there needed to be some attempt to regulate the employment relationship. This marked the end of the laissez faire phase of industrial relations and mechanisms of State control in industrial relations were developed. This shift saw the State move away from allowing unregulated managerial prerogative that had been embedded in the master servant relations of the common law. But these first movements towards State controlled industrial relations were also marked by a failure by the State to construct an alternative pattern of behaviour for the other institutions – laws were enacted but there was little compulsion to comply with them.

The State's recognition that it needed to be more forceful and directive in outlining and restricting the industrial relations system marked the shift to the second phase of industrial relations in New Zealand – a phase based on State led arbitration. The radical departure of this system was in the restructuring of the power of the institutions – the State constructed for itself a niche from which to undertake intervention in industrial relations and for unions, the State legislated a legitimate role. The counterbalancing impact of these legislated institutional power changes was that employers were much more constrained in their behaviours and prerogatives in relation to negotiating. Accompanying this legislated institutional tripartism was a form of enforced pluralism (Harbridge & Walsh, 2000).

The arbitrationist industrial relations system was long lived but was periodically altered in response to political or pragmatic issues. As the system got older, it became increasingly unstable. The government intervened more and more often to attempt to repair the system because '...it was widely appreciated that the arbitration system provided a valuable 'insulating function'.... with powerful '...coercive capacity...' during 'periods of industrial crisis...' (Walsh, 1993, 176-177).

The 'seeds' of the demise of the arbitration system were planted in the very nature of its design. The underlying theme of the arbitration system was always about power – initially the intention was to suppress the power of the potent parties in industrial relations and bolster the power of weaker groups. The result being that the parties made powerful by economic contingencies resisted and resented the system. For example, employer groups often only grudgingly accepted the arbitration system's

constraint on their managerial prerogative and only tended to vocally support the system when union power was at its peak as a result of labour shortages (Belshaw, 1928; Walsh, 1993).

On the other-hand, union support was more polarised, craft and occupational unions tended to have low economic power in the best of conditions and gave fairly consistent support to arbitration, while industrial unions were often less willing to give away their economic weapons (Olssen, 1985; Walsh 1993). The government itself was inconsistent in its commitment to the arbitration system and tended to amend the legislation to match prevailing pragmatic concerns at any given time. Hence by 1977, Skinner commented:

It has been obvious for years that the Industrial Conciliation and Arbitration Act was due for overhaul, for it had been amended and consolidated throughout its existence until it came to look like a patchwork quilt with many pieces in it and few of them quite matching others. Many amendments were made for particular purposes on particular occasions, and while they may have been effective in meeting the circumstances of that time, the result is not a tight, cohesive document written with the intention that all parts of it should relate to each other (Skinner, 1977, p. 28).

Thus, the system's instability can be seen as a combination of waxing and waning commitment from the three parties and external economic pressures. By the late 1960s the arbitration system seemed to face intractable problems and steps were taken by successive governments to slowly transform the legislative mechanisms underpinning the system to incorporate more market concerns and 'free' collective bargaining (Brosnan, Smith & Walsh, 1990; Walsh, 1992).

The evolutionary change to the arbitration system was brought to an abrupt revolutionary change in phase three – the contractual phase. During this phase, the Employment Contracts Act introduced contract based employment law in line with new right inspired ideology which espoused individuality, flexibility and freedom of association as superior philosophy to collectivity and social equity (Walsh, 1993; Rasmussen & Lamm, 1999). The impact of the ECA on institutions and ideologies

in industrial relations was dramatic. The State moved to legally delegitimise the direct involvement of unions and itself in workplace industrial relations.

In the fourth phase of industrial relations in New Zealand is marked by a shift from contracts to relationships. In this phase, the pendulum seems to be swinging back away from new right ideology with the introduction of the Employment Relations Act and the return to institutional tripartism in industrial relations. However, the Employment Relations Act does not indicate a total rejection of new right ideology. Although the basic inequity of the employment relationship is acknowledged as arising from the superior economic power of employers, and although the Act recognises that the best way for employees to redress that power imbalance is through collective action, the Act does not allow for compulsory unionism.

For the most part, shifts in New Zealand's industrial relations systems have reflected the changing ideological and philosophical focus of the government. Successive governments have played an extremely important role in shaping the development of industrial relations systems in New Zealand and in setting the boundaries and balances of power between the institutions. In respect to understanding the nature of employment relationships in New Zealand, accepting that the government has had a heavy involvement in shaping the institutional, regulatory and ideological aspects of industrial relations is integral. The understanding and behaviour of the individuals and groups involved in employment relationships is, and has been, indelibly affected by the delimitation of the industrial relations system.

The next chapter (Chapter Seven) examines the operation of personnel management/human resource management in New Zealand organisations against this backdrop of industrial relations. Chapter seven is especially important given the trend of reduced influence of centralised industrial relations on the employment relationship in New Zealand since 1987, the result of which has been the growth in enterprise specific approaches to managing the employment relationship. Chapter seven is also important because the trend of reduced influence of industrial relations has also resulted in a decreased availability of information regarding the actual nature of the experience of employment relationships for New Zealand workers.

CHAPTER SEVEN

*HUMAN RESOURCE
MANAGEMENT AND THE
EMPLOYMENT RELATIONSHIP
IN NEW ZEALAND*

INTRODUCTION

Research and literature on the nature and role of both personnel management and human resource management in New Zealand is extremely limited (Toulson, 1990; Geare & Stablein, 1995; Johnson & Mouly, 2002). There is little evidence that many of the inter- or intra-disciplinary debates found in international literature have been examined in great depth in the New Zealand context (Johnson, & Mouly, 2002). In particular, while international literature examines the distinctiveness of HRM from personnel management, the default position in much of the literature originating in New Zealand is that HRM as both a discipline and a practice is either a direct descendant of personnel management or that the two are synonymous. Thus, definitions of human resource management in New Zealand tend to very broad and imprecise and often the terms personnel management and human resource management are often used interchangeably (Fraser, 1993; Geare & Stablein, 1995). As a result of this limitation, the following discussion on the nature of HRM in New Zealand draws broadly from the field and often encapsulates personnel management.

In more recent literature there is evidence that the ascendancy of HRM that has been witnessed in other capitalist economies is also beginning to be emulated in New Zealand, (Stablein & Geare, 1993). However, the lack of differentiation between HRM and personnel management creates a major disjunction between New Zealand literature and overseas literature. This disjunction is particularly evident in relation to questions associated with the practical operation of HRM.

DEFINING HRM IN NEW ZEALAND

Given the lack of definitional difference between human resource management and personnel management, HRM in existing New Zealand literature is most often treated in a functional manner in that it tends to be viewed as a managerial process as opposed to a philosophical orientation. Fraser (1993, 2) says that 'human resource management in New Zealand has largely been a process function charged with the tasks of recruiting staff as requested by line managers, providing the administrative

infrastructure to ensure that staff were paid and that appropriate action was taken should individuals choose to leave’.

An accompanying view that pervades early-New Zealand literature on HRM was that the term was an umbrella concept ‘...used to mean *any way in which management seeks to manage the employment relationship*’ (Boxall, 1989, 58).

Explaining HRM in the New Zealand context

HRM in New Zealand has developed in a manner that is process orientated and was largely lacking in strategic focus because of the pervasive influence of arbitrationally based industrial relations legislation in New Zealand (Boxall, 1992b). This IR system had two major influences; first, it elevated the discipline of industrial relations over competing managerial disciplines, and second it centralised employment contract formation at the level of national-industry.

These two features have meant that up until the 1987 Labour Relations Act and the 1988 State Sector Act¹⁶, the management of employees at the enterprise level was somewhat limited (Boxall, 1989; Campbell, Bollard & Savage, 1989; Geare, 1989; Hince & Vranken, 1991; Powell & Spicer, 1994; Stace & Norman, 1997; Walsh, 1998). As a result, until the early 1990s, industrial relations concerns predominated in New Zealand, while personnel management and nascent HRM departments took on a primarily administrative role (Ransom, 1966).

Even in 1987/1988 when legislation allowed a shift to enterprise agreements, the decision about whether to make that shift relied upon the agreement of unions and as a result, the majority of organisations in New Zealand did not become involved in enterprise based bargaining until the Employment Contract Act 1991 (ECA) (Harbridge & McCaw, 1991; Boxall, 1992b; McAndrew, 1995; Campbell-Hunt & Corbett, 1996). When the ECA came into force, the onus for managing the employment relationship fell almost entirely on managers in organisations (Deeks, Parker & Ryan, 1994). ‘As a result of the ECA, personnel practitioners must now be

¹⁶ Which brought the Public Sector under the jurisdiction of the Labour Relations Act

very knowledgeable of the requirements of legislation in order to ensure compliance' (Mackay & Johnson, 2000, 39; also see McAndrew, 1995). Support for this position is offered by Hunt and Boxall's (1998, 773) findings that 'significant attention was usually devoted to interpreting and dealing with the implications of legislation such as the Employment Contracts Act 1991 (ECA) and the Health and Safety in Employment Act 1992 (HSEA)' by General Managers of HRM in large New Zealand organisations.

In addition, New Zealand's style of personnel management and human resource management has been indelibly affected by the structure of capitalist development in this country. Throughout its capitalist history, the vast majority of organisations in New Zealand have been considered to be 'small' according standard classifications of the number of people employed. For example, small organisations (those employing fewer than 10 FTE staff) made up 82% of New Zealand's population of organisations in 1995 and 935 in 2002 (Campbell-Hunt & Corbett, 1996; Statistics New Zealand, 2002). As such organisations are more likely to utilise direct control methods than bureaucratic or administrative of managing people, there is a vast majority of organisations in New Zealand who seem very unlikely to utilise either personnel management or human resource management (Elkin et al., 1999).

To illustrate, the New Zealand phase of the Cranfield international survey on HRM practices (NZ-Cranfield) found that the majority of organisations with less than 99 employees did not have 'a personnel/human resources department or dedicated human resource role. Instead the chief executive, managing director, or similar official is responsible for handling most personnel issues...' (Mackay & Johnson, 2000, 43). Compare this finding with the fact that in organisations with between 100 and 500 employees, there are usually between two and three human resource staff while the largest organisations (500+ employees) the median number of HR staff is 10 (Mackay & Johnson, 2000). However, it is important to note that personnel management and human resource management do not become irrelevant because of the 'smallness' of New Zealand organisations - these organisational size statistics belie the fact that the majority of employees in New Zealand work in 'medium' and 'large' sized organisations. In fact, although approximately 93 percent number of organisations in New Zealand employ less than 10 full-time equivalent (FTE)

employees, they only account for 31 percent of the total number of engaged full-time equivalent employees (Statistics New Zealand, 2002).

Acting in concert, these historical and developmental contingencies have resulted in two important dimensions that underpin a consideration of HRM in the New Zealand context. First, historically employment relationships in New Zealand were centralised and predominantly structured by industrial relations practices and concerns. This resulted in personnel management developing into an administratively focused style activity which was primarily concerned with compliance rather than ‘adding value’ (Fraser, 1993). The administrative focus to personnel activities seems to have remained in place until the industrial relations system was radically altered in 1991. As a result, as a practice in New Zealand organisations HRM has been developmentally delayed by up to a decade by comparison to many other Western style capitalist nations (Mackay & Johnson, 2000). For instance, Stablein and Geare’s (1993) study of the profile of HRM practitioners in New Zealand showed that even in 1990 the use of the term HRM as a label for specialist staff or departments was limited – with three-quarters of New Zealand practitioners referring to themselves as personnel managers. Toulson’s 1990 study found a similar result – 83 percent of practitioners in larger organisations using the title personnel manager, with just ten percent using a title including the term human resources.

One area of the economy that did not hold onto the personnel management labels was the State Owned Enterprise (SOE) component of the public sector (Powell & Spicer, 1994). When the State Owned Enterprises Act (SOE) of 1988 was passed, a number of government owned businesses began to operate on commercial lines (Gilbertson & Fogelberg, 1991b) and as a result, many ‘...SOEs renamed their personnel departments as human resources departments and hired human resource managers from the private sector’ (Powell & Spicer, 1994, 96).

This sectoral division in use of titles during this period (the early 1990s) leads to some researchers arguing that there was ‘...no clear preference for either a “personnel” or “human resource management” style of title for the function’ (Fraser, 1993, 5). However, by 1997 the number of practitioners using a ‘personnel

management' title had declined to 5.4 percent, with 49.1 percent using the 'human resource management' title (Pajo & Cleland, 1997, 7). It is now argued that there has been a widespread shift in nomenclature from personnel management to human resource management in contemporary New Zealand (Cleland, Pajo & Toulson, 2000).

The Academic Discipline

Mirroring the delay in practical development of HRM, the uptake of HRM in academia has also been delayed. Geare and Stablein (1995, 174) highlight this point when they note that in comparison to other '...Western economies, New Zealand has only recently recognized HRM as a distinct body of professional knowledge and practice' (Also see Stablein & Geare, 1993). Part of the explanation for the delayed uptake of HRM as a discipline arises because although personnel management courses have been offered in New Zealand tertiary institutions since the late 1960s (Ransom, 1979; 1982), the majority of '...formal training in HRM was offered at relatively low status polytechnic institutions...' (Geare & Stablein, 1995, 175). Until the 1991 reform to the industrial relations setting, much of the interest of the academic community about employment relationships was concentrated industrial relations (Geare & Stablein, 1995).

As was the experience elsewhere in the Western Capitalist world, during the mid- and late-1980s, the personnel management courses in tertiary institutions began to be renamed to incorporate mention of human resource management. As is also the case in other countries, the extent that this renaming of courses reflected a change in content is a matter of some speculation, however what is clear is the fact that many academics in New Zealand continue to use the term personnel management interchangeably with human resource management. For example, John Wren (1998) writing about HRM and health and safety highlights that he uses the term HRM '...synonymously to refer to and include "industrial relations" and "personnel management"'. An explanation for the reluctance of some academics to accept HRM can be seen in the sentiments Alexander Sibbald of the Department of Management at Otago University expresses in an introductory management text:

I am not convinced that there is a significant enough difference between HRM

and PM, to justify a change of title. In addition, I cringe at the name Human Resources, because it conveys the idea that human are equivalent to inanimate objects, such as money, materials and machinery, which are used to serve the needs of the decision makers in the organisation and can be discarded at will, when they are 'obsolete', or excess to requirements (1999, 194).

Perhaps the continued adherence to the term personnel management results from a deep conservatism amongst New Zealand academics. Consider for example Geare and Stablein's explanation that 'while the term "Human Resource Management: (HRM) is starting to enjoy more popular usage in New Zealand, it tends to be favoured by the more trendy academics and professionals, and rejected by the more traditional or conservative' (1995, 154).

The contestation between Industrial Relations and HRM in New Zealand

As noted, the discipline of industrial relations once held the pre-eminent position in structuring employment relationships in New Zealand with industrial relations providing '...the strongest early influence on the development of the personnel function in this country, in that the State intervened early on in the relationship between employer and employee' (Mackay & Johnson, 2000, 35). However, the deregulation of the labour market, particularly by the ECA in 1991 and the government's corporatisation and privatisation programs has resulted in HRM gaining ascendancy (Gilbertson & Fogelberg, 1991b; Stablein & Geare, 1993; Geare & Stablein, 1995; Allan, Brosnan & Walsh, 1999). HRM's ascendancy has come despite the opposition of academics from within the industrial relations discipline, for example, in 1990, Kevin Hince, (then) Professor of Industrial Relations and Director of the Industrial Relations Centre at Victoria University of Wellington encouraged practitioners to:

...stop using the term human resource management. The term does not enhance understanding of the real issues. People are resources. The rhetoric is that they are the most important resource: although the practice does not always match the rhetoric. It can be asserted that it is relationships which are of greater significance.... If this is the case then the traditional terminology, industrial relations, labour relations, employee relations, or labour-management relations, is preferable (p. 66).

Despite the opposition encountered along the way, contemporary commentators in New Zealand now tend to treat industrial relations as a sub-component of HRM (Stablein & Geare, 1993; Geare & Stablein, 1995; Wright, 1997; Sibbald, 1999), with the industrial relations' core activities of negotiation and enforcement of contracts, relations with unions, settlement of grievances and discipline being treated as part-and-parcel of every day HRM activities. A study by Wright found that senior HRM managers in New Zealand viewed '...HRM as a positive and proactive management function, which if implemented, had the capacity to minimise industrial relations problems and issues' (1997, 98).

Thus in New Zealand, HRM has become closely associated with a managerial backlash against negative connotations of traditional industrial relations. A study of the views of HRM General Managers in New Zealand conducted by Wright (1997, 117) found that while

the majority of respondents viewed HRM and industrial relations as distinctive functions, underlying their responses was the opinion that traditional industrial relations was archaic under the environment created by the ECA. Therefore, respondents viewed HRM as a 'new' industrial relations function, superseding 'traditional' industrial relations organisations and structures.

Angela Foulkes, (then) Secretary of the New Zealand Council of Trade Unions (NZCTU) commented in an interview 'that she believed HRM and industrial relations to be distinctive fields in theory, but in practice, HRM was replacing the need for an industrial relations function' (Wright, 1997). In commenting on the underlying objectives of the HRM model, 'Foulkes stated that she did not believe the main thrust of HRM was union avoidance, substitution or management re-establishing their "right to manage". Instead, she viewed HRM techniques as "just another management coping strategy"' (Wright, 1997).

The prime theme that remains a dividing feature between HRM and IR arises from academic disciplines - in general, HRM 'is generally viewed only from a management perspective, while IR may be viewed from a management perspective or from workforce, union or government perspective' (Geare, 1999, 262).

Trends of change in PM/HRM practice in New Zealand

Much of the literature tracing the contemporary changes in HRM in New Zealand identifies evidence of significant changes in PM/HRM practice (Fraser, 1993). What is not certain is whether the changes identified are the result of the concerted uptake of HRM practice as a result of the ascendancy of it as a discipline or whether the evidence of change has resulted from the background turmoil created by the deregulation of the New Zealand economy and the shift to enterprise level industrial relations (Gilbertson & Fogelberg, 1991a; Fraser, 1993; Deeks, Parker & Ryan, 1994; Boxall, 1997; Leopold, 1997; Leopold, & Hallier, 1999; Siers, 2000). According to Fraser (1993, 2), these changes to the nature and style of HRM have been the result of ‘...increasingly complex industrial legislation, a better educated and more sophisticated workforce, in a less protected and more competitive market place’ (also see Wright, 1997). Stablein and Geare (1993, 26) concur with part of Fraser’s assessment and argue that ‘the decentralization of industrial relations inherent in the *Employment Contracts Act 1991* has both allowed and required attention to HRM issues at the workplace’ (also see Boxall, 1992b; Leopold, & Hallier, 1999; Mackay & Johnson, 2000). Campbell-Hunt and Corbett (1996, 69) also concur with the assessment of the influence of the ECA, in particular they cite the fact that HRM’s role has changed because ‘...multi-employer contracts which were the norm prior to the ECA, had fallen from 59% to just 8% of employers covered. Single enterprise agreements grew from 13% to 35% coverage of the workforce.

Such structural and economic forces have resulted in both the development of HRM in New Zealand organisations and the adaptation of existing HRM systems (Williams, 1992 Leopold, & Hallier, 1999). A strong theme of contemporary New Zealand literature on this issue has explored the structuring of HRM practices to maximise the ‘flexibility’ of organisations (O’Driscoll, Humphries & Larsen, 1991; Deeks, Parker & Ryan, 1994; Honeybone, 1997; Smith, 1997). Another major theme of New Zealand literature explores the tangible changes associated with the flexibility movement including dramatic shifts in the types of employment utilised by organisations (i.e. a shift from permanent to temporary, full-time to part-time and

from employees to contractors) (Silverstone & Dalby, 1993; Boxall, 1997; Littler, Dunford, Bramble & Hede, 1997; Honeybone, 1997; Smith, 1997).

In New Zealand, HRM has been both at the forefront of such moves, and to a smaller extent, on the 'receiving end' (Butters, 1998; Tapsell, 1999; Cleland, Pajo & Toulson, 2000). A survey by Price Waterhouse of 370 New Zealand managers found that 87 percent had outsourced Information Technology (IT), 80 percent had outsourced financial services (e.g. debt collection) and 60 percent had outsourced accounting. In addition, 70 percent of New Zealand organisations reported outsourcing HRM functions (Campbell-Hunt & Corbett, 1996, 25). Another major other influence on the development of HRM in New Zealand relates to employee demographics (Gilbertson & Fogelberg, 1991). In particular the '...declining Pakeha¹⁷ birth rate, increased entry of women and non-Pakeha into the workforce, an ageing population, insufficient skill levels, and other population trends...' (Mackay & Johnson, 2000, 39). Such changes force adaptation in the traditional manner of managing employees.

The spread of HRM specialism

The utilisation of specialist HRM departments and staff has grown rapidly in New Zealand's recent past. A 1997 survey by Pajo & Cleland indicate that at the moment, up to 98 percent of larger organisations may either have a HRM department or employ specialist HRM staff, whereas a previous survey Fraser (1993) established that up to 79 percent of New Zealand organisations may have a specialist HRM or personnel management department. The scale of this growth can be seen in the fact that just 45 percent of organisations in 1987 and 59 percent of organisations in 1978 had specialist staff (Fraser, 1993, 4 - see Figure 7.1, below).

Gilbertson, Fogelberg and Boswell (1987, 1) suggest that this increase in the number of specialist HRM staff '...probably this reflects an acknowledgement of the increasing importance of human resources in the achievement of organisational goals'. An equally valid explanation may rest in the fact that specialist staff are able

¹⁷ Meaning non-Maori or white New Zealanders depending upon definitional assumptions.

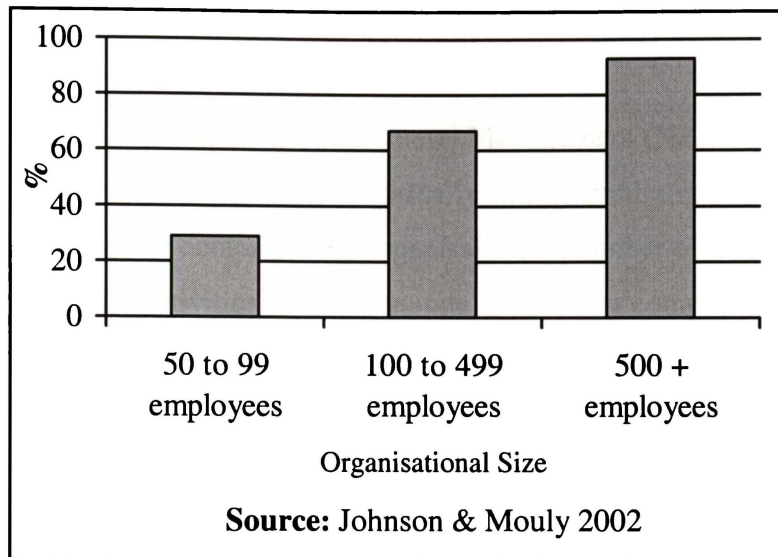
to play a more active part in managing the contemporary employment relationships in New Zealand than they were ever capable of in the past given the decentralisation of industrial relations (noted earlier).

Figure 7.1 Summary of Survey Results

	Sampling frame	Method	Response rate (%)	Sample Size	Have specialist staff or dept (%)
NZIPM Personnel Group (1958)	Private sector > 150 staff	Postal survey	35	39	25 (est)
NZIPM Auckland PM Association (1968)	Private sector > 150 staff	Postal survey	54	195	24
NZIPM (1978)	Private & public sector > 150 staff	Postal survey	68.5	348	59
Gilbertson, Fogelberg & Boswell / IPMNZ (1987)	Private sector > 100 staff + specialist staff	Postal survey	74.5	230	35
Geare & Stablein 1990	Public & private > 100 staff	Postal survey	39	369	88
Gilson & Wagar (1995)	Public & private, >49 staff	Postal survey	51	336	49
NZ-Cranfield 1997 Johnson & Mouly (2002)	Public & private, >49 staff	Postal survey	30	531	61
Brown, Gilson & Wagar (1999)	Public & private, >49 staff	Panel match to 1995, postal survey	-	336	58

Results that are more recent indicate that organisational size (i.e. the number of people employed) has a very large influence on the presence of specialist HRM staff in New Zealand organisations. The NZ-Cranfield survey (Johnson & Mouly, 2002) shows that 29 percent organisations with between 50 and 99 employees employ specialist staff, compared to 67 percent of organisations with between 100 and 499 and 93% with more than 500 employees (see figure 7.2 below).

Figure 7.2 The influence of organisational size on the HRM function



The NZ-Cranfield study also indicates that organisational size has some impact on the style of HRM pursued. Smaller organisations tend to have much lower ‘specialist HR staff’ to ‘employee’ ratios than larger organisations – 1:40 for organisations with between 50 and 99 employees, compared with 1:73 and 1:117 for organisations with between 100 and 499 and more than 500 employees (respectively) (Johnson & Mouly, 2002).

Changes in practices

In addition to the spread of specialist practitioners, there is an increasing amount of evidence that HRM practices in New Zealand organisations may be transforming to match models that could be described as ‘sophisticated’ (Wright, 1997). In New Zealand organisations, such practices have the ‘effect of substituting traditional industrial relations practices and organisations, while appearing to acknowledge the continued ‘right’ of unions to operate within their organisations’ (Wright, 1997). However, the extent of the change in HRM is difficult to gauge because there is little actual information about what practices and activities are actually undertaken in New Zealand HRM (Gilbertson, Fogelberg & Boswell, 1987; Fraser, 1993). What is fairly easily gauged, from the weight of literature on the subject, is the dramatic decline in union membership since the ECA was passed (Harbridge, Hince &

Honeybone, 1995; Crawford, Harbridge & Hince, 1996; 1997; Harbridge & Honeybone, 1996; Boxall, 1997; Boxall & Haynes, 1997; Crawford & Harbridge, 1998; Leopold, & Hallier, 1999).

A series of New Zealand Institute of Personnel Management (NZIPM) surveys offer the greatest insight into the practices historically carried out by specialist departments. In terms of contemporary organisations a number of surveys of practices and specific activities undertaken, one of the most comprehensive reported in the literature was conducted by Geare and Stablein during 1990, although Pajo and Cleland's (1997) survey of 'professionalism in personnel' and Johnson's Cranfield survey (Johnson and Mouly 2002) also provide some insight.

In the NZIPM 1978 survey the most dominant personnel practices were: 'labour turnover statistics, employee records, advertising for staff, providing accident statistics, and reports, involvement with statutory provisions for health and safety, salary and wage activities, industrial relations activities, management for further education, and participation in employer associations' (Toulson, 1990, 6). However, one of the major trends of change evident in a comparison of this data with contemporary practices has been the decline in activities associated the welfare of employees (Toulson, 1990; Pajo & Cleland, 1997). Activities such as canteens, first aid and health services, accommodation and transportation and the assimilation of migrants were initially common in many organisations (Ransom, 1966). These types of activities were undertaken as an attempt to stem labour turnover which 'has long been a problem in New Zealand' (Ellis, Taylor & Rudman, 1975, 244).

However, as labour markets in New Zealand have become loose, welfare activities have declined (Stablein & Geare, 1993; Pajo & Cleland, 1997). Likewise, traditional emphasis on practices that '...disciplined staff without dismissing them...' focused on reducing absenteeism and attempted to '...combat industrial unrest (Ransom, 1966, 13) have all declined as labour markets have become more loose. In place of welfare-type activities, there has been an increase in performance related PM/HRM activities over time; Toulson's 1990 survey finding the following activities predominated:

job evaluation, performance appraisal, external executive development

programmes, performance counselling, manpower planning, training evaluation, internal executive development programmes, succession planning, job enrichment/enlargement, joint consultation, grievance procedures, and overseas executive development programmes (Toulson, 1990, 6).

Similarly, a 1990 postal survey of 'large' organisations in New Zealand (i.e. those organisations with more than 100 employees¹⁸) conducted by Geare and Stablein found PM/HRM activities centred on performance and administrative focuses.

The results of their survey were classified into categories - activities related to the employment of staff had the highest level of frequency in large New Zealand organisations, followed closely by salary administration activities (Geare & Stablein, 1995). A result that surprised Geare and Stablein was the low frequency of management development activities in large organisations, with just 65 percent of organisations surveyed undertaking such tasks (also see Hamilton, Dakin & Loney, 1992; Johnson & Mouly, 2002). This finding may be linked to two contingencies identified in literature, first, until recently 'New Zealand managers have traditionally learned on the job and come up through the ranks' (Geare & Stablein, 1995, 169). Such a view on management development is echoed by O'Driscoll, Humphries and Larsen's (1993, 153) observation that New Zealand managers '...who believed that they had acquired their expertise predominantly through trial and error and by learning "on the run"'. The second (related) contingency is the fact that there is 'a shortage of places to train to a full professional standard in New Zealand and the lack of a viable professional body' (Elkin & Inkson, 1995, 162).

Interestingly, a subsequent survey conducted by Pajo and Cleland (1997) shows that efforts to increase management development programmes have not been perceived as significant by practitioners and yet the same survey reports relatively high rates of educational attainment among young HR managers (also see Gray, 1999). These findings may raise questions about whether organisations are purposefully selecting young, well-educated managers but are then doing little to develop them further.

¹⁸ The survey was based on a sample size of 1,100 and received 369 useable responses - a response rate of 39%.

The changes in PM/HRM practices such as the shift away from welfare activities and towards performance related activities illustrates broad trends of change that are driven, to a large degree, two main factors. First, specialist activities are undertaken to either attempt to abrogate certain problems or to capitalise on certain contingencies. As the problems and contingencies facing organisations change, specialist departments are likely to adapt the types of activities they undertake. The second major factor that influences the types of activities undertaken in specialist departments are trends of change in contextual influences and academic disciplines that constrain and inform specialist practitioners (respectively). For example, since the 1980s there has been a widespread adoption of Equal Employment Opportunity (EEO) related activities in public sector organisations in New Zealand because practitioners in these organisations have moved to comply with directives from the State Services Commission and legislative requirements that their organisations be 'good employers' (Boxall, 1989; Gilbertson & Fogelberg, 1991b; Stablein & Geare, 1993; Geare & Stablein, 1995; Stace & Norman, 1997; Walsh, 1998). Another illustration of the effect of the 'good employer' requirement upon the public sector is provided in the results of a study into the use of performance appraisal systems in New Zealand organisations by Taylor and O'Driscoll (1993). Their study revealed that public sector organisations are significantly more likely to use performance appraisal systems as a means of meeting their legal requirements than private sector organisations.

Another result that reflects the changing context of management in New Zealand between 1990 and 1997 is the increasing attention given to health and safety matters. Ransom (1987) found that of the multitude of established personnel activities, health and safety had the lowest level of activity. Similarly, Geare and Stablein's survey in 1990 revealed that on average, just 68 percent of organisations conducted activities associated with occupational health and safety (Geare and Stablein, 1995). However, Pajo and Cleland's (1997) survey noted that 76.3 percent of respondents had introduced programmes or policies in this area during the preceding five years. The explanation for this increase rests in the fact that until the enactment of the Health and Safety in Employment Act 1992 (HASE), the New Zealand government played a major role in workplace health and safety and organisations were not expected to be

proactive in such matters. After the HASE Act, the onus for such activities has fallen on organisations themselves.

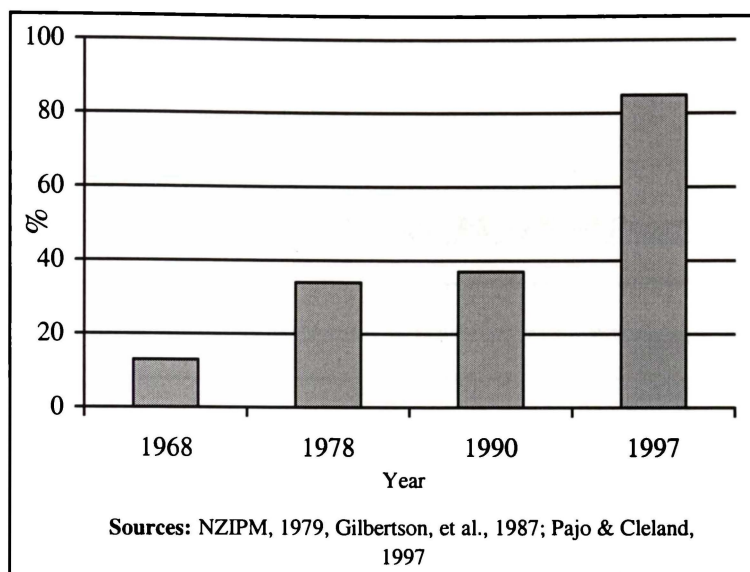
A minority (34 percent) of large organisations that responded to Geare and Stablein's 1990 survey reported the use of incentive and merit schemes and this figure actually represents a decline from results reported in the 1978 NZIPM survey (Geare & Stablein, 1995). Interestingly, this finding contradicts much of the HRM literature in New Zealand around this time (i.e. the late 1980s to mid 1990s) which assumes that there was widespread use of merit related pay and pay for performance (see Boxall, 1989; 1995; Taylor & O'Driscoll, 1993 and Hunt, 1995 for example). However, Geare and Stablein's (1995) finding on this issue is supported by Pajo and Cleland's 1997 survey which found that in the previous five years (i.e. from 1992), incentive and merit schemes such as employee share ownership, team-based pay and skills based pay, all rated as areas receiving very little attention in New Zealand organisations. Another point that confuses this issue is the finding by Brown, Gilson and Wagar (2000, 76) that in a 1999 survey, 81 percent of New Zealand organisations reported using performance pay systems and 75 percent reported using an individual merit system of pay.

The changing profile of practitioners in New Zealand

One of the important gauges to evaluate the changing role of HRM in New Zealand organisations is an examination of the types of people who operate as PM/HRM practitioners. A number of themes underpin the consideration of the types of people operating as practitioners – one of these has been the rapid increase in the numbers of specialist staff with qualifications (see figure 7.3 below).

The 1978 NZIPM survey found that 'only 69 of the 2310 personnel staff covered, have any specialist qualification in personnel management/ administration in the form of a certificate or diploma' (1979, 52).

Figure 7.3 Tertiary Qualification of PM/HRM Practitioners



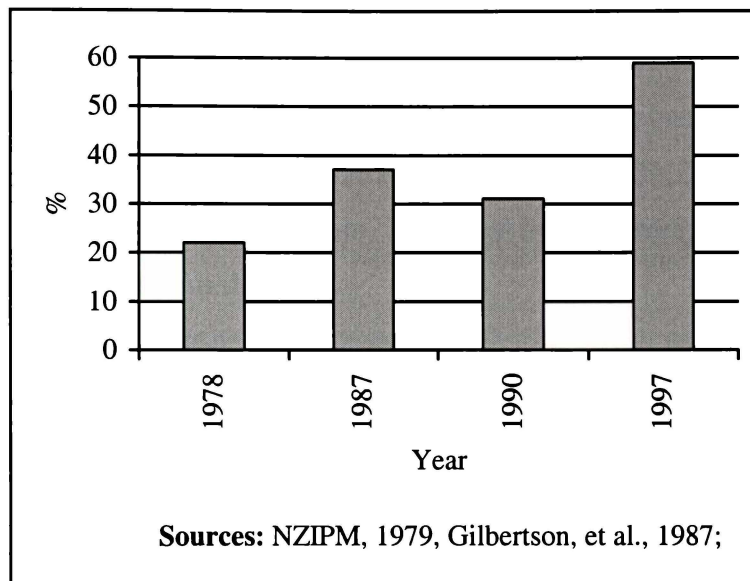
Perhaps as a result of this under-representation of qualification, a survey of 582 HRM practitioners conducted by Gilbertson, Fogelberg and Boswell in 1987 found that 'professionalism not does exist for many companies' people and in many firms personnel and industrial relations work is not regarded as an area of activity requiring specialist knowledge, skill, and experience' (1987, 47). By comparison, a survey in 1997 found that 85 percent of specialist staff had tertiary qualifications (Pajo & Cleland, 1997).

A second theme of change in terms of the shift in PM/HRM in New Zealand has been the feminisation of the specialist practitioner group (see figure 7.4 below) (Cleland, Pajo & Toulson, 2000). In 1958 all the personnel managers in New Zealand were men (Mackay & Johnson, 2000, 39) by 1966, Ransom reported that specialists were '...seldom women...' although women specialists '...are mainly employed by larger retail stores' (Ransom, 1966, 18). The proportion of women grew - with 22 percent of practitioners being women in 1978 (Ransom, 1979) and 31 percent by 1990. In 1997, the majority of practitioners (59 percent) were women (Pajo & Cleland, 1997). An illustration of the major changes in PM/HRM practitioners in New Zealand can be seen by a comparison of Geare and Stablein's profile from a 1990 survey with Pajo & Cleland's 1997 profile. Geare and Stablein found that:

The 'most probable' profile of the HR manager in New Zealand is that the

manager is a married man in his 40s, a New Zealander of British descent. He is a non-graduate but has a fair amount of HRM training. Although he has had over 10 years experience in management, only five years have been in the HR department. His job title is 'Personnel Management', and he is on a salary in excess of \$NZ50,000 (1995, 173-174).

Figure 7.4: Proportion of Women PM/HRM Practitioners



By

comparison, Pajo and Cleland's 1997 findings show that (in mean terms) HR practitioners are likely to be a 40 year old, female, New Zealand born Caucasian with a tertiary qualification who started her career in the field of HR (Also see Toulson, 1990; Hunt & Boxall, 1998).

While the differences between Geare and Stablein's 1990 data describing PM/HRM practitioners and Pajo and Cleland's 1997 data is markedly different, the true significance of the sea change affecting HRM practitioner demographics is still hidden. The younger practitioners (i.e. less than 40) are predominantly female (74.5%), much more likely to have degree-level tertiary education (50%, compared to 34% for those aged 40 and older), and are twice as likely to have started their careers in HRM (Pajo & Cleland, 1997; Cleland, Pajo & Toulson, 2000; also see Ransom et al., 1978 and Ransom, 1982).

The changing operation of specialist departments

Human resource management departments in older New Zealand organisations have mainly developed on from personnel departments, many of which were established during the Second World War (Ransom, 1979). In such cases, the philosophy and orientation of the contemporary HRM departments may still be influenced by longstanding cultures of involvement and welfarism that underpinned early personnel management in New Zealand. These philosophical underpinnings owe a great deal to the fact that many personnel departments were initially established in line with National Service Department guidelines which stressed involvement and welfare activities as a means to assist in the 'drive for productivity' (Ellis, Taylor & Rudman, 1975, 129; also see Hare, 1944b; Ransom, 1979; Stablein & Geare, 1993). Such guidelines led to observations that in

...the early days of personnel management ... a 60-40 approach was advocated: that is, the personnel man [sic] was supposed to be 60 percent 'for' the worker and 40 percent 'for' the company (Ellis, Taylor & Rudman, 1975, 241).

The veracity of this observation can be seen in the fact that even up to the 1980s, the IPMNZ's code of practice acknowledged the split loyalty of personnel managers:

We therefore undertake:

To place respect for human dignity above all other considerations and to be always mindful of integrity in personnel decisions.

To conduct the personnel function so as to recognise merit, without personal gain of favour to individuals or groups, so as to keep employee confidence and management support.

To aid the full development of each employee's potential within the organisation and to help place him in the position for which he is best fitted.

To represent, with full loyalty to both, the employee's interests to management and management's interests to employees and to clarify by thoughtful interpretation how the true interest of one is the true interest of the other.

(NZIPMJ Editorial, 1980, 3-4)

After the Second World War, the development of the personnel function in New Zealand continued, especially in the larger public sector based infrastructural developments (Mackay & Johnson, 2000). In such developments, the role of

personnel management continued to be primarily welfare based as many of these infrastructure projects were in isolated rural areas and 'this required setting up and managing accommodation, canteens, social and recreational facilities, and transport...' (Mackay & Johnson, 2000, 38).

Devolution of PM/HRM to line managers

In New Zealand organisations, there has been mixed evidence of devolution of PM/HRM to line managers over time (McMorland, 1990; Toulson, 1990; Stablein & Geare, 1993; Pajo & Cleland, 1997). On one hand, Geare and Stablein's 1990 survey indicated '...a clear shift in responsibility away from sole HRM department responsibility to other departments. This shift is mainly a shift onto line management of partial or full responsibilities for HRM activities' (1995, 178). On the other hand, Toulson, (1990, 195) found that '...the personnel department in most New Zealand organisations still maintains responsibility of the majority of personnel practices. ...the movement of operational personnel management practices to line management is therefore still some way off in many New Zealand organisations'.

In terms actual evidence of the devolution of activities, Geare and Stablein's 1990 survey found that the responsibility for salary administration was vested with the HRM department while activities related to the employment of staff were more likely to be devolved (Geare & Stablein, 1995). Likewise, there was a significant finding that where organisations carried out health and safety related activities there was likely to be a high degree of responsibility for these activities devolved to the line (Geare & Stablein, 1995).

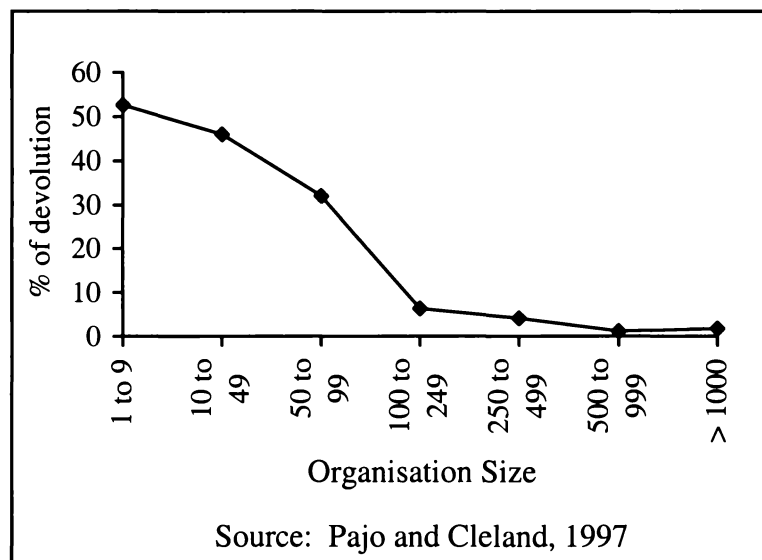
By comparison, Pajo and Cleland's 1997 survey of practitioners revealed that the majority of New Zealand organisations with a PM/ HRM function (84.8 percent) maintain a specialist staff of practitioners. Of this group, by far the largest proportion (54.9 percent) have a structure in which a specialist support department 'handles both policy and operational HR issues and activities (Pajo & Cleland, 1997, 2). The remainder of the organisations that maintain a specialist staff of HRM practitioners use arrangements in which HR specialists were both in business units and in a head office (26.8 percent) or in which HR specialists are only present in

business units (Pajo & Cleland, 1997). Just nine percent of organisations in New Zealand utilising a HRM approach do so through line-managers alone (Pajo & Cleland, 1997).

However, the devolution process is not straightforward. The NZ-Cranfield survey revealed that over the past 40 years the number of specialist HRM practitioners relative to other employees has actually increased (Mackay & Johnson, 2000). The explanation for this relative increase in specialist staff results from the expansion of their roles and responsibilities over the years (Mackay & Johnson, 2000) and ‘...the greatly increased sophistication ... in the specialist services they offer’ (IMPNZ, 1979, 51).

Pajo and Cleland’s survey goes some way to further explaining this phenomenon. They found that devolution of responsibility to the line was organisational size dependent (See figure 7.5 below).

Figure 7.5 Devolution of HR to Line Managers (1996)



The basic relationship seems to be the smaller the number of staff in the organisation; the more likely that HR is devolved. However, Pajo and Cleland (1997) hasten to point out that such findings are more likely to be the result of the requirement for managers in smaller organisations to multi-task than any deliberate plan on the part of management. In fact they claim that ‘...despite all the anecdotes,

neither this survey nor the earlier survey in Australia found significant evidence of the devolution of HR responsibilities to line managers' (Pajo & Cleland, 1997, 5).

HRM and Competitive Advantage

Although there is little evidence about the actual influence of PM/HRM New Zealand organisations, throughout the years there has been confidence expressed in the literature that specialist staff have consistently improved their contribution to the organisation. For example, 'the personnel specialist is now making a more significant and valuable contribution to his/her organisation than in the sixties' (IPMNZ, 1980, 1).

However, such comments are statements of faith - there has been only limited consideration of the contribution of HRM to attaining competitive advantage and performance outcomes in New Zealand, therefore tangible evidence of the contribution of HRM is lacking. Interviews of General Managers of HRM in New Zealand organisations conducted by Wright (1997) revealed that the aim of creating or enhancing an organisation's competitive advantage was a key feature underlying the HRM practices implemented by New Zealand organisations. Allied with this feature was a loosely constructed set of associations between competitive advantage/performance and HRM various practices. Practices such as those that engendered flexibility and teamwork in the workplace were assumed to be positively related to competitive advantage/performance (Boxall, 1997).

Amongst practitioners, the contribution of HRM to competitive advantage in New Zealand firms is a growing issue of concern. Cleland, Pajo and Toulson (2000) report that a survey of practitioners in 1997 found that they perceived HRM's ability to project or attain a 'value-added focus' had been a major issue in the preceding five years and was expected to be influential in the upcoming five years.

Strategic Orientation

In New Zealand literature there is often an assumption and occasionally an assertion that HRM has been progressively gaining a strategic orientation and as a result has

had an upgrade in status in many organisations (Matheson, 1980; McMorland, 1990; Stablein & Geare, 1993; Boxall 1995d; Boxall & Steneneveld, 1999; Cleland, Pajo & Toulson, 2000). However, the evidence about the actual strategic orientation of the HRM function in New Zealand is sparse and where there is evidence, what is available is often apparently contradictory (Hunt & Boxall, 1998; Johnson & Mouly, 2002).

The 1978 NZIPM survey found that 86 percent of personnel practitioners reported directly to the executive level, compared to a study by David Gilbertson in 1984 that reported that only 31 percent of personnel practitioners reported directly to the executive level. Gilbertson explained the limited level of executive reporting as arising because personnel and human resource managers:

As a group, they are not regarded as top management and it logically follows that their contribution to the survival, competitive stance, and profitability of the organisation is not yet perceived as important as that of other activities such as marketing (1984, 120).

A more limited survey by McMorland (1990) indicated that only around 33 percent of organisations with more than 100 employees had HR representation at the executive level (also see Toulson, 1990). In 1991, Gilbertson and Fogelberg similarly noted that ‘...the inclusion of HRM staff in the strategic issues facing their organisations was relatively rare’ (1991a, p. 56). Gilbertson and Fogelberg (1991a) argued that this low strategic involvement was the result of widespread perceptions that HRM practitioners had low levels of expert power and positional power resulting from inadequate training, lack of consultation by decision-makers and insufficient levels of delegated authority. In a controversial explanation, Gilbertson and Fogelberg (1991a) suggest that HRM’s low strategic involvement arose because practitioners in New Zealand had become overly focused on the trappings of professionalism and were dividing their attention away from lobbying for strategic involvement (also see Rudman, 1999a).

A 1994 study by the Institute of Personnel Management (IPMNZ) found that 60 percent of respondents felt that HR managers in New Zealand were operationally focused rather than strategically oriented. By contrast, the more recent NZ-Cranfield study (conducted in 1997) was less emphatic in its results. On one hand the survey

found that a much higher level of strategic level involvement for HRM than IMPNZ (1994). This was evidenced in that nearly two-thirds of organisations sampled reporting that there was proactive participation by HRM specialists in corporate strategy development (Johnson & Mouly, 2002) and by the fact that ‘...seven out of 10 respondents reported developing an HRM strategy...’ (Mackay & Johnson, 2000, 42). On the other hand, an undermining feature of this apparently high strategic orientation identified in the Cranfield survey was the fact that ‘...about one-quarter of them [HR strategies] are unwritten’ (Mackay & Johnson, 2000, 42).

Likewise, Pajo and Cleland’s survey conducted for the Institute of Personnel Management of New Zealand (IPMNZ) in 1997 found mixed results. While nearly 50 percent of organisations ‘...indicated that the emergence of a strategic focus was a significant change in the last five years’ (Pajo & Cleland, 1997, 3), the tangible dimensions of this increased focus are less clear. In particular, just 42 percent of organisations reported having HRM issues represented at the board level, which might indicate a low strategic focus, but in 73 percent of organisations, the chief HR manager reported directly to the CEO, which might indicate a higher strategic focus (Pajo & Cleland, 1997, 8).

Taken in conjunction the results of Pajo and Cleland’s (1997) study might indicate that HR managers in New Zealand may not be intimately involved in strategy initiation but are involved in strategy implementation (also see Hunt & Boxall, 1998). Such an interpretation is supported by the NZ-Cranfield survey found that about two-thirds of respondents reported HRM involvement in the implementation of corporate strategy. Similarly, Mackay and Johnson (2000, 42) reported that ‘another survey of Human Resource General Managers in New Zealand revealed that few were centrally involved in the formation of strategy, and were more likely to implement strategic change instead of developing it with other managers’.

Contemporary trends in HRM in New Zealand

The shift to enterprise based negotiations with the enactment of the Employment Contracts Act 1991 dramatically altered the nature of human resource management practice in New Zealand (Boxall, 1992b; Stablein & Geare, 1993; Walsh, 1998). The

main influence this change had was in altering the dynamics of the employment relationship ‘...in favour of employers’ (Boxall, 1992b, 6). In particular, there was a perception of a widespread move away from union involvement and towards direct (i.e. employer to employee/s) negotiation and alongside this shift, a trend towards the adoption of individual employment contracts was also observed (Boxall, 1992b).

These shifts in dynamics and in particular the individualisation of the interactions with employees are consonant with American influenced HRM literature which encourages the development of ‘high commitment’ organisational cultures through direct interaction between employer and employee. Such views would suggest that within the environment created by the ECA, organisations utilising HRM would attempt to individualise employment relationships to exclude unions (Hince & Vranken, 1991; Boxall, 1992; Silverstone & Dalby, 1993; Powell & Spicer, 1994; Geare & Stablein, 1995; Siers, 2000). However, findings from surveys on human resource management and labor relations practices in New Zealand, (and Australia and Canada) carried out by Gilson and Wagar (1998) and Brown, Gilson and Wagar (2000) indicate that in larger organisations, individualisation has not been attempted at the scale that could have been expected. Of particular relevance is the finding by Gilson and Wagar’s (1998) that in 1995 two-thirds of organisations with 50 or more employees, negotiated collective contracts, but by 1999 that figure had increased to 87 percent (Brown, Gilson & Wagar, 2000). In both of these studies, union involvement was found to be a major moderating factor on the types of employment contracts being utilised (Brown, Gilson & Wagar, 2000). These findings seem to mirror Wright’s (1997, 151) finding that ‘the scope and size of the large organisations made the objective of securing an individual employment relationship and impractical one’ instead ‘...respondents tended to justify union involvement on the grounds of expedient pluralism – on the basis of economic reality and practicality, as opposed to managerial support for the virtues of pluralist industrial relations’ (Also see Cregan, Rudd & Johnston, 1995; also see Hunt, 1995).

While the influence of the ECA on HRM with regards to contract structures and union involvement in large organisations is not straight forward, it seems that smaller employers and employers of insecure workers have used the freer environment created by the neo-liberal reforms of the 1980s and the ECA to push ‘hard’, more

unitarist models of HRM (Hunt, 1995; 1997; Wright, 1997; Allan, Brosnan & Walsh, 1999; Leopold, & Hallier, 1999; McLaughlin, Rasmussen & Boxall, 2000). In particular, McLaughlin, Rasmussen and Boxall (2000) found that 'harder' approaches to the employment relationship were more likely to be experienced in the secondary labour market. This supports Stablein and Geare's (1993, 35) observation that '...the changes in the industrial relations climate appear to have resulted in more employer effort on cutting labour costs, e.g., removal of penal rates, than on pioneering productivity enhancing innovations' (also see Hector & Hobby, 1997/98). A similar finding noted by Allan, Brosnan and Walsh (1999) identified that organisations in New Zealand were seven times more likely to have reduced penal rates than Australian organisations and more than two-and-a-half times more likely to use new payment systems to intensify work. As yet, it is unclear how the shift in the legal framework (back away from a neo-liberal agenda) has affected actual employment conditions.

HRM in New Zealand and Ideology

For many New Zealand commentators, there is a clear belief that the development of HRM and the rise of New Right are more than coincidence. Haworth (1990, 127) suggests that the adoption of HRM in New Zealand is evidence of a 'unitarist renaissance'. Wright (1997, 146) also notes that 'the values underpinning the HRM model typify the New Right model of labour market reform, articulated in the Employment Contracts Act 1991'.

These commentators tend to assert that the rise of HRM in New Zealand is inseparable from the decline of the traditional domination of industrial relations and as such, the rise is likely to have been at the expense of institutionally pluralist employment relationships. There is certainly a link between the style of HRM being pursued in New Zealand organisations which stresses flexibility as the prime mechanism for achieving competitive advantage (Wright, 1997) and the rhetoric that accompanied the rise of the New Right/ neo-liberal agenda (Williams, 1992; Humphries-Kil, 1995; Scott, 1996; Boxall, 1997; Boxall & Haynes, 1997; Leopold, 1997; Goldfinch, 1998). There also seems to be a wave of relational change linking the rise of individualised relationships in employment, the decline of collectivism in

workplaces, the decline of unions and individualistic ideology pervading New Zealand society (Humphries-Kil, 1995; Scott, 1996; Boxall, 1997; Leopold, 1997; Wright, 1997).

In broad terms, the ideology of contemporary HRM in New Zealand organisations falls within the unitarist frame of reference as there is a clear ‘resistance to traditional industrial relations organisations, and the collectivist ethos’ (Wright, 1997, 139). However, there is also an apparent lack of evidence in the literature that there is a concerted effort to achieve union substitution. Instead, HRM practices in New Zealand tend to be divided on the basis of organisational size - larger organisations had higher levels of unionisation and although they seldom pursue a pluralist frame of reference, they tend to be accepting of the presence of unions. On the other hand, smaller organisations were found to pursue HRM policies and practices that made unions less relevant as a means of attempting to deplete membership.

CONCLUSIONS

One of the factors that is most clear in regards to the practice of personnel management and human resource management in New Zealand is that they have been less likely to reflect the established view in the literature than seems evident in other nations. Part of the explanation for this difference lies in the New Zealand political economy – in particular with many New Zealand organisations smaller than is the case elsewhere in the world. However, another significant part of the explanation seems to be the overwhelming influence New Zealand’s industrial relations systems have had on employment relationships – these stifled the development of personnel management up until the late 1980s and caused massive and uneven growth in HRM from the 1990s onwards. Such has been the strength of the influence of industrial relations in New Zealand that it is generally unclear how, and whether, personnel management / human resource management are actually being undertaken in contemporary New Zealand workplaces. To address this issue of lack of information about what has actually been going on in relation to the management of employment relationships in New Zealand workplaces, the next chapter explains the primary research methods and the two chapters (Chapter nine

and ten) report the results of primary research undertaken to determine the nature of actual employment relationships.

CHAPTER EIGHT

RESEARCH METHODS

INTRODUCTION

As outlined in Chapter Two, the methodological underpinning of this thesis is 'radical humanist' and incorporates a framework of analysis that is 'middle range' (Laughlin, 1995). This Chapter (and the following two Chapters) contribute to this methodological approach by developing an understanding of the micro/ meso issues related to the organisation of the employment relationship at the level of the workplace.

Chapters 3-7 of this thesis take the approach that two families of academic disciplines act to structure employment relationships in contemporary capitalist workplaces. These are the families of industrial relations and personnel management/ human resource management. However, this approach is problematic in respect to analysing the nature and form of employment relationships in New Zealand because there is little overarching empirical description of what is actually occurring in New Zealand workplaces.

In order to overcome this lacuna, primary research was undertaken as part of this thesis, which investigates the form, and nature of employment relationships in New Zealand (See Chapter Nine) and then analysed in Chapter Ten. Because the intention of the primary research was to 'discover' or find out what was 'actually' going on in New Zealand organisations, an inductive rather than deductive approach was taken. Inductive research begins with observation of phenomena and identifies patterns and regularities, and generalises relationships and theories about those phenomena as a second order process whereas the (more common) deductive approach begins with a hypothesis or assumption and then proceeds to test this pre-existing idea as a second order activity (Trochim, 2002). Inductive research tends to be open-ended and exploratory and the construction of the research instrument, processes of analysing data and practices of establishing reliability and validity all reflect this.

The Primary Research Method

In line with a positivist/ realist approach to methodology, the primary research in this thesis was undertaken with a number of research objectives in mind (see insert below), all of which specifically contribute to the aim of the thesis. These research aim and objectives were drawn from the areas of interest highlighted in the literature discussions in the previous four chapters. In addition, the research was intended to provide a macro level insight into the nature of employment relationships in New Zealand.

Research Aim:

To examine the nature of employment relationships in New Zealand workplaces.

Research Objective 1:

To investigate whether PM/ HRM or industrial relations (or some other discipline) predominates in New Zealand workplaces;

Research Objective 2:

To explore what types of practices and techniques are used in the management of employees;

Research Objective 3:

To examine whether organisationally specific factors tend to result in the adoption of particular approaches to employment relationships.

Research Objective 4:

To examine how the choice of employment relationship discipline (PM/ HRM, industrial relations, or some other) influences the types of practices and techniques that are used in the management of employees.

Research Objective 5:

To examine the nature and use of specialist staff for managing the employment relationship.

The method used to address this Research Aim and the Research Objectives was both positivist and realist - a self-administered, postal questionnaire was used.

The use of a questionnaire

It should be acknowledged that the choice of a quantitatively focused questionnaire-based method was not undertaken without judicious consideration, for although it falls comfortably within the mid-range methodology utilised in this thesis (see Chapter 2), the method has two significant (related) drawbacks. First, questionnaires tend to result in the depth of the data being sacrificed for breadth (Marcoulides, 1998) and second, given that the underpinning approach of the research was radical humanist, the use of a questionnaire is somewhat problematic because the direct experience of labour is obscured.

However, these concerns about the depth and type of the data were outweighed by the benefit afforded in the breadth of data that could be collected via a postal questionnaire (Bell, 1999). As this thesis is presenting a macro and meso level analysis of employment relationships, such breadth of information was imperative and the use of a questionnaire made it possible to survey a random probability sample (Riley et al., 2000) of the whole population of New Zealand workplaces.

Although the postal questionnaire approach has the advantage of being relatively timely, cost effective and requires little time to administer, the response rates to such instruments are almost universally low (Marcoulides, 1998). Many authors note that when using questionnaires there is a high degree of likelihood that response rates will be low. This is because questionnaires tend to be seen as impersonal and lacking an ability to connection with respondents. Because of these concerns over the low response rates, a relatively large sample group was selected from the population (Bell, 1999; Riley et al., 2000). Following the advice of Bell (1999) a targeted response rate of 30% was set and this response rate was achieved with the aid of one reminder letter to one section of the sample. The respondents to the survey very closely represented the expected demographics of New Zealand businesses and organisations.

Outline of Events:

During 1996 and 1997, this thesis was furthered through literature review and contemplation. During this time, the statement of thesis was investigated through

secondary sources, with notes of specific research issues being taken and particular attention paid to lacunae. During 1998 that approach was augmented with specific search of the secondary sources looking for primary research techniques used by other researchers who had worked on similar topic areas. These two processes resulted in the identification of the research objectives (in the insert above) which the primary research would need to address.

During this search of the secondary sources, it was also found that much of the previous research on employment relationship related issues in New Zealand had been conducted via questionnaires and interviews. For reasons cited above, it was determined that a questionnaire based approach should also be undertaken for this research. Therefore, throughout the latter part of 1998 a questionnaire was drafted, piloted and redrafted.

The piloting events were conducted twice with 15 respondents matching the intended sample group taking part each time. The initial pilot event took place in early September 1998 and this resulted in dramatic changes to both the covering letter and the questionnaire because of perceived lack of clarity in explanations and instructions. Another major change arising from this pilot event was the removal of definitions of personnel management, human resource management and industrial relations that had been included for the purposes of clarification, but which instead, generated heated and protracted debate.

Following the redrafting of the questionnaire, experiments were undertaken with coding and entry of the questionnaire responses on excel spreadsheets. These experiments identified some problems and as a result, some minor layout and category changes were made to several questions. The second pilot event took place in late September 1998 and resulted in just a few minor alterations being suggested and implemented.

On the completion of the drafting and piloting process, the questionnaire and covering letter were presented to a University of Waikato Ethics Committee for approval. This approval was granted in October 1998 with no caveats.

From June to August 1998 a selection of 1000 randomly chosen organisations was drawn up from the UBD database that covers primarily small and medium sized organisations. In the second week of October 1998, the questionnaire was mailed out to the 1000 organisations included in the first iteration of the sample. The covering letter requested that the questionnaires be returned within four weeks i.e. by the second week of November 1998.

As the questionnaires were returned they were entered into an excel spreadsheet and by the fourth week of November 1998 it was clear that the desired response rate of 30 percent was not going to be achieved. This triggered the distribution of a reminder letter during the first week of December 1998.

Those respondents from the first iteration of the sample who requested a summary of the data were sent one late in January 1999 (where they had also remembered to identify themselves).

From December 1998 to February 1999, a selection of 600 randomly chosen organisations was drawn up from the New Zealand Telecom's 'large organisation' database. These sample selections were then cross-checked against the first sample group and several represented in both were 'de-selected' and replaced. In the last week of March 1999, this second iteration of the questionnaire was mailed out with a requested return date of the last week of April 1999.

When this date was reached, more than 30 percent of the sample had returned their questionnaires so no follow up letter was sent. Those respondents who requested a summary of the data were sent one in July 1999.

Throughout the primary research process returned questionnaires were immediately entered onto an excel spreadsheet using a pre-designed coding process. These results were summarised and analysed.

The Sample

As intimated above, the questionnaire was stratified - into two distinct sample groups who were designated according to organisational size. The first sample group was constructed to capture information from 'smaller' and medium sized organisations and the second from 'larger' and medium sized organisations.

This stratification of the sample into two groups is relatively unusual and was undertaken for four reasons – first, because it allowed two iterations and enabled the costs of the survey to be matched to annual budget allowances, second, for the purposes of convenience, third, and most importantly, to stratify the sample so that techniques necessary to heighten response rates could be undertaken if it became clear that targeted responses among some organisational groups were lower than desired (Marcoulides, 1998). Fourth, and finally, the mailing lists used for sample selection had to be drawn from different sources because investigations revealed there was no single source of contact information for all sizes of organisations in New Zealand.

The Universal Business Directory (UBD) 1998 was used to provide a database for the part of the sample of 'small' and medium sized organisations. Whereas, New Zealand Telecom's large organisation database was used to generate the sample of organisation that are 'large' and medium-sized. For both samples selection was via a (stratified) systemic random probability sampling method - an initial entry in each directory was chosen at random and then every *n*th entry in the respective directories was included in the sample (Riley et al., 2000; Trochim, 2002). For the 'small' and medium iteration, every 75th entry in the UBD Directory was included and for the 'large' and medium iteration, every 110th entry in New Zealand Telecom's 'large organisation' database was included. However, because both iterations of the sample selection included 'medium-sized' organisations, a slight overlap between the selected samples resulted and so, the systematic selection method was slightly impaired because a few (six) medium sized organisations that were selected for inclusion in both samples and had to be 'deselected' from the second iteration.

As the purpose of this study was to gain insight into all types of employment relationships in New Zealand organisations, the samples were drawn from throughout the economy; including both private and public sectors, 'for-profit' and 'not-for-profit' organisations.

Data Collection

The first iteration of the survey was sent to 1000 'smaller' organisations and was conducted late in 1998. The second iteration was sent to 600 'larger' organisations early in 1999. The method used for each iteration was virtually the same (i.e. the only significant differences being different coloured paper and different return dates), with each of the organisations receiving a covering letter, a questionnaire and a return addressed freepost envelope.

The covering letter was addressed to the 'person in charge of employment' and it explained who was conducting the research, and the intent and timeline of the research (See Appendix 8.1). The letter also made standard guarantees about ethics, privacy, and explained the manner in which respondents could access aggregated survey results at the completion of the surveying process (Bell, 1999).

The term the 'person in charge of employment' was used as the addressee in the covering letter to ensure that respondents in all organisations sampled would respond. A more specific form of address was tested during the pilot stage but discouraged respondents from organisations without specialist personnel or human resource management staff from taking part in the survey.

The covering letter also included a phone number the respondent could call to either inquire about the intent of the research or clarify the intention of questions. In all, just 5 respondents called and wanted to know whether the questionnaire should be returned, given that the targeted response date had passed.

More questionnaires were sent out in the first iteration of the survey than to the second because it was anticipated that the effective response rates achieved among

the 'smaller' organisations would be lower than those of the 'larger' organisations (Marcoulides, 1998).

Response Rates:

The first sampling round involving smaller organisations achieved a twenty-two percent response rate within the two weeks initially allowed for the return the questionnaires. Given that this was below the targeted response rate of 30 percent (Marcoulides, 1998), a reminder letter was sent to those organisations in the sample that had not returned their questionnaires and those organisations in the sample that had returned their questionnaires but had chosen to remain anonymous. Subsequent to the reminder letter, a total of 272 useable replies and 48 unusable replies were received – an effective response rate of thirty-two percent.

The second first sampling round involving larger organisations achieved a twenty-two percent response iteration of the questionnaire sampling the 'larger' organisations quickly yielded 250 usable and 10 unusable responses, a response rate of just over 42 percent. As this response rate was larger than the targeted response rate, no reminder letter was sent during this iteration of the survey.

If both iterations of the survey are considered together, the overall effective response is just under 34% (i.e. 522/1542). This response rate is relatively respectable for a survey of this nature (and length) and indicates that the results are likely to have a high degree of reliability and generalisability (Marcoulides, 1998).

Questionnaire Development

The questionnaire was based on a number of methodological assumptions. The first assumption, is that organisations' approaches to managing employment relationships could be classified into discipline groups of relatively stable practices and techniques reflecting academic debates and structures. The second assumption is that a number of organisational characteristics may be related to approaches to personnel management and/ or human resource management and/ or industrial relations that drive employment relationships in New Zealand workplaces. The third assumption

is that these approaches and techniques could be reliably investigated and forth, that such and investigation would render valid data about employment relationships.

The questionnaire was developed to reflect both the general themes related to employment relationships identified in the literature reviews (Chapters 3-7), and to reflect some of the more specific themes in similar research in New Zealand. This concern with the more specific themes of New Zealand research was driven by the belief that there might be factors peculiar to New Zealand that other researchers had deemed to be relevant to their investigations of employment relationships.

In relation to this second concern, it transpired only a limited amount of research of a similar breadth had previously been undertaken and what had been undertaken tended to be polarised into Personnel/ HRM issues versus IR issues. Within the Personnel/ HRM area, the noteworthy research included the IPMNZ surveys of 1958, 1969 and 1978 and research by Toulson (1990) and Fraser (1993). In the industrial relations area, some overarching research was sponsored by the Department of Labour (1992, 1993, 1997) into the impact of the introduction of the Employment Contracts Act 1991. However, much of the other research on employment relationships in New Zealand workplaces tended to focus on micro-management issues such as recruitment or consultation instead of overarching insights into the employment relationship.

These two sources of themes provided background guidance for constructing a questionnaire that would address the Research Aim of examining 'the nature of employment relationships in New Zealand organisations' and the accompanying research objectives. The questionnaire was designed to assess both the accuracy of the prevailing 'knowledge' in the literature and examine the degree of shift from the specific themes that have been previously researched in New Zealand. It covered four sides of A4 paper and included 67 questions in three sections (see Appendix 8.1).

Question types and Variables

Section A of the questionnaire gathered background information about the organisation and consisted of 12 questions (see Figure 8.1 for a full list of factors). The intent of this section was two-fold; first, this information was necessary to investigate **Research Objective One, Three and Four** i.e. which disciplines and paradigms predominate in New Zealand workplace and how the paradigm influence the types of practices and techniques that are used in the management of employees, and do organisationally specific factors tend to result in the adoption of particular paradigms?

In relation to the questions about the paradigm groups, it would have been a relatively simple matter to ask which (if any) family of academic disciplines (i.e. PM/ HRM or IR) the organisations subscribed to. However, during the piloting of the questionnaire it was discovered that such an approach may be seen as unduly limiting by respondents. They reported feeling that the true nature of approaches taken by their organisations was limited by forcing these approaches into standard terminology. As a result, the questions in this section of the questionnaire used the broader terms of ‘approach to managing employees’ for encompassing the PM/ HRM discipline family, and an ‘approach to managing the legalities and relations of employment’ for the IR related discipline. Second, these categories of information also aided in giving an overall picture of the types of organisations that had been successfully ‘captured’ in the survey and a mechanism for estimating how representative the sample was (see Figure 8.1, below, for the kinds of background information collected).

Figure 8.1 Background Factors Included in Section A

Variable	Question type
Organisational size (number of employees)	Open ended
Economic sector (private v. public)	Dichotomous
Profit orientation (for profit v. not for profit)	Dichotomous
Predominant nationality of owners or shareholders	Open ended
Primary activity of the organisation	Open ended
Gender of employees	Open ended
Longevity of the organisation (number of years in existence)	Open ended

In addition, Section A also asked closed-ended (nominal categories) questions about the types of employment contracts utilised by the organisation, the approach the organisation took to managing employees and the approach the organisation took to managing the employment relationship.

Section B of the questionnaire took the form of a large table (questions 13-57) that queried what micro-management techniques organisations undertake and how these were undertaken. These questions were partially open-ended and inquired about how (or whether) these activities were actually undertaken, and was set out so that respondents could choose to identify ‘personnel management’, ‘human resource management’, an ‘industrial relations’ department, ‘line managers’, or ‘another means’ as the person or group responsible for carrying out the activity or ‘not applicable’ if the activity was not carried out. This section addressed issues inherent in **Research Objectives Two** and **Four** regarding what types of practices and techniques were used in the management of employees and how the employment relationship paradigm influences the management of employees (respectively). An example of the types of question included in Section B is included below (in Figure 8.2) to illustrate:

Figure 8.2 Style of Questions in Section B

Please go through the items from the list below, and identify who carries out these practices by ticking in the appropriate column.

Q #	Management Activities	PM Dept	HRM Dept	IR Dept	Line manager	Other means	Not applicable	Q #
13	Conducting job analysis							13

As this table contained a large (and potentially intimidating) amount of information, it was subdivided thematically into four sets of questions:

- Employment management,
- Performance issues,
- Health and safety, and
- Consultation and planning.

In addition, Section B contained two open ended questions which asked for the identification of any issues missed in questions 13-57, and one partially open and one nominal question about the presence of, and attitudes to unions in the organisation.

Section C of the questionnaire was specifically targeted at addressing **Research Objective Five** by investigating only those organisations which had specialist staff or departments responsible for managing employees and the employment relationship. More specifically, this section asked about size of the specialist staff or department and about the gender and qualifications of the specialist staff. Section C also asked about the involvement of specialist staff or departments in strategic level decision-making and their perceived contribution to performance and/or productivity.

Data Analysis

Of the 69 questions in the questionnaire, the vast majority (55) were partially open-ended questions in which several possible answers were provided. There was a space for another response if the categories did not 'fit' (Marcoulides, 1998). Responses to these questions were treated as dichotomous, or nominal and simply analysed through basic frequencies and cross-referencing against other variables.

The remaining questions were structured with open-responses for one of three reasons (Marcoulides, 1998); first, mutually exclusive or comprehensive response categories could not be identified or, second, the logic of the question dictated such structures would be more efficient or, third, the data being collected was continuous (Marcoulides, 1998). These open-ended responses were analysed and coded into ordinal data using either a content analysis approach or a pre-existing standardised statistical definition (see table 8.3 below).

Figure 8.3 Coding Open Ended Questions into Ordinal Data

Variable	Coding method	Coding categories
Predominant nationality of owners or shareholders	Content analysis (responses >n=3 gained category responses < n= 3 categorised as 'others')	<u>Phase one coding:</u> New Zealand, Australia, USA, Japan, UK, Canada, Swedish, Others <u>Phase two coding:</u> New Zealand, overseas
Primary activity of the organisation	Content analysis (responses >n=3 gained category responses < n= 3 categorised as 'others')	Failure of accuracy of respondent responses made coding impossible
Organisational size (number of employees)	Logic	<u>Phase one coding:</u> 1-3, 4-10, 11-50, 51-100, 101-500 & >500 employees <u>Phase two coding:</u> 1-10, 11-100, >101 employees ¹⁹
Gender of employees	Simple Majorities	Predominantly male, predominantly female and equal amounts of genders
Longevity of the organisation (number of years in existence)	Logic	<u>Phase one coding:</u> < 6, 6-15, 16-25, 26-50 & > 50 years <u>Phase two coding:</u> < 6, 6-25 & >26 years
Contribution of the organisation's PM/HRM system	Content analysis: (similar responses >n=3 gained category similar responses < n= 3 categorised as 'others')	
Nature of recent changes to PM/HRM system	Content analysis (similar responses >n=3 gained category similar responses < n= 3 categorised as 'others')	Insufficient responses to question to analyse

The emphasis on closed, nominal response questions was deliberate for a number of reasons. First, such questions heighten the reliability of the data by reducing interpretation and analysis errors. Second, these types of questions require little effort on the part of the respondents and this was determined to be an important factor in heightening the response rate given the breadth of information being requested (Marcoulides, 1998). The aggregated data were initially analysed using simple tools of frequency (for categorical data), means (for the few pieces of continuous data) and percentages. A more complex set of analyses arose from the natural 'clustering' of the data according to differing paradigmatic approaches organisations took to employment relationships. So for example, some organisations might utilise personnel management and industrial relations whereas other

¹⁹ Note that the ANZSIC (1993) was not used as a) its largest category of 100+ was determined to be too imprecise and because b) ANZSIC categories refer to FTE employees and these results refer to employees regardless of the number of hours they worked (to use the same categorisation would have invited comparative analysis where this should be approached with care).

organisations might report utilising human resource management but not industrial relations.

These combinations of different families of disciplines were structured as a matrix of potential 'positional' approaches. The horizontal axis of the matrix consists of the family of disciplines concerned with the 'legalities and relations of employment', whereas the vertical axis includes the family associated with 'managing employees'. When the range of possible combinations these disciplines could take are plotted onto the matrix, the 'positional' outcomes can be seen as representing distinctive clusters of paradigmatic approaches to structuring employment relationships. These paradigmatic clusters of organisations were then contrasted with each other according to their differing descriptive statistics and their different micro-management techniques.

Another analytical process the data were subjected to involved contrasting the employment relationship approaches taken in organisations:

- In the public v. private sectors;
- In the for profit v. not-for profit sectors;
- That were 'large' v. those that were 'medium sized' and those that were 'small';
- That had unions present v. those who had no unions present;
- Which were New Zealand owned v. those that were owned by overseas interests;
- That employed predominantly male employees v. those that employed predominantly female employees; and
- Which had a set of specialist staff to manage employees v. those organisations that had no such specialist staff.

Finally, the results from the primary research were analysed by comparison with results from other similar research conducted previously.

Validity and Reliability

For the data generated through the questionnaire to have explanatory or generalisable descriptive utility in this study, it needed to be both reliable and valid.

Data which are reliable can be said to have ‘dependability, predictability, and stability’ (Marcoulides, 1998, 99, which in practical terms meant that the instrument or technique designed for the primary research phase of this study needed to be able to gather information about aspects related to employment relationships in New Zealand organisations that was consistent replicable.

However, while reliability is an important indicator of the quality of the data, validity also needs to be considered to ensure that the data are accurate. Concern over the validity of the data collected relates to its ability to accurately reflect the underlying attributes of interest in the primary research i.e. the nature of employment relationships in New Zealand organisations (Ary & Suen, 1989). Alternatively, the data are valid if they represents what they purports to represent.

The concept of validity can be divided into a number of subcategories, including face, content, criterion and construct validity. Face validity is the simplest form of validity and depends on the subjective assessment of whether the research instrument ‘looks’ accurate. Although this is an unscientific process, research that is inductive utilises face validity as a primary consideration. Face validity was a major consideration in this research. The questionnaire was written to respect the findings from the academic literature and to include the issues other similar primary research indicated were logical. Content validity is the extent to which data adequately reflects the domain of information, knowledge, or skill that it purports to measure and this is often addressed by respecting expert opinion about the phenomena to be studied and the aspects to be included (Rymarchyk, 2001).

Criterion validity is a more complex issue than either face or content validity and is generally associated with the relationship between constructs. It consists of two parts: predictive and concurrent validity. Predictive validity is the ability to estimate responses to phenomena based on their relationship to other known phenomena. This form of validity is usually associated with deductive research and so was no a major consideration in the primary research carried out for this thesis. However, concurrent validity assesses the research instrument’s ability to distinguish between groups that it should theoretically be able to distinguish between (Trochim, 2002)

and this was a major consideration of the primary research as the results were cross-referenced to estimate the distinct paradigmatic approaches organizations took to managing employment relationships.

In inductive research, construct validity is an assessment of how well the questions asked 'translate' to the respondents – whether the phenomena being captured are the same phenomena as were intended (Rymarchyk, 2001). In the case of the primary research undertaken for this thesis construct validity was approached by not defining concepts. Definitions were included in the first draft of the questionnaire but rejected for being too confining by the people involved in the initial piloting exercise. This self-definitional approach means that the data produced from the questionnaires represents measures of the respondents' perceptions of what the concepts like personnel management, human resource management and industrial relations mean rather than what they 'actually' mean. This perceptual definition approach to construct validity may seem imprecise but it matches both the inductive and radical humanist approach taken to the primary research.

In this primary research, both reliability and validity were partially addressed by the design of the questionnaire. Every attempt was made to ensure that the terms and questions in the questionnaire were unbiased, unambiguous and gathered information the respondent was in a position to provide easily. Although it is impossible to prove the data were a reliable representation of the respondents' organisations' activities, the questions included in the questionnaire were designed to only ask about objective variables - 'facts' in the eyes of the respondents. For instance, is this activity undertaken and if so who does it? These 'fact' based questions contribute to the reliability of the data because such questions can be expected to limit the degree to which respondents involve themselves in 'hypothesis guessing' and 'evaluation apprehension' and will accordingly reduce the bias the respondents might be expected to demonstrate with more evaluative questions (Trochim, 2002).

Another core mechanism used to heighten validity and reliability was a recognition that research is a value-laden exercise and is never completely objective or free of

bias because of the perspectives imbued by the researcher. Although these biases are often implicit, they tend to colour the identification of problems and variables and delimit the methods used. To limit the impact of researcher bias upon the research, extensive use was made of literature reviews and secondary sources in the design of the questions.

To ensure that the findings were generalisable to the population of New Zealand the selection of the sample was according to a randomised approach was important (Riley et al., 2000). It was important to ensure the sampling model was unbiased in that it drew a 'fair sample' from the population (Trochim, 2002). However, the unavailability of a complete and comprehensive database of organisations in New Zealand was a challenge and to ensure that the sample was representative of the population the double iteration approach using two different databases was devised. Although this approach was less than ideal, it did have the added benefit of allowing the samples to be stratified and targeted specifically and seems to have resulted in a much higher representation of smaller organisations in the responses than has been the case in other such studies.

No attempt was made in this research to test the reliability (consistency) of these results through multivariate statistical techniques. This was a somewhat unusual decision, but it was taken because from the outset the intent of the primary research had always been to describe the nature of employment relationships in New Zealand organisations in order to elucidate the macro or meta experience of the employment relationship for workers. It was felt that while the use of appropriate statistical tools would have helped to check the reliability of the variables in the data, such tests would also have inevitably shifted the emphasis away from describing and elucidating the meta-experience of the employment relationship (Morgan & Gliner, 2000).

CHAPTER NINE

THE RESULTS OF PRIMARY RESEARCH INTO THE MANAGEMENT PRACTICES IN NEW ZEALAND ORGANISATIONS

INTRODUCTION

This chapter reports on the findings of the questionnaire survey. The findings reported are the combined results for both iterations of the sample and are ordered and reported below first as descriptive statistics and then according to their relationship to the research objectives.

The Sample's Descriptive Statistics:

The 34 percent response rate did seem to generate a relatively representative sample. This is indicated in the descriptive statistics that show the mix of organisations represented in sample:

Organisational Size:

Most of the organisations that responded to the survey were relatively large, with 47.9 percent of all respondent organisations employing more than 100 employees (see Figure 9.1 below).

Figure 9.1 Organisational Size

Organisational Size	N	%	
Organisations with between 1 and 3 employees	79	15.1%	} 32.2%
Organisations with between 4 and 10 employees	89	17.1%	
Organisations with between 11 and 50 employees	73	14.0%	} 19.9%
Organisations with between 51 and 100 employees	31	5.9%	
Organisations with between 101 and 500 employees	153	29.3%	} 47.9%
Organisations with 501 employees or more	97	18.6%	
	522	100%	100%

Slightly more than thirty-two percent of the respondent organisations could be classified as 'small' (between 1 and 10 employees), while just fewer than twenty percent of organisations fall into the category of medium sized (between 11 and 100 employees).

Economic sector

The vast majority of organisations included in the sample were from the private sector (n= 409 or 78.4 percent), while just 21.6 percent (n= 113) of organisations that responded to the survey were from the public sector (see appendix 9.1).

Nationality of ownership

Over 80 percent of the organisations represented in the sample were majority owned by New Zealanders, New Zealand shareholders or the New Zealand Government (n= 418), while organisations with overseas ownership represented just 19.9 percent of the organisations (n= 104).

A more detailed examination of the nationality of ownership of the overseas group revealed that fifteen other nationalities were represented and of these other nationalities, most organisations were owned either by Australians (n=32 or 6.1 percent) or by Americans (n=29 or 5.6 percent).

Profit Orientation

Most of the organisations sampled were classified as being in existence to make a profit (n= 423 or 81.0 percent), while the remainder of organisations - 19.0 percent (n=99) were classified as 'not-for-profit' organisations. It is perhaps relevant to note that 40 organisations that were classified as being in the public sector were also identified as being 'for-profit' organisations, whereas 26 private sector organisations were identified as being 'not-for-profit' (see appendix 8.4).

Predominant Gender of Employees

As is demonstrated by Figure 9.2 (below), most of the organisations in the sample had predominantly female workforces (40.6 percent) while just over thirty-four percent of organisations in the sample employed more male employees than female employees.

The remainder of organisations (n= 132 or 25.3 percent) reported that they employed equal numbers of male and female employees.

Figure 9.2 The Predominant Gender of Employees

The Predominant Gender of Employees	n	%
Predominantly male	178	34.1%
Predominantly female	212	40.6%
Equal amounts of genders	132	25.3%
	522	100%

Organisational Longevity

As is demonstrated in Figure 9.3 (below), there was a considerable variation in the length of time organisations had been in existence, with the majority of organisations (55 percent) having been in operation less than six years.

Figure 9.3 Organisational Longevity

	n	%	
Less than 6 years	287	55.0%	55.0%
Between 6 and 15 years	79	15.1%	} 21.6%
Between 16 and 25 years	34	6.5%	
Between 26 and 50 years	47	9.0%	} 23.4%
Greater than 50 years	75	14.4%	
	522	100%	100%

Slightly more than 15 percent of organisations reported having been in operation between 6 and 15 years, 6.5 percent of organisations reported having been in operation between 16 and 25 years, nine percent of organisations were between 26 and 50 years old and 14.4 percent of organisations reported having been in operation in excess of fifty years.

It was not possible to analyse responses to a question on the organisations' main activity or the sector of the economy they represented because too few respondents gave meaningful answers to this question.

The Responses in Relation to the Research Objectives:Research Objective One:

Research Objective One investigates whether PM/ HRM or industrial relations (or some other disciplines) predominated in New Zealand workplaces. To investigate

this Research Objective, the questionnaire investigated two ‘families’ of disciplines captured by two broad phrases:

The organisation’s approach to managing employees (coded into categories):

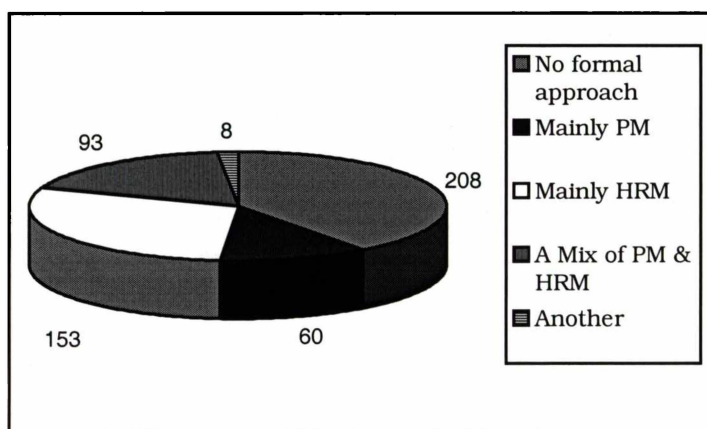
- Mainly Personnel Management (PM);
- Mainly Human Resource Management (HRM);
- A mixture of both Personnel and Human Resource Management;
- No formal approach to managing employees; and
- Another approach.

The organisation’s approach to managing the legalities and relations of employment (coded into categories):

- An industrial relations (IR) system linked to the organisation’s approach to managing employees;
- An industrial relations system that is not linked to the organisation’s approach to managing employees;
- No formal approach to managing the employment relationship; and
- Another approach to managing the employment relationship.

In terms of a pure majority, the most prevalent profile of New Zealand organisations sampled was that they had no formal approach to managing employees or the employment relationship. The survey results showed that the largest single proportion of organisations (208 out of 522 or 39.8%) had no formal approach to managing employees (see figure 9.4, below).

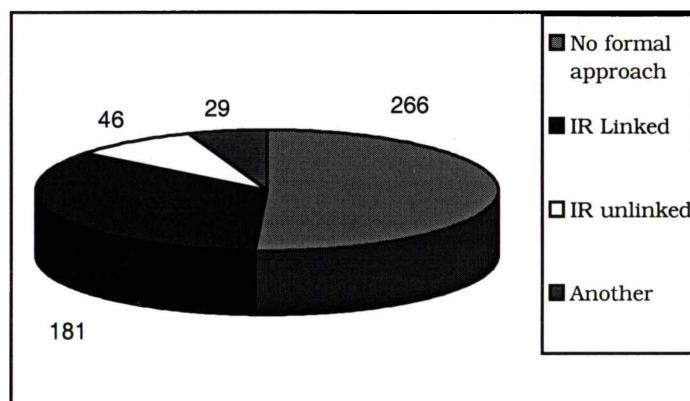
Figure 9.4 Approach to Managing Employees



Of the remaining 314 organisations (60.1 percent) which reported having a formal approach to managing employees, approximately half identified that ‘human resource management’ was the most appropriate description of the approach taken (see figure 9.4 above). Approximately a third of the organisations with a formal approach to managing employees identified that they took a mixed approach incorporating both personnel and human resource management, while a fifth of organisations described their approach to managing employees as being most consistent with a personnel management label.

A similar finding was that the majority organisations in the sample (51.0 percent) reported that they had no formal approach to managing the legalities and relations of employment (see Figure 9.5 below). As is indicated in Figure 9.5, two hundred and sixty-six organisations in the sample (51.0 percent) reported having no system for ‘managing the legalities and relations of employment’, whereas two hundred and fifty-six organisations (49.0 percent) did have some system in place. Within this second group of organisations, the largest proportion used systems described as being ‘industrial relations’ linked to the organisation’s approach to managing employees (i.e. 181 organisations or 34.7 percent). A smaller proportion of organisations reported that they also had an industrial relations system but that system was not linked to the organisation’s system for managing employees (i.e. 46 organisations or 9.8 percent).

Figure 9.5 Approach to Managing Legalities and Relations of Employment



The remaining organisations reported that they had an approach to managing the employment relationship that could not be described as an industrial relations system (i.e. 29 organisations or 5.6 percent). Most of these alternative approaches were described by respondents as either involving the guidance of the organisation's lawyer or the services of an employers' association.

Identifying the paradigms

The two families of disciplines (the 'approach to managing legalities and relations of employment' and the 'approach to managing employees') act to structure, theorise and delimit employment relationships. However, because the families are targeted at different levels of operation upon the employment relationship they are sometimes, but not always mutually exclusive. To highlight the actual combinations utilised in New Zealand workplaces, a matrix formed by combining the two 'families' of discipline can be formed.

In one direction, (the vertical axis in Figure 9.6 below), there are families of disciplines that could be broadly described as managerial 'approaches to managing employees', which would include the personnel, human resource management and analogous disciplines. In the other direction of the matrix (the horizontal axis in Figure 9.6 below), are the families of disciplines that could be broadly described as organisational 'approaches to managing the legalities and relations of employment', which would include industrial relations and similar disciplines.

Figure 9.6 Matrix of Disciplines Governing of Employment Relationships

	IR system linked to approach to managing employees	IR unlinked to approach to managing employees	No formal approach to legalities & relations	Another approach	
Mainly Personnel Management (PM)	26	5	24	5	60
Mainly HRM	97	18	26	12	153
A mixture of both PM & HRM	51	11	25	6	93
No formal approach to manage employees	0	16	188	4	208
Another approach	3	0	3	2	8
	177	50	266	29	522

When the range of possible combinations of these disciplines are plotted into the matrix, the ‘positional’ outcomes can be seen as representing distinctive paradigmatic approaches to structuring employment relationships.

The first, and most obvious theme identified in Figure 9.6 (above) is that many organisations that had no formal approach to managing employees were also unlikely to have an approach for controlling employment legalities and relations. Second, organisations that took an approach to managing employees that could be labelled as ‘personnel management’ were polarised in their approach to managing the legalities and relations of employment – they were equally likely to have a formal/linked IR system, as they were likely to have no formal mechanism for managing the legalities and relations of employment.

Third, organisations using an approach to managing employees that could be categorised as mainly consisting of ‘HRM’ were also likely to have adopted an ‘IR’ system that was linked into that HRM system. Fourth, organisations using an approach to managing employees that was categorised as a mixture of both Personnel Management and HRM were also likely to adopt an IR system that was linked to that mixed-PM/HRM system.

Figure 9.7 Map of the principal paradigm approaches

	IR system linked to approach to managing employees	IR unlinked to approach to managing employees	No formal approach to legalities & relations	Another approach
Mainly Personnel Management (PM)	Paradigm 1 PM/IRL (n=26)		Paradigm 2 PM/NIR (n=24)	
Mainly HRM	Paradigm 3 HR/IRL (n=97)		Paradigm 4 HR/NIR (n=26)	
A mixture of both PM & HRM	Paradigm 5 P&H/IRL (n=51)		Paradigm 6 P&H/NIR (n=25)	
No formal approach to manage employees			Paradigm 7 NM/NIR (n=188)	

When the principal combinations²⁰ of the two discipline approaches to managing the employment relationship are considered as positions on a paradigm matrix such as is

²⁰ Only combinations where n>20 have been included

illustrated in Figure 9.7 above, it can be seen that New Zealand organisations tended to take one of 7 distinct paradigmatic approaches to managing the employment relationship (also see Appendix 9.2).

Research Objective Two:

Research Objective Two focuses upon the types of practices and techniques that were being used in the management of employees. This objective was examined by asking about:

The type and variety of employment contracts used (coded into the categories):

- All on individual contracts;
- The majority on individual contracts with a few on collective contracts;
- About half on individual and half on collective contracts;
- The majority on collective contracts with a few on individual contracts; and
- All on collective contracts.

In addition, the use or non-use of an extensive set of micro-management practices was also probed. The micro management techniques ranged widely including aspects such as whether the organisation conducted job analysis, through to how the organisation advertised for staff. These micro management techniques were divided into four broad categories: employment management, performance issues, health and safety and consultation and planning. A full list of these micro management activities is included in Figure 9.8 below:

Figure 9.8 Use of Micro-management Practices

Employment management		
Conducting job analysis	Writing job descriptions	Advertising for staff
Interviewing prospective staff	Screening CVs	Administration of pre-employment tests
Selection & appointment of new staff	Setting of hours and conditions	Monitoring absenteeism
Keeping turnover records (exit records)	Staff counselling	Maintaining staff discipline
Resolving conflict	Overseeing grievance procedures	Overseeing termination/dismissal
Overseeing employee assistance schemes	Administration of social clubs	EEO monitoring
Job size monitoring	Union fee collection	Contract negotiations
Performance Issues		
Orientation and induction of new staff	Socialisation of new staff	Staff mentoring
Promotion system maintenance	Production monitoring	Maintenance of records: appraisals and pay records
Responsibility for quality monitoring	Gaining staff feedback on performance	Gaining staff views on the organisation
Conducting training	Motivation of staff	Goal setting
Conducting training needs analysis	Training and development of managers	Overseeing career development
Health and safety		
Checking adherence to OSH codes	Monitoring working conditions	Ensuring accident reports are kept
Hazard Identification	Managing staff input in health & safety	
Consultation and Planning		
Union consultation	Involving staff in forming policy	People (Manpower) planning
Strategic planning		

The results survey indicate that in terms of the types of employment contracts utilised, the majority of organisations in the sample (52.3 percent) placed all employees on individual contracts of employment (see Figure 9.9 below). Of the remaining minority of organisations, the largest proportion of organisations (24.1 percent) utilised a system of employment that had the majority of employees on collective contracts with a few employees on individual contracts. Whereas around 13 percent of organisations reported that about half of all employees were on individual and half on collective employment contracts, and 7.3 percent of organisations used a pattern of employment with a majority of individual contracts with a few employees on collective contracts. The smallest group of organisations represented in the sample (2.9 percent of organisations) reported that all employees were on collective contracts.

Figure 9.9 The Type and Variety of Employment Contracts Used:

The Type and Variety of Employment Contracts	n	%
All on individual contracts	273	52.3%
The majority on individual contracts with a few on collective contracts	38	7.3%
About half on individual and half on collective contracts	70	13.4%
The majority on collective contracts with a few on individual contracts	126	24.1%
All on collective contracts	15	2.9%
	522	100%

The other set of data that relates to research Objective Two examined the use or non-use of an extensive set micro-management practices. The respondents were asked to comment on their organisation's approach to forty-seven micro-management practices that were divided into four categories (Employment Management, Performance Issues, Health and Safety and Planning and Consultation). In relation to each micro-management technique identified, respondents indicated whether the organisation undertook the activity and if so, where in the organisation the responsibility for the activity was based.

An overview of this data (see Figure 9.10 below) indicates that in terms of the approached taken by the majority of respondent organisations, most of the activities were conducted by line managers (31 out of 47 activities), and that for 11 out of the 47 activities, more organisations did not carry out the technique than did carry it out. The remaining five activities were more likely to be carried out by a specialist HRM department than by any other method (also see appendix 9.3).

In terms of the scale of the largest proportion of responses, the two most prominent activities were 'goal setting' and 'motivation of staff', each of which was carried out by the line managers in 61.7 and 61.3 percent of organisations (respectively).

In examining which activities in the list tend did not tend to be carried out, the micro management techniques of 'union consultation' and 'union fee collection' were rated as least prominent as just 42 percent of organisations were likely to carry out either of these activities (see Figure 9.10 below).

Figure 9.10 Majority Approaches to Various Micro-management**Activities**

Activity	Largest proportion of approach to activity (%)	Second largest proportion of approaches to activity (%)
Employment management		
Conducting job analysis	Line manager	HRM Dept
Writing job descriptions	Line manager	HRM Dept
Advertising for staff	Line manager	HRM Dept
Interviewing prospective staff	Line manager	HRM Dept
Screening CVs	Line manager	HRM Dept
Administration of pre-employment tests	Activity not undertaken	HRM Dept
Selection & appointment of new staff	Line manager	HRM Dept
Setting of hours and conditions	Line manager	HRM Dept
Monitoring absenteeism	Line manager	HRM Dept
Keeping turnover records (exit records)	HRM Dept	Line manager
Staff counselling	Line manager	HRM Dept
Maintaining staff discipline	Line manager	HRM Dept
Resolving conflict	Line manager	HRM Dept
Overseeing grievance procedures	HRM Dept	Line manager
Overseeing termination/dismissal	HRM Dept	Line manager
Overseeing employee assistance schemes	Activity not undertaken	HRM Dept
Administration of social clubs	Activity not undertaken	Line manager
EEO monitoring	Activity not undertaken	HRM Dept
Job size monitoring	Activity not undertaken	Line manager
Union fee collection	Activity not undertaken	Another means
Contract negotiations	Line manager	Activity not undertaken
Performance Issues		
Orientation and induction of new staff	Line manager	HRM Dept
Socialisation of new staff	Line manager	Activity not undertaken
Staff mentoring	Line manager	Activity not undertaken
Promotion system maintenance	Activity not undertaken	Line manager
Production monitoring	Line manager	Activity not undertaken
Maintenance of records:	Activity not undertaken	Line manager
Maintaining of performance appraisal records	Activity not undertaken	Line manager
Maintenance of salary and leave records	HRM Dept	Activity not undertaken
Responsibility for quality monitoring	Line manager	Activity not undertaken
Gaining staff feedback on performance	Line manager	Activity not undertaken
Gaining staff views on the organisation	Line manager	HRM Dept
Conducting training	Line manager	HRM Dept
Motivation of staff	Line manager	Activity not undertaken
Goal setting	Line manager	Activity not undertaken
Conducting training needs analysis	Line manager	HRM Dept
Training and development of managers	HRM Dept	Activity not undertaken
Overseeing career development	Activity not undertaken	Line manager
Health and safety		
Checking adherence to OSH codes	Line manager	HRM Dept
Monitoring working conditions	Line manager	HRM Dept
Ensuring accident reports are kept	Line manager	HRM Dept
Hazard Identification	Line manager	HRM Dept
Managing staff input in health & safety	Line manager	HRM Dept
Consultation and Planning		
Union consultation	Activity not undertaken	HRM Dept
Involving staff in forming policy	Line manager	Activity not undertaken
People (Manpower) planning	Line manager	Activity not undertaken
Strategic planning	Line manager	HRM Dept

Research Objective Three:

The third Research Objective examines whether organisationally specific factors tended to result in the adoption of particular paradigmatic approaches to managing employment relationships. These factors fall into two categories - the organisational descriptive factors (See Figure 8.1 and appendix 9.1), and two other factors: unionisation and the use of specialist staff or a department for managing employees.

Description of the Paradigm Groups:

Taking the descriptive statistics of the sample on average, the most likely profile of a respondent organisation is that it is: large (in terms of the number of employees), from the private sector, owned by New Zealanders, in existence to make a profit, employing a predominantly female workforce and has been in existence for around 22 years. However, this profile was not directly replicated among the seven paradigm groups (see Appendix 9.2), indicating that organisational factors did seem to have some impact on paradigms.

Paradigm 1: PM/IRL

In terms of organisationally descriptive factors, organisations undertaking an approach to managing employment relationships which involved utilising a personnel management and linked industrial relations system (n=26) tended to be large, with an average of 313.5 employees per organisation and 'middle-aged' with an average of 10.4 years of existence. These organisations also tended to be located in the private and 'for profit' sectors (both labels representing 88.5 percent of the paradigm group sample). In addition, fifty six percent of the organisations in the sample had predominantly more females than males in their workforce.

Forty-two percent of Paradigm 1-type organisations had unions present in their operating environment and in those organisations, an average of 52 percent of employees were members. Respondents reported that managers in this paradigm group tended to have predominantly neutral (53.8 percent) attitude to unions, with an equally weighted number of the remaining organisations in the paradigm with predominantly negative (23.1 percent) or positive attitude to unions (23.0 percent).

Paradigm 2: PM/NIR

Organisations in Paradigm 2 reported undertaking personnel management with no industrial relations component (n=24). They were large; employing an average of nearly 500 (492.25) employees per organisation, and old on average - having been in existence for an average of 27.17 years. In addition, over ninety percent of Paradigm 2 organisations were located in the private and 'for profit' sectors. Slightly more organisations within the paradigm group reported having more males than females in their workforce (57.9 percent).

One third of organisations within Paradigm 2 reported having unions present in their operating environment but where unions were represented, an average of just 9.9 percent of employees in the organisation were estimated to be members.

Respondents reported that managers in this paradigm group tended to have a predominantly negative (66.7 percent) attitude to unions with other attitudes being equally weighted towards neutral (16.7 percent) and positive attitudes to unions (16.7 percent).

Paradigm 3 HR/IRL

Paradigm 3 includes those organisations that undertook an approach to managing employees and the employment relationship which respondents described as consisting of HRM and IR systems linked together. The ninety-seven organisations within this paradigm group tended to be relatively old (31 years per organisation on average) and very large – employing an average of 890 employees per organisation. Unlike Paradigms 1 and 2, Paradigm 3 had a more equal mix of organisations from the 'for profit' (59.8 percent) and 'not for profit' (40.2 percent) sectors and from the public (41.2 percent) and private (58.8 percent) sectors. The majority of organisations within Paradigm 3 reported having predominantly female workforces (61.4 percent).

The vast majority of organisations within this paradigm group had at least one union present in their operating environment (87.6 percent) but where unions were represented, an average of just 3.2 percent of employees in the organisation were

estimated to be members. Interestingly, unlike Paradigms 1 and 2, managers in Paradigm 3 organisations tended to be identified as having managers who were generally positive (50.5 percent) or neutral (47.4 percent) in their attitudes to unions – the managers in the remaining two percent of Paradigm 3 organisations being reported to be generally negative in their attitudes to unions.

Paradigm 4: HR/NIR

In terms of organisationally descriptive factors, organisations undertaking an approach to managing employment relationships which involves utilising a human resource management approach with no industrial relations system (n=26) tended to be very large, with an average of 504.6 employees per organisation. There were similar numbers of organisations with predominantly more male than female employees as there were organisations with predominantly more female than male employees. Paradigm 4-type organisations were also relatively ‘old’ with an average of 36.2 years of operational existence. These organisations were predominantly in the private (92.3 percent) and ‘for profit’ sectors (73.1 percent).

A majority of organisations within this paradigm group reported having at least one union present in their operating environment (53.8 percent) and where this was the case, an average of 22 percent of the workforce were estimated to be union members. Managers of organisations operating within this paradigm frame tended to be identified as having neutral (65.4 percent) and positive (30.8 percent) attitudes to unions – with the managers in the remaining 3.8 percent of organisations being identified as having negative attitudes to unions.

Paradigm 5: PM&HR/IRL

Paradigm 5 included those organisations (n=51) that reported undertaking an approach to managing employees and the employment relationship which was a mix between personnel management and human resource management and which incorporated a linked industrial relations system. On the average, these organisations were very old (40.2 years of existence) and very large; employing an average of 646.5 staff. Organisations in this paradigm were more equally distributed by sector than most other paradigms – with 51 percent in the ‘for profit’ versus 49

percent in the 'not-for-profit' sectors and 43.1 percent in the 'public' versus 56.9 percent in the 'private' sectors. But genders were slightly unequally distributed in this paradigm –41.7 percent of organisations employing predominantly more males than females.

As was the case with Paradigm 3, a vast majority of organisations in this paradigm group (82.4 percent) reported having at least one union present in their operating environment. However, again mirroring Paradigm 3, although unions were present in the majority of cases, a very small number of employees in those organisations were estimated to be members (3.9 percent on average). Within Paradigm 5 organisations the prevailing attitudes of managers towards unions was neutral (51.0 percent) and positive (47.1 percent), with just two-percent of respondents identifying that managers had negative attitudes towards unions.

Paradigm 6: P&H/NIR

Paradigm 6 consists of those organisations that reported utilising a mixed personnel and HRM system but which did not have an industrial relations system in place (n=26). The majority of these organisations were in the 'for profit' and 'private' sectors (84 and 64 percents respectively). These organisations had been in existence for an average of 23.2 years.

A minority of Paradigm 6 organisations reported having unions in their operating environment (32 percent) and where they were present, unions represent an average of just 8.5 percent of the workforce. Within these organisations, managers were reported to have predominantly neutral (80 percent) or positive (16 percent) attitudes to unions with the remaining four percent of organisations reporting generally negative attitudes to unions among managers.

Paradigm 7: NM/NIR

Paradigm 7 represents the largest group of organisations (n=188). This paradigm group was characterised by informality, with organisations reportedly undertaking no formal approach to managers employees and no formal approach to managing the employment relationship. The 188 organisations within this paradigm group tended

to be comparatively young (7.9 years existence per organisation on average) and comparatively small – employing an average of 44.6 employees per organisation. Organisations in this paradigm group also tended to be ‘for profit’ (61.3 percent) and based in the private (92.6 percent) sector.

Paradigm 7 was like the previous paradigm groups in that more organisations within this group reported employing predominantly more females than males in their workforces (61.3 percent compared with 38.7 percent respectively). A minority of organisations within this paradigm group reported having a union present in their operating environment (10.6 percent) and where unions were represented, an average of just 2.2 percent of employees in the organisation were estimated to be members. Managers in this paradigm group were identified as overwhelmingly neutral (83.0 percent) in their attitudes to unions with a minority of organisations with managers that were positive (12.8 percent) and negative (4.3 percent) to unions making up the balance.

Research Objective Four:

Research Objective Four investigated the relationships between the employment relationship paradigm the organisation reported using i.e. their approaches to managing the legalities and relations of employment and approaches to managing employees (PM, HRM, IR, or some other) and:

- The mechanisms through which the micro-management techniques (as per the list in Figure 9.10 above) were actually undertaken (i.e. were such techniques undertaken by line managers, HR or Personnel or Industrial Relations managers or some other approach?);
- The type and variety of employment contracts used.

To gain insight into what these seven paradigm approaches might mean in practice, the types of micro-management techniques likely to be undertaken in organisations utilising the different paradigms (identified in **Research Objective One**) were examined.

*Paradigm 1: PM/IRL****Figure 9.11 Summary of Paradigm 1: PM/IRL***

Size - average number of employees	314
Average longevity (years)	10
Sector	Private 89%
Profit orientation	For profit 89%
Predominant gender of employees	Female

Among organisations which undertook an approach which involved utilising personnel management and linked industrial relations system (n=26) the most frequently utilised the micro management techniques were:

- Writing job descriptions;
- Interviewing prospective staff;
- Setting hours and conditions;
- Conducting training;
- Selection and appointment; and
- Monitoring of staff.

In each case, the uptake of these activities was one hundred percent and the activities were predominantly the responsibility of line managers. By contrast, the least frequently utilised micro-management techniques were 'administering social clubs' (34.6 %), 'collecting union fees' (42.3%) and 'consultations with unions' (46.2%); each of these activities having uptake by less than half of the organisations in the paradigm group (see Appendix 9.3).

The majority of organisations within Paradigm 1 tended to report placing all employees were on individual employment contracts (53.8 percent). The next largest proportion of organisations in this group used an approach in which the majority of employees were on collective contracts, with a few employees on individual contracts of employment (30.8 percent). The third and fourth largest preferences were for employees to be equally spread between individual and collective contracts (11.5 percent) and most employees to be on individual contracts with a few on collective contracts of employment (3.8 percent). No organisations from this paradigm group utilised an exclusively collective approach to employment contracts.

*Paradigm 2: PM/NIR****Figure 9.12 Summary of
Paradigm 2: PM/NIR***

Size - average number of employees	492
Average longevity (years)	27
Sector	Private 90%
Profit orientation	For profit 90%
Predominant gender of employees	Male

Organisations undertaking a paradigm that could be labelled as personnel management with no overt industrial relations component (PM/NIR; n=24), reported themselves most likely to conduct the following activities (predominantly through line managers):

- Interviewing prospective staff (91.7%);
- Checking adherence to OSH codes (91.7%);
- Ensuring accident reports are kept (91.7%);
- Hazard identification (91.7%);
- Selection and appointment (87.5%);
- Setting hours and conditions (87.5%); and
- Monitoring working conditions (87.5%).

In addition, eighty-seven percent of organisations in this paradigm group also conducted training but placed the onus for this activity predominantly upon specialist staff rather than line managers (see Appendix 9.3).

By contrast, fewer than half of the organisations utilising this paradigmatic approach undertook the following activities:

- Union consultation (25.0%);
- EEO monitoring (29.2%);
- Administering social clubs (33.3%);
- Union fee collection (45.8%); and
- Administering of pre-employment tests (45.8%) (see Appendix 9.5).

Organisations following a Paradigm 2 approach showed a clear preference for exclusive use of individual employment contracts (66.7 percent), followed by an equal preference for majority individual contracts and half individual and half on collective contracts (both being utilised by 12.5 percent of organisations in this group). No organisations within this group reported the use of employment contract patterns in which the majority of employees were on collective contracts with a few

employees on individuals but eight percent of organisations did report having all employees on collective contracts.

Paradigm 3: HR/IRL

Figure 9.13 Summary of Paradigm 3: HR/IRL

Size - average number of employees	890
Average longevity (years)	31
Sector	Private 59%
Profit orientation	For profit 60%
Predominant gender of employees	Female

Ninety-seven organisations whose approach to managing the employment relationship with their employees could be best described as human resource management complemented with a linked industrial relations system (HR/IRL) all reported

undertaking the following core activities predominantly through specialist staff:

- Writing job descriptions;
- Advertising for jobs;
- Interviewing prospective staff;
- Screening CV's;
- Selection and appointment;
- Setting hours and conditions;
- Resolving conflict;
- Overseeing personal grievances;
- Monitoring working conditions; and
- Hazard identification.

Interestingly, there was just one activity that less than half of these organisations reported undertaking – the maintenance of employee records (45.0%) (see Appendix 9.3).

In regards to employment contract types, organisations from Paradigm 3 did not show clear preferences. Thirty-seven percent had the majority of employees on collective contracts but a similar proportion (33.7 percent) had about half of employees on individual and half on collective contracts. Exclusively individual contracts were used in fifteen percent of organisations and majority individual contracts were used in 12 percent of organisations but just one percent of organisations used predominantly collective employment contracts.

*Paradigm 4: HR/NIR****Figure 9.13 Summary of
Paradigm: HR/NIR***

Size - average number of employees	505
Average longevity (years)	36
Sector	Private 92%
Profit orientation	For profit 73%
Predominant gender of employees	Equal

The fourth paradigm group consists of organisations which described their system of consisting entirely of HRM; with no IR (HR/NIR; n=26). These organisations tended to have little uniformity in the micro-management activities undertaken, as is

witnessed in the fact that just one micro-management activity was reported to be undertaken by all of the organisations – ‘monitoring working conditions’. Within this group, the next five most popular micro-management activities were reported to be undertaken by 96 percent of organisations, these were:

- Advertising for jobs;
- Interviewing prospective staff;
- Screening CV's;
- Selection and appointment; and
- Setting hours and conditions (see Appendix 9.3).

The predominant mechanism for undertaking these five activities was through the use of specialist staff. However, three micro-management activities were undertaken by only a minority of organisations in this paradigm group, these being: ‘union consultation’ (33.3%), ‘union fee collection’ (37.0%) and ‘administering social clubs’ (48.1%). Organisations within Paradigm 4 tended to utilise exclusively individual employment contracts (50.0%) or mainly collective contracts with a few employees on individual contracts (26.9%) or half on individual and half-collective contracts (23.1%).

Paradigm 5: P&H/IRL

The fifty-one organisations that reported using a mixture of personnel management and human resource management and a linked industrial relations system (P&H/IRL) form the fifth major paradigm group.

Figure 9.14 Summary of Paradigm PM&HR/ IRL

Size - average number of employees	647
Average longevity (years)	40
Sector	Private 57%
Profit orientation	For profit 51%
Predominant gender of employees	Female

This group is notable in the large number of micro-management activities reportedly carried out by all of the organisations – fourteen activities were carried out by one hundred percent of organisations in the group:

- Interviewing prospective staff;
- Training and development of managers;
- Resolving conflict;
- Overseeing personal grievances;
- Overseeing termination/dismissal;
- Conducting training;
- Conducting training needs analysis (TNA);
- Staff Counselling;
- Responsibility for quality monitoring;
- Screening CV's;
- Selection and appointment;
- Monitoring absenteeism;
- Maintaining discipline; and
- Monitoring of staff (see Appendix 9.3).

The manner in which these activities were conducted varied according to the nature of the activity, with the first eight activities in the list above being predominantly carried out by specialist staff in these organisations and the last six activities generally being conducted by line managers. The only activity not carried out by a majority of organisations in this group was 'maintenance of records' (45.1%).

Figure 9.15 Employment Contracts Utilised in Paradigm 5

Employment Contract types	%
All on individual contracts	19.6
The majority on individual contracts with a few on collective contracts	19.6
About half on individual and half on collective contracts	11.8
The majority on collective contracts with a few on individual contracts	47.1
All on collective contracts	2.0
	100%

Organisations within paradigm 5 (P&H/IRL) had a tendency to use an approach to contracting with employees that involves having the majority of employees on collective contracts with a few on individual contracts (see Figure 9.15 above).

Paradigm 6: P&H/ NIR

Figure 9.16 Summary of Paradigm 6: P&H/NIR

Size - average number of employees	396
Average longevity (years)	23
Sector	Private 64%
Profit orientation	For profit 84%
Predominant gender of employees	Female

Paradigm 6 consists of those organisations which reported that they utilised a mixture of personnel management and human resource management in their approach to managing employees but which had no industrial relations system in place (P&H/NIR; n=25).

The most commonly utilised activities among organisations within this paradigm group were:

- Advertising for jobs;
- Interviewing prospective staff;
- Selection and appointment;
- Overseeing personal grievances;
- Conducting training;
- Monitoring of staff;
- Checking adherence to OSH codes;
- Hazard identification; and
- Managing staff input in health and safety.

Of these activities, the reported rate of uptake was 95 percent and the predominant method of delivery was through line managers, with the only exception being 'overseeing personal grievances' which tended to be predominantly carried out by specialist staff. By contrast, the least utilised activities for organisations within this paradigm were: 'union consultation' (28.0%), 'union fee collection' (36.0%), 'administering social clubs' (48.0%) and 'maintenance of records' (48.0%) (see Appendix 9.3).

In terms of employment contact types utilised by organisations from Paradigm 6, there was a preference for use of individual contracts with 64 percent of

organisations reporting that all employees were on individual contracts of employment. The next largest proportions of preferences for types of employment contracts in this paradigm group were 'the majority on collective contracts with a few on individual contracts' (20.0%) and 'the majority on individual contracts with a few on collective contracts' (12.0%).

Paradigm 7: NM/NIR

Figure 9.17 Summary of Paradigm 7: NM/NIR

Size - average number of employees	45
Average longevity (years)	8
Sector	Private 93%
Profit orientation	For profit 61%
Predominant gender of employees	Female

The final paradigm consists of those organisations that identified that they had no overarching formal approach to managing the employment relationship (NM/NIR). With 188 organisations identifying this paradigm as an appropriate description for their approach to managing the employment

relationship, this was the largest paradigm group represented in the sample.

In terms of the micro-management activities undertaken by organisations in this paradigm, there was a lower uptake than was evident in the six other paradigm groups. The eight most utilised micro-management activities were as follows:

- Interviewing prospective staff (78.2%);
- Setting hours and conditions (77.1%);
- Selection and appointment (76.6%);
- Monitoring working conditions (75.0%);
- Advertising for jobs (72.3%);
- Checking adherence to OSH codes (71.8%);
- Resolving conflict (71.3%); and
- Maintaining discipline (70.7%).

Whereas the micro-management activities undertaken by less than half of the organisations in paradigm 7 were:

- Union fee collection (12.2%);
- Union consultation (12.2%);
- Admin social clubs (22.3%);
- EEO monitoring (24.5%);

-
- Admin pre employment tests (32.4%);
 - Overseeing career development (32.4%)
 - Promotion system maintenance (33.5%)
 - Job size monitoring (36.7%)
 - Overseeing employee assistance schemes (37.8%)
 - Training and development of managers (37.8%)
 - Maintenance of records (42.6%);
 - Involving staff in forming policy (42.6%);
 - Staff Counselling (46.8%);
 - Conducting TNA (46.8%);
 - People (manpower) planning (47.9%); and
 - Production monitoring (49.5%).

Organisations utilising this paradigmatic approach to managing the employment relationship tended to favour individual contracts of employment, with 82.4 percent describing their contract utilisation as ‘all on individual contracts’. The next largest categories of employment contract usage were ‘the majority on collective contracts with a few on individual contracts’ (8.0%), and ‘about half on individual and half on collective contracts’ (3.7%) (see Appendix 9.3).

Research Objective Five:

Research Objective five examined the use of specialist staff or departments responsible for managing employees in New Zealand workplaces. This series of questions only applied to those organisations that reported putting their employment relationship paradigm into place through specialist staff or a department for managing employees. For those organisations, the questionnaire investigated the following factors:

- The number of specialist staff employed in the unit or department responsible for management of the employment relationship; and
- The level of professional or academic qualifications of specialist staff employed in the unit or department responsible for management of the employment relationship
- The gender distribution of specialist staff;

- The level of involvement in top level decision making by specialist staff; and
- The perceived significance of contribute to organisational performance and/or productivity played by specialist staff.

Paradigm 1: PM/IRL

Figure 9.18 Summary of Paradigm 1: PM/IRL

Size - average number of employees	314
Average longevity (years)	10
Sector	Private 89%
Profit orientation	For profit 89%
Predominant gender of employees	Female

Thirty-eight percent of organisations utilising paradigm 1 reported having specialist staff for managing employees and the employment relationship – and where these specialist staff were utilised there was an average of 4.5 of them per organisation and they were twice as

likely to be female as they were to be male. Among this group of staff, 13 percent were identified as ‘unqualified’ and 43.5 percent were qualified only through ‘experience’. The remaining staff had qualifications, which tended to be either bachelors’ degrees (19.6 percent) or masters’ degrees (8.7 percent). The impact these specialist staff made on their organisations is not be clear cut – most organisations in paradigm 1 reported consulting specialist staff in strategic level decision making only ‘occasionally’ (70 percent) and most respondents reported that they were ‘not sure’ whether specialists contributed significantly to organisational performance and/or productivity.

Paradigm 2: PM/NIR

Figure 9.19 Summary of Paradigm 2: PM/NIR

Size - average number of employees	492
Average longevity (years)	27
Sector	Private 90%
Profit orientation	For profit 90%
Predominant gender of employees	Male

Among organisations taking a paradigm 2 approach to managing employees and employment relationships, exactly one-third maintained a specialist staff. An average of 5.25 specialists were employed per organisation – the majority of which were

female (78.6 percent) and qualified either through experience (45.2 percent) or a bachelors degree (28.6 percent). Within Paradigm 2, the impact of these specialist staff was perceived to be somewhat limited, with 75 percent of respondents reporting that information provided by specialist was either ‘seldom’ or ‘occasionally’ used during strategic level decision making, and 75 percent reporting that they were ‘not

sure' whether the specialists contributed to organisational performance and/or productivity.

Paradigm 3 HR/IRL

Figure 9.20 Summary of Paradigm 3: HR/IRL

Size - average number of employees	890
Average longevity (years)	31
Sector	Private 59%
Profit orientation	For profit 60%
Predominant gender of employees	Female

In excess of ninety-four percent of organisations in Paradigm 3 reported having a group of specialist staff dedicated to managing employees and the employment relationship. Specialist staff within this paradigm group tended to be well resourced,

with an average of seven employees per specialist unit, and well qualified, with 23.2 percent being qualified to bachelors level, and a further 10.3 percent holding a diploma in personnel/ HRM and 10.8 percent being qualified to masters level. As was the case with the previous two paradigms, in paradigm 3, there were more female than male specialist staff (2 to 1 proportionally).

However, unlike the two previous paradigm groups, there was a much higher perception of the importance of the specialists within Paradigm 3 organisations. This is evident in that, first, nearly 60 percent reported utilising information from these specialists 'frequently' and 22.8 percent reported utilising information from these specialists 'continuously' during strategic level decision-making processes. Second, respondents in eighty-one percent of organisations within this paradigm group identified that these specialist staff had a positive impact upon performance or productivity whereas just 3.3 percent did not perceive such an impact and 15.2 percent declared themselves unsure of the specialists' impact.

Paradigm 4: HR/NIR

Figure 9.21 Summary of Paradigm 4: HR/NIR

Size - average number of employees	505
Average longevity (years)	36
Sector	Private 92%
Profit orientation	For profit 73%
Predominant gender of employees	Equal

The vast majority (76.9 percent) of organisations operating within paradigm 4 reported having specialist staff for managing employees and the employment relationship – and where these specialists were utilised there was an average of 3.75

organisation, of which 78.6 percent of them were female and 21.4 percent of them were male. Among this group of specialist staff, 39 percent were identified as being 'unqualified' and 15.6 percent as being qualified only through their experience. The principal qualifications held among these specialist staff were bachelors degrees (24.7 percent), diplomas in HR/PM (6.5 percent) or masters degrees (6.5 percent).

The majority of specialist staff within organisations in this paradigm group tended to have a relatively low degree of influence upon the organisations they worked for – 55 percent of them providing information that was 'occasionally' utilised in the formation of top level decisions, although 15 percent of them provided information that was 'continuously' utilised in strategic level decision making. Forty-four percent of respondents in Paradigm 4 clearly perceived that these specialists contributed to organisational productivity and/or performance, whereas 38.9 percent of such organisations were 'not sure' whether specialists contributed significantly to organisational performance and/or productivity. The remaining 16.7 percent identified no clear contribution to productivity and/or performance by specialist staff.

Paradigm 5: PM&HR/ IRL

Figure 9.22 Summary of Paradigm 5: PM&HR/ IRL

Size - average number of employees	647
Average longevity (years)	40
Sector	Private 57%
Profit orientation	For profit 51%
Predominant gender of employees	Female

Within Paradigm 5, organisations were strongly inclined towards maintaining a specialist group of staff for managing employees and the employment relationship, with 76.5 percent having such staff compared with 23.5 percent who had

No such specialists staff in place. Those organisations that did maintain specialist staff employed an average of 4.79 specialists and mirroring the other paradigms, the vast majority of these specialist (74.9 percent) were female. Among this group of specialists 16.8 percent were identified as being 'unqualified' and 15.7 percent were either qualified through experience or a bachelors degree.

Paradigm 5 organisations that had specialist staff tended to make relatively strong use of them, with 48.7 percent of respondents reporting that information they provided was ‘frequently’ used, and 25.6 percent reporting that information provided was ‘continuously’ used during strategic level decision-making. In addition, where specialist staff were utilised by organisations within this paradigm group, there was a strong perception of a positive impact on performance and/or productivity by these staff – with 74.4 percent of respondents reporting a positive impact.

Paradigm 6: P&H/NIR

***Figure 9.23 Summary of
Paradigm 6: P&H/NIR***

Size - average number of employees	396
Average longevity (years)	23
Sector	Private 64%
Profit orientation	For profit 84%
Predominant gender of employees	Female

Slightly more than half (52 percent) of the organisations within Paradigm 6 reported utilising specialist staff for managing employees or the employment relationship, but where these specialists were utilised there was an average of just 2.8 of them per

organisation. As has been the case with the previous paradigm groups, Paradigm 6 organisations tended to employ more females than males to fill the specialist staff posts (78.6 v. 21.4 percent respectively). The largest proportion of these specialist staff were identified as being qualified to bachelors (40 percent) or diploma (25 percent) level.

Within Paradigm 6 organisations, there was a wide mix of attitudes towards to contribution of specialist staff, with around a third of organisations each identifying that information provided by the specialist staff was ‘seldom’, ‘frequently’, and ‘occasionally’, used or referred to during top-level decision-making. Similarly, organisations utilising specialist staff were relatively equally divided in their prevailing perceptions of the contribution of those specialists. Around a third of these organisations identified that they thought specialist staff contributed to productivity and performance, a third identified that they did not think the specialist contributed and a third who were not sure of the contribution of specialist staff.

*Paradigm 7: NM/NIR****Figure 9.24: Summary of Paradigm 7: NM/NIR***

Size - average number of employees	45
Average longevity (years)	8
Sector	Private 93%
Profit orientation	For profit 61%
Predominant gender of employees	Female

Just 4.3 percent of organisations in Paradigm 7 report having a group of specialist staff dedicated to managing employees and the employment relationship and where they were present, the specialist staff was relatively small – just 2.6

per unit on average. These specialists tended to fall predominantly into one of two categories – only having experience as a qualification for their job (32.3 percent) and/ or holding a bachelors' degree (32.3 percent). As was the case with the previous paradigms discussed, there were more female than male specialist staff within this group (2 to 1 proportionally).

Within the few organisations in Paradigm 7 that utilised them, there was a relatively mixed opinion on the contribution of specialists. In 37.5 percent of organisations, the information provided by specialists was reported to be 'seldom used or referred to' while the same percentage of organisations reported that they frequently used or referred to such information. Interestingly, 62.5 percent of paradigm 7 organisations that utilised specialist staff perceived that these staff did not positively contribute to organisational performance and/or productivity of the organisation.

CONCLUSIONS

This chapter has presented the results of primary research into the nature of the management of employment relationships in New Zealand workplaces during the contractualist era. It examined what disciplines and paradigms of structuring employment relationships were in use and what types of practices and techniques of managing employees tended to use in each paradigmatic frame. The chapter has also examined what characteristics related to the paradigmatic frame organisations chose to manage employment relationships and the use of specialist staff in managing employment relationships.

The most dramatic theme to arise among these responses was that many workplaces in New Zealand actually had no formal approach to managing employees or the employment relationship. And, in terms of the techniques and activities associated with micro management of the employment relationship (see Figure 9.10), the vast majority of activities were carried out by line managers, although in terms of simple majorities, most organisations did not undertake the micro management activity of:

- The administration of pre-employment tests;
- Overseeing employee assistance schemes;
- Administration of social clubs;
- EEO monitoring;
- Job size monitoring;
- Union fee collection;
- Promotion systems;
- Employment record keeping;
- Performance appraisal record keeping;
- Career development; or
- Union consultation.

In the minority of organisations which have some sort of formal system for managing employees, most identified that this could be best described as HRM and where respondents identified what approach the organisation took to managing the legalities and relations of employment, the majority of them identified that this could be best described as an IR system linked to their approach to managing employees.

When the various combinations of organisations' approaches to managing employees and the legalities and relations of employment are plotted on a matrix grid, it is evident that there are seven basic paradigms of employment relationship being utilised in New Zealand organisations (see Figure 9.25 below). Each of these paradigms has different implications for the experience of employment relationships for workers.

Figure 9.25 The seven basic paradigms of employment relationship

	IR system linked to approach to managing employees	No formal approach to legalities & relations
Mainly Personnel Management (PM)	Paradigm 1 PM/IRL (n=26)	Paradigm 2 PM/NIR (n=24)
Mainly HRM	Paradigm 3 HR/IRL (n=97)	Paradigm 4 HR/NIR (n=26)
A mixture of both PM & HRM	Paradigm 5 P&H/IRL (n=51)	Paradigm 6 P&H/NIR (n=25)
No formal approach to manage employees		Paradigm 7 NM/NIR (n=188)

As is illustrated in Appendix 9.2, a number of features were evident when comparing the nature of employment relationships within organisations in different paradigm frames. For instance, the smallest organisations in the sample tended to have few formalised systems for managing employees or the legalities and relations of employment. By contrast, the largest organisations tended to utilise systems that fall within Paradigms 3 and 5 - classified as intersections of HRM and linked IR system and a PM/HRM and linked IR system, respectively. Organisations operating with these paradigm frames were not just large (on average) but were also highly likely to be from the public and not-for-profit sectors and the principal differences between their approaches seems to be a heightened utilisation of line managers within Paradigm 5 compared with Paradigm 3. Indeed, organisations utilising one of the two paradigms in which HRM is a prime feature (Paradigms 3 and 4) tended to have a higher overall degree of reliance on specialist staff for managing the employment relationship than organisations operating in the other five paradigm frames.

CHAPTER TEN

DISCUSSION OF PRIMARY RESEARCH INTO THE MANAGEMENT PRACTICES IN NEW ZEALAND ORGANISATIONS

INTRODUCTION

This chapter discusses the nature of employment relationships in New Zealand workplaces by analysing the results of the primary research reported in the previous chapter within a framework of analysis established by the literature reviews in chapters 4-7. Thus, the discussion in this chapter is structured around the research aim and objectives that underpinned the primary research (see below).

Research Aim:

To examine the nature of employment relationships in New Zealand organisations.

Research Objective 1:

To investigate whether PM/ HRM or industrial relations (or some other discipline) predominates in New Zealand workplaces;

Research Objective 2:

To explore what types of practices and techniques are used in the management of employees;

Research Objective 3:

To examine whether organisationally specific factors tend to result in the adoption of particular approaches to employment relationships.

Research Objective 4:

To examine how the choice of employment relationship discipline (PM/ HRM, industrial relations, or some other) influences the types of practices and techniques that are used in the management of employees.

Research Objective 5:

To examine the nature and use of specialist staff for managing the employment relationship.

The exploration of these objectives and the overarching research aim provide two outcomes. First, the chapter gives a detailed analysis of many of the main features of the employment relationship in New Zealand and second, it reveals that the suppositions about the nature of the relationship in existing literature may not be entirely accurate.

Research Objective 1: Employment relationship paradigms

The question of what paradigm governs employment relationships in New Zealand was addressed by Research Objective One. The intention of this research objective was to investigate the nature of employment relationships in New Zealand organisations by looking at the *actual* prevalence or strength of the discipline that the literature suggests should be structuring these relationships. More specifically, the objective investigates whether personnel management, human resource management or industrial relations or some other discipline predominates in New Zealand workplaces.

The objective also examines whether the contestations described by the literature between the personnel management and human resource management disciplines or the industrial relations and human resource management disciplines is representative of actual experiences in New Zealand workplaces. However (as was explained in Chapter 8), the disciplines that are said to theorise and delimit employment relationships are targeted at different levels of operation upon the employment relationship and are not always mutually always exclusive. To highlight the prevalence of these disciplines' impact upon employment relationships, it was necessary to think of the range of possibilities in terms of a matrix formed by two 'families' of disciplines. On one side (the vertical axis in Figure 10.1 below), there are families of disciplines that could be broadly described as managerial 'approaches to managing employees', which would include the personnel, human resource management and analogous disciplines. On the other side of the matrix (the horizontal axis in Figure 10.1 below), are the families of disciplines that could be broadly described as organisational 'approaches to managing the legalities and relations of employment', which would include industrial relations and similar disciplines.

When the range of possible combinations these disciplines could take are plotted into the matrix the 'positional' outcomes can be seen as representing distinctive paradigmatic approaches to structuring employment relationships. As can be seen from Figure 10.1

below, there are around seven significant (>20 organisations) and distinctive paradigms represented in the research.

Figure 10.1 The Employment Relationship Paradigms:

	IR system linked to approach to managing employees	IR unlinked to approach to managing employees	No formal approach to legalities & relations	Another approach	Total
Mainly Personnel Management (PM)	26	5	24	5	60
Mainly HRM	97	18	26	12	153
A mixture of both PM & HRM	51	11	25	6	93
No formal approach to manage employees	0	16	188	4	208
Another approach	3	0	3	2	8
Total	177	50	266	29	522

As was reported in Chapter nine, and represented in Figure 10.1 above, the primary research found that in terms of simple majorities, most organisations in New Zealand take an informal approach to employment relationships – they have neither a formal approach to managing employees nor a formal approach to managing the legalities and relations of employment. The next largest paradigm approach in New Zealand workplaces is a combination of HRM and a linked industrial relations system. In simple terms then, at the time the primary research was carried out, most organisations did not formally manage employment relationships, but those few that did tended to use HRM with a linked IR system.

In order to elucidate research objective one further, the actual experiences associated with the pursuit of these paradigmatic approaches needs to be explored. To achieve this, it is necessary to distinguish the impacts associated with the different disciplines on the paradigms they make up. To further this exploration the following two sections explore the nature of employment relationships within the ‘discipline families’ that make up the axes of the paradigm matrix.

The Horizontal Axis of the Paradigm Matrix: Approaches to Managing the Legalities and Relations of Employment in New Zealand workplaces:

As is demonstrated in Figure 10.1 the general finding of the primary research is that in regards to the family of disciplines which structure 'approaches to managing the legalities and relations of employment' there were general states of experience. Organisations either tended to use an 'industrial relations' approach (43.4 percent of organisations) or no formalised approach to such matters (51 percent of organisations). These bland statistics are interesting but not entirely enlightening in their own right and need to be read in context with the established views on such issues, which prevail in the literature. Four interrelated themes are prominent in the literature to provide this 'established' context. First, the debate on the decline of the industrial relations discipline, second the reducing incidence of unions, third, the changing nature of managerial ideologies and forth and finally, the observed rise of individualism in workplaces.

Theme One: The Decline of the Industrial Relations Discipline

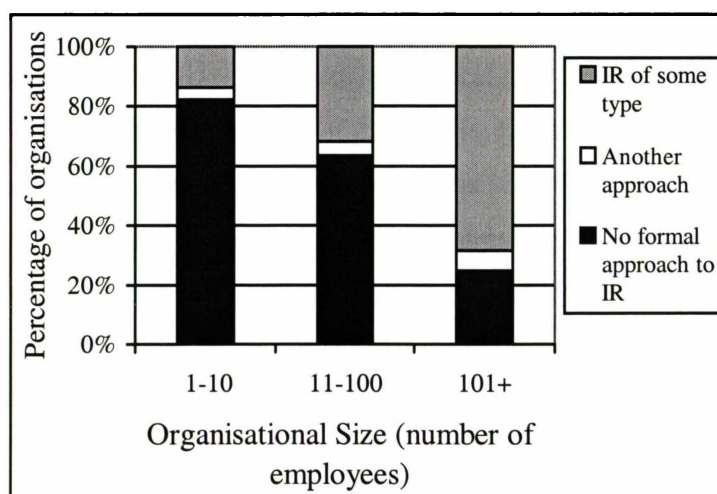
The first theme in the literature, which provides context to the approaches taken to the relations and legalities of employment, concentrates on the decline of industrial relations as a discipline. Within this theme is a body of commentary in which attention has been drawn to the fact that industrial relations is from a 'past era'. In line with this established view in the literature, the finding that only a minority of organisations in the primary research used the term 'industrial relations' might have been expected (Barbash, 1987; Kaufman, 1993; Godard, 1994; Metcalfe, 1995; Brown, Deakin & Ryan, 1997; Hyman, 1997).

However, much of the commentary on the decline of industrial relations also suggests that alternative labels and philosophies are being adopted by organisations to manage the relations and legalities of employment (Flood & Turner, 1993; Mortimer, & Leece, 1994; Horstman, 1999). Yet, the primary research results indicate that such alternatives were not commonplace in New Zealand organisations. Just 5.6 percent of organisations

identified that they did ‘something’ which is best described in terms other than ‘industrial relations’.

Yet, another finding from the primary research which is perhaps more problematic in its lack of congruence with the established view in the literature, is that further investigation of these ‘alternative approaches’ reveals that they usually either involve the guidance of the organisation’s lawyer or the advisory services of an employers’ association. These findings are challenging to the literature which suggests the establishment of alternative approaches to industrial relations is commonplace because both of these categories of ‘alternative approaches’ fall into the institutional approach to industrial relations’ definitions of the employer or capital groups. Therefore, these institutional IR academics might be safe claiming their discipline does, indeed, include and define even these ‘alternative approaches’ and the view in the literature that industrial relations is being replaced would simply become an observation of contested nomenclature. However, what is largely unrepresented in the literature is guidance on the interpretation of the finding that 51 percent of organisations did not identify that they had any formal approach to managing the legalities and relations of employment. Could such organisations be representative of a movement away from industrial relations, or does the finding represent a pre-existing absence of industrial relations from a certain types of organisation?

Figure 10.2 Organisational size and approaches to IR



Although not definitive, examination of the size of the organisations that have no formal approach to managing the legalities and relations of employment in place seems to lend weight to the supposition that the absence is related to generalised informality among many New Zealand organisations rather than a wide scale movement towards adopting alternatives to industrial relations (see Figure 10.2 above).

However, turning back to the literature, the commentary which highlights the declining fortunes of industrial relations links the decline to the ebbs and flows of the positions of unions, the prevailing managerial ideology and mechanisms of collectivity versus individuality. Delving further into these factors in the survey results allows insight into both the nature of organisations operating with an IR frame and the nature of the explanation for the lack of IR in some organisations.

Theme Two: The Reduction in Union Presence

A second major theme in the literature, which provides context to the approach taken to managing the relations and legalities of employment, highlights the decline of unions. This body of literature is supported by both international and specifically New Zealand based evidence that the number of union members is falling (Kesser & Bayliss, 1992; Edwards, 1995a; Harbridge, Hince & Honeybone, 1995; Crawford, Harbridge & Hince, 1996; 1997; Harbridge & Honeybone, 1996; Boxall, 1997; Boxall & Haynes, 1997; Shaw, 1997; Wood, 1997; Bamber & Lansbury, 1998; Crawford & Harbridge, 1998; Leopold, & Hallier, 1999).

These observations are focused on both socio-political and ideological accounts of weakening power and statistical 'proof' of the decline (in the shape of falling national union density rates). In the case of New Zealand, the statistical proof of decline is made more dramatic through time-series comparisons contrasting between eras of compulsory unionism and free market ideology (Harbridge, Hince & Honeybone 1995).

Examination of the reported national union density rates over the same period as this research covers indicates that national density was less than 20 percent in the mid-late

1990s (Harbridge & Hince, 1992; Crawford & Harbridge, 1998; Rasmussen & Lamm, 1999). By comparison, the primary research reported in the previous chapter found that a consolidation of respondents' estimates of workplace density combined gave a union density rate of approximately 17.8 percent.

However, such union density data can underplay other relevant characteristics of union presence. For example, even with the low 17.8 percent union density reported in this sample, 43.1 percent of organisations surveyed reported having at least one union in their operating environment and where unions were present the average rate of organisational density was 23.2 percent of employees. Another interesting aside to the issue of density is that organisational size, the predominant gender of employees and organisational longevity were all found to a relationship with union presence in the primary research. Union presence increasing from small (4.2 percent) through to the medium (30.8 percent) and large (74.4 percent)²¹ organisations and higher in organisations with female dominated workforces and in older organisations.

Another indicative mechanism for determining the strength of unions is to examine what degree of operational legitimacy unions have in workplaces (i.e. involvement in consultation and employer co-operation in collection of union fees). Despite the problematics noted in operating in an Employment Contracts Act 1991 environment, these markers show that unions in New Zealand might not have been entirely hampered in their operations. For instance, where unions were present, 82.2 percent of organisations had arrangements in place to collect union fees from wages and salaries. Interestingly, even in organisations in which there was no reported union presence, 11.5 percent of organisations had mechanisms in place to allow for the collection of union fees should this be necessary. Similarly, where unions were present mechanisms for consultation with them were in place in 84 percent of organisations.

²¹ Small organisations are defined as employing between 1 and 10 employees, while medium sized organisations employ between 11 and 100 employees and large organisations employ more than 100 employees.

Theme Three: Changing Managerial Ideologies

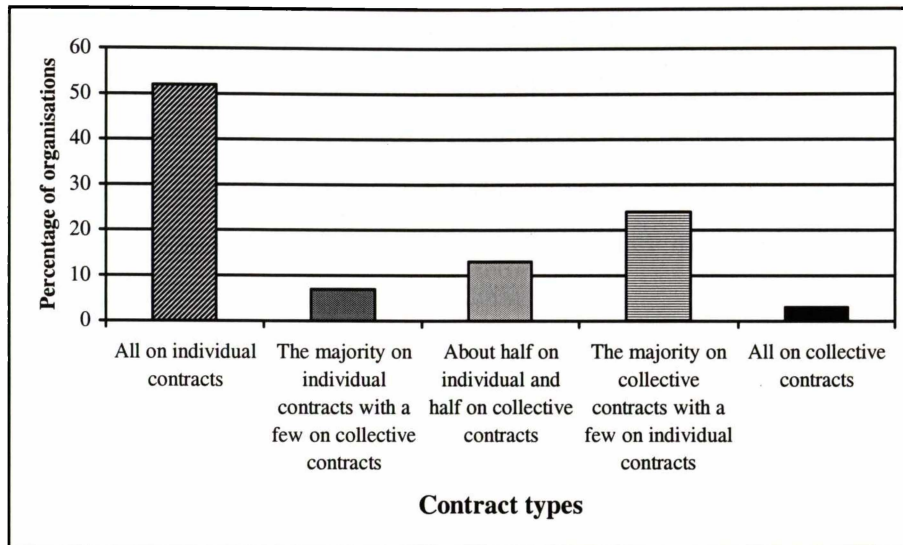
The third main contextual theme in the literature on the approaches relations and legalities of employment asserts that there has been a shift in managerial ideology towards a unitarist framework (Fox, 1973; 1974; 1979; London, 1990; Purcell, 1993; Geare, 1994; Godard, 1996). However, contrary to this established view within the literature, the primary research reported in the previous chapter found that managers tend to be mixed or undecided in their ideological beliefs – around two-thirds of the respondents said that managers in their organisation were either divided or changeable in their opinions on unions in workplaces. By contrast, just 5.2% of respondents reported that managers in their organisation could be classified predominantly unitarist and 27.4 percent of respondents reported that managers in their organisations could be classified as predominantly pluralist (see Figure 10.3 below).

Figure 10.3 Management Ideology in New Zealand Workplaces

Managerial Attitudes to Unions:	n	%	
There is no single opinion on unions	193	37.0%	} 67.5%
Some managers favour unions/some do not	159	30.5%	
Unions are <u>not</u> necessary	14	2.7%	} 5.2%
Unions are <u>not</u> welcome	13	2.5%	
Unions are necessary	76	14.6%	} 27.4%
Unions are welcome	67	12.8%	

These findings challenge both the prevailing view of rising unitarism in the international literature and widespread assumption in the New Zealand based literature that the Employment Contracts Act 1991 (which framed employment relationships during the period of the survey) encouraged the development of rampant unitarism. Yet, as dramatic as this finding may be, another finding of equal significance also arises from these results. When the results are disaggregated from the sample into those organisations with unions present as opposed to those organisations without unions present, there was a marked ‘unpacking’ in the managerial ideology (see Figure 10.4 below).

Figure 10.5 Employment Contracts utilised in New Zealand workplaces



The Vertical Axis of the Paradigm Matrix: Discipline Approaches to Managing Employees in New Zealand Workplaces:

Another stream of literature that provides context to findings about the paradigms used to structure employment relationships in New Zealand workplaces arises from debates related to the family of disciplines concerned with the management of employees – and in particular, the Human Resource Management discipline.

There are two predominant established views in relation to approaches to managing employees. The first is a debate internal to this family of disciplines and it examines whether HRM has subsumed or replaced personnel management as the primary discipline used by managers to structure their management of employees (Prewitt, 1982; Mahoney & Deckop, 1986; Torrington, 1988; Beardwell & Holden, 1994a; Tyson, 1999). The second debate is between the ‘managing employees’ and the ‘managing the relations and legalities of employment’ families of disciplines and this specifically concentrates on whether HRM has colonised the industrial relations discipline (Legge, 1988; Guest, 1991; Clark & Winchester, 1994). The primary research findings that relate to these two debates are discussed below:

Debate One: The Contestation between HRM and Personnel Management

The established view that emanates from the debate between the PM and HRM disciplines in the literature is that personnel management has largely been supplanted by human resource management (Torrington, 1988; Beardwell & Holden, 1994a; Tyson, 1999). The majority view in the literature that personnel management has been replaced by HRM and this is certainly supported by the New Zealand literature (Toulson, 1990; Geare & Stablein, 1995; Johnson & Mouly, 2002).

In some ways, the primary research also tends to suggest that (in terms of pure majority) organisations in New Zealand that are using some formal approach to manage employees tend to have a preference for usage of the term 'Human Resource Management' rather than 'Personnel Management' to describe their approach (i.e. 29.3 versus 11.5 percent of the sample).

However, two observations arising from the primary research challenge the established view in the literature. First, is the finding that many organisations are willing to categorise their approach to managing employees as consisting of *both* Personnel and Human Resource Management (i.e. 17.8 percent of the sample). In other words, many of the respondents to the survey identified that their organisations didn't do either HRM or personnel management, they did both – presumably with HRM being a descriptive label for central high level strategic activities and personnel being the label for distributed welfare and record keeping activities. Second, it is important to note that the primary research indicates that the focus of the PM versus HRM issue is ignoring another, more significant phenomenon – most organisations in New Zealand do neither PM or HRM.

Debate Two: Industrial Relations v. Human Resource Management:

In regards to the second debate, most commentators have come to treat industrial relations as a sub-component of HRM (Stablein & Geare, 1993; Geare & Stablein,

1995; Wright, 1997; Sibbald, 1999), with the industrial relations' core activities of negotiation and enforcement of contracts, relations with unions, settlement of grievances and discipline being seen as part-and-parcel of every day HRM activities. Indeed, such has been the apparent colonisation of industrial relations' traditional territory by HRM in New Zealand organisations that senior HRM managers in New Zealand view '...HRM as a positive and proactive management function, which if implemented, had the capacity to minimise industrial relations problems and issues' (Wright, 1997, 98).

The primary research investigated revealed three states of affair in regards to the relationship between the approach to managing employees and the approach to managing the legalities and relations of employment. First, that the two systems could be linked together. Second, that they could operate independently of each other, and third, that one system could exist while the other was absent from the organisation (i.e. an organisation with HRM but no IR systems). Taking this approach, it was found that 49 percent of organisations reported having some type of industrial relations system but that in such organisations there is evidence that industrial relations may be being subsumed. This evidence arises in the finding that the vast majority of organisations, which reported using some form of industrial relations, interlinked it with the approach taken to managing employees.

However, these results should not necessarily be seen as confirming the theme in the literature that implies that industrial relations is under specific threat from the HRM discipline. Although organisations with paradigms for managing employment relationships in which HRM was utilised did tend to have a reduced or a subservient industrial relations function, the findings also indicated that organisations using PM were actually less likely to have a stand-alone industrial relations system in place (8.3 percent) than organisations using HRM (11.8 percent). In fact, in organisations utilising the HRM discipline, there is actually a higher likelihood that there will be an independent or autonomous industrial relations unit operating than in organisations utilising an approach influenced by the personnel management discipline.

Further defying assertions in the literature that HRM is a direct challenge to industrial relations, are the findings associated with organisations in which there is some formal approach to managing employees (e.g. PM or HRM) but no formal approach to managing the legalities and relations of employment (e.g. IR). There was actually a higher degree of likelihood that organisations utilising Personnel Management would have no mechanism for managing the legalities and relations of employment than was the case in organisations utilising HRM (40 percent versus 17 percent respectively).

Another source of insight into this second debate is available by tracking the elements the literature identifies HRM as pursuing (all of which are also associated with the decline of industrial relations). These are: first, HRM's prevailing unitarist ideology and second, HRM's tendency towards individualisation of the workforce and a diminished use of collective practices (Legge, 1988; Torrington, 1988; Guest, 1989b; Legge, 1989; Boxall, 1993; Hart, 1993; Storey & Bacon, 1993; Clark & Winchester, 1994; Geare, 1995; Storey, 1995b; Cunningham & Hyman 1999; Barker 1999). Alongside these assertions about the nature of HRM in the international literature are parallels in the specifically New Zealand literature which associate the heightened managerialism of the ECA era with the growth of individualisation and assertion of management prerogative (Skiffington, 1994; Harbridge, Hince & Honeybone, 1995; Gilson & Wagar, 1997).

As was noted above, the primary research did find that individualisation of employment contracts was the norm in New Zealand workplaces during the period of the research (see Figure 10.5 above). Similarly, comparison of the types of employment contracts utilised in organisations taking HRM, personnel or other-types of approach to managing employees show that the literature asserting that HRM is individualistic at its core might need to be re-evaluated.

Figure 10.6 Employment Contract Utilised in HRM v. PM organisations

Employment Contract Types:	HRM	PM	Others
Mainly Individual	32.0%	66.7%	71.8%
Equally Individual and collective	28.8%	11.7%	6.1%
Mainly Collective	39.2%	21.7%	22.0%

As Figure 10.6 (above) indicates, organisations utilising HRM are much more likely to utilise collective employment contracts and much less likely to utilise individual employment contracts than organisations utilising any other approach to managing employees. In addition, when the ideologies of managers are compared for HRM versus non-HRM organisations in the sample, HRM organisations are actually revealed to be more likely to be pluralist than organisations in the rest of the sample combined (See Figures 10.7 below).

Figure 10.7 Managerial Ideologies in HRM v. PM organisations

Predominant Ideology among managers in the organisation:	HRM	PM	Others
Unitarist	2.0%	16.7%	4.5%
Mixed	56.2%	31.7%	74.4%
Pluralist	41.8%	23.3%	21.0%

This finding seems to support the minority opinion in the literature that treating HRM as inevitably anti-union and individualistic may be overly simplistic (see for example, Sisson, 1993; Storey, 1995c; Wood, 1995). Similarly, although the finding that less than half of the organisations in the sample utilise an approach they define as IR does seem to indicate a threat to the IR discipline, the assumption that this threat is posed by HRM should not be accepted as fully accurate. There may actually be greater cause for alarm for industrial relations proponents in relation to the approaches taken by organisations operating within a personnel management than a HRM framework.

RESEARCH OBJECTIVE 2: THE MANAGEMENT OF EMPLOYEES IN NEW ZEALAND:

The second Research Objective explored what types of practices and techniques are used in the management of employees. One of the rationales behind this objective was that although throughout the various sets of discipline literature related to the employment relationship there is widespread normative prescriptions about what micro-management

should be undertaken by organisations, the literature is less clear about what kinds of micro-management practices are actually being undertaken in organisations.

As was reported in the previous chapter, in terms of simple majorities, most micro management activities are conducted or overseen by line managers (31 out of 47 activities), but for 11 out of the 47 activities, more organisations do not carry out the technique than do carry it out. Just five activities are more likely to be carried out by specialist staff than by line managers.

The two most prominent micro management activities undertaken in New Zealand organisations are ‘goal setting’ and ‘motivation of staff’, which are being carried out by the line managers in 61.7 and 61.3 percent of organisations (respectively). Whereas the micro management activities least likely to be carried are out ‘union consultation’ and ‘union fee collection’ for which just 42 percent of organisations report carrying out either of these activities (see Appendix 10.1).

A better understanding of these findings can be built up by comparison of the results of the primary research reported in the previous chapter with results from two previous surveys containing similar questions (specifically the 1978 NZIPM survey and Toulson’s, 1990 Doctoral thesis survey). These comparative results are fully detailed in Appendix 10.2.

In the 1978 NZIPM survey the five most dominant micro management activities included:

- Advertising for staff (100%),
- Maintaining employee records (100%),
- Keeping labour turnover statistics (93%),
- Involvement with statutory provisions for health and safety (95%),
- Providing accident statistics, and reports (88%),

By the time of Toulson’s 1990 survey the most dominant micro-management activities included:

-
- Advertising for staff (100%)
 - Maintaining Employee Records (100%)
 - Salary and wages (100%)
 - Employee welfare (100%)
 - Education of employees (97.5%)

However, the primary research reported in the previous chapter found the top five micro management activities to include:

- Interviewing prospective staff (91%)
- Selection and appointment (90%)
- Setting hours and conditions (90%)
- Monitoring working conditions (89%)
- Advertising for staff (84%)

Even a cursory examination of these micro management results over time indicate that although hiring processes are a mainstay of micro management activities, there has been an apparent shift away from record keeping and welfare activities throughout the periods surveyed. This shift in activities might support the observations of Stablein and Geare (1993) and Pajo and Cleland (1997) that as labour markets in New Zealand have become loose, welfare activities declined and in the place of welfare-type activities, there has been an increase in the use of performance related PM/HRM activities over time (Toulson, 1990).

RESEARCH OBJECTIVE 3: ORGANISATIONAL FACTORS AND THE APPROACHES TO EMPLOYMENT RELATIONSHIPS.

The third research objective examines whether organisationally specific factors (e.g. organisational size and sector) tended to result in the adoption of particular paradigmatic approaches to managing employment relationships. The research question arises partly out of the debate within the HRM literature about what determines HRM practice and policies but is addressed below in a manner that wider than just encompassing the HRM

field (Dyer & Holder 1988; Cascio, 1993; Tyson & Witcher 1994; Kane & Palmer, 1995; Sahdev, Vinnicombe & Tyson, 1999).

Organisational Size as a Determinant

One of the often-cited determinants of the adoption of different employment relationship paradigms is an organisation's size. The established view in the literature is that the level of complexity in an organisation changes as the number of staff it employs increases and as a result, theoretical disciplines are increasingly utilised to structure managerial behaviour (Fisher & Shaw, 1992; Kane & Palmer 1995; Poole & Jenkins, 1998; Budhwar, 2000). Such views have been specifically expounded in relation to the adoption of personnel management, HRM and industrial relations systems as organisational size has increased (Brooks, 1978; Farmer, Scott, Deeks & Roth, 1978; Beer & Spector 1985; Cappelli, 1985a; Barbash, 1987; Gardner & Palmer, 1992; Edwards, 1995; Farnham & Pimlott, 1995).

The results of the primary research do confirm the established view in the literature that an organisation's size does have an impact upon the likelihood of utilisation of human resource management in New Zealand organisations – organisations which reported utilising HRM have an average of 890 employees compared to an average of 508 for organisations which utilise personnel management. A more detailed examination of the influence of organisational size on paradigm choice is reported in Figure 10.8 (below).

Figure 10.8 Organisational Size and Paradigm Approach

Paradigm group	Average number of employees per organisation in paradigm group:
Paradigm 1: PM/IRL	314
Paradigm 2: PM/NIR	492
Paradigm 3: HR/IRL	890
Paradigm 4: HR/NIR	505
Paradigm 5: PM&HR/IRL	647
Paradigm 6: PM&HR/NIR	396
Paradigm 7: NM/NIR	45

As is indicated in Figure 10.8 (above), there seemed to be a specifically strong relationship between organisational size and paradigm choice – with organisations pursuing HRM-type paradigms tending to be larger than organisations pursuing other types of paradigms and with informality in paradigm choice being associated with the smallest of organisations sampled. However, there was less evidence in the primary research that the approaches taken to managing the legalities and relations of employment (specifically the use or non-use of industrial relations) were affected by organisational size.

Organisational Longevity as a Determinant:

Within the literature, there are predominant biases in the treatment of certain disciplines in regards to their ‘contemporariness’ or lack of it. Many authors for instance, treat personnel management and industrial relations as anachronisms or observe that others take this view (Heneman, 1980; Beaumont, 1983; Beer, et al., 1985; Kochan & Barocci, 1985; Guest, 1987; Guest, 1989; Leap & Crino, 1989; Storey, 1989a; Fitz-enz, 1990; Moon, 1991; Edwards, 1995; Leopold, 1997). The assumption arising from this established view in the literature is that ‘new’ organisations will tend to utilise human resource management, whereas older organisations might still be utilising the personnel management and industrial relations disciplines that were prevalent when organisations were established.

Figure 10.9 Organisational Longevity and Paradigm Approach

Paradigm group	Average longevity of organisations in paradigm group:
Paradigm 1: PM/IRL	10
Paradigm 2: PM/NIR	27
Paradigm 3: HR/IRL	31
Paradigm 4: HR/NIR	36
Paradigm 5: PM&HR/IRL	40
Paradigm 6: PM&HR/NIR	23
Paradigm 7: NM/NIR	8

The primary research results investigated this assumed link between the longevity of existence of the organisation and its discipline choices and it was found that longevity did seem to affect discipline and paradigm choice. However, contrary to the established

view, human resource management was actually heavily represented among 'older' organisations, whereas personnel management and informality in paradigm choices tended to be associated with organisations that were less than 30 years old (on average) (see Figure 10.9, above).

Economic Sector and Profit Orientation as Determinants of Paradigm Approach

A small number of authors have observed that choices organisations make in regards to their paradigmatic approach to structuring the employment relationship might be influenced by their economic sector and/ or profit orientation (Poole & Jenkins, 1998; Boyne, Poole & Jenkins, 1999). In particular, public sector organisations are assumed to have a tendency to formalise their systems and adopt human resource management and industrial relations because of governmental pressure.

However, testing these assertions about the public and 'not for profit' sectors by looking at the evidence in the primary research is somewhat complex because in of the major paradigm groups organisations are the predominant 'for profit' and 'private sector'. Therefore, instead of trying to examine the results with the paradigm groups as the starting point, the results had to be examined from the point of view of the sector and the profit orientation. Using this approach it was found that the sector the organisation operated in, and the profit orientation of the organisation, both seemed to have a relationship with organisational paradigms i.e. the approach to managing employees and the approach to managing the legalities and relations of employment (see Figures 10.10 - 10.14, below).

Figure 10.10 Economic Sector and Approach to Managing Employees

	Private sector	Public sector
PM	12.7%	7.1%
HRM	24.7%	46.0%
Mix PM & HRM	13.7%	32.7%
No formal approach	47.4%	12.4%
Another approach	1.5%	1.8%

Figure 10.11 Profit Orientation and Approach to Managing Employees

	For Profit	Not for profit
PM	13.0%	5.1%
HRM	25.3%	46.5%
Mix PM & HRM	14.7%	31.3%
No formal approach	45.4%	16.2%
Another approach	1.7%	1.0%

As Figures 10.10 and 10.11 show, public sector and ‘not for profit’ organisations showed a strong tendency towards using either a HRM based approaches to managing employees or an approach that encompassed a mix between personnel management and HRM. By contrast, private sector and ‘for profit’ organisations seemed to be predominantly orientated towards having no formal approach to managing employees. Similarly, an organisation’s sector and profit orientation seemed to have an influence on its different methods of managing the legalities and relations of employment (see Figures 10.13 and 10.14 below).

More specifically, ‘for profit’ and private sector organisations predominantly tended towards having no formal approach to managing the legalities and relations of employment whereas the majority of ‘not for profit’ and public sector organisations utilise an industrial relations system that was linked to their method of managing employees.

Figure 10.13 Profit Orientation and Approach to Managing the Legalities and Relations of Employment

	For profit	Not for Profit
IR linked to approach to managing employees	26.7%	68.7%
IR unlinked to approach to managing employees	9.2%	7.1%
No formal approach	57.4%	23.2%
Another approach	6.6%	1.0%

Figure 10.14 Economic Sector and Approach to Managing the Legalities and Relations of Employment

	Private sector	Public sector
IR linked to approach to managing employees	27.9%	59.3%
IR unlinked to approach to managing employees	8.6%	9.7%
No formal approach	57.2%	28.3%
Another approach	6.4%	2.7%

RESEARCH OBJECTIVE 4: EMPLOYMENT RELATIONSHIP PARADIGMS AND THE MANAGEMENT OF EMPLOYEES.

The intent of Research Objective 4 was to examine how the choice of employment relationship paradigm (e.g. PM/ HRM, industrial relations, or some other) influenced the types of practices and techniques that were used in the management of employees.

It particularly touched on a specific stream of literature from the HRM discipline area which debates whether HRM and personnel management are actually different by the questioning whether organisations using the HRM label are undertaking different micro management techniques than organisations using the personnel management label (Storey, 1989a; 1989b, 1992a; Wright & McMahan; 1992; Grant & Osrick, 1998).

As was reported in the previous chapter, the results of the primary research indicate there are differences in micro management approaches among organisations which utilised different overarching paradigms to frame their management of the employment relationship. In respect to the forty-seven micro-management practices which respondents were asked to respond about, the organisations' paradigm choice did seem to have a degree of impact.

This was especially evident in the organisations that took one of three paradigms in which the approach to managing employees was supported by a linked industrial relations system (Paradigms 1, 3 and 5). In these three paradigm groups, there was a

high degree of universal uptake of certain micro-management activities (see Figure 10.15, below). This might indicate that organisations utilising a paradigm in which a linked industrial relations system is in use might be matching their behaviours against best practice or theoretical exemplars.

Figure 10.15 Overview of Micro Management Approaches taken in different Paradigm Groups:

Paradigm group	Universally used micro management techniques	Principle method of micro management
Paradigm 1: PM/IRL	6	Line
Paradigm 2: PM/NIR	0	Line
Paradigm 3: HR/IRL	10	Specialist
Paradigm 4: HR/NIR	1	Specialist
Paradigm 5: PM&HR/IRL	14	Specialist/ line
Paradigm 6: PM&HR/NIR	0	Line
Paradigm 7: NM/NIR	0	Line

Indeed, the differences in approach organisations take towards micro management techniques when they utilise different overarching paradigms also gives insight into the debate on whether there is actually a discernible difference between personnel management and HRM, i.e. is HRM just the renaming of personnel management as some literature has suggested? (Guest, 1987, Legge, 1989; Torrington, 1989; Boxall, 1990a; 1990b; Beardwell & Holden, 1994b; Storey, 1996; Ezzamel, Lilley, Wilkinson & Willmott, 1996; Rudman, 1999a).

The survey results do indicate that there may be some differences in the types of micro management techniques undertaken in organisations pursuing a human resource management as opposed to personnel management approach (see Figure 10.16, below). However, perhaps the most notable finding from Figure 10.16 is the fact that there are a huge number of micro management activities that are treated as of equivalent importance in HRM and personnel oriented organisations alike, perhaps indicating that the core of activities utilised in both are similar.

Figure 10.16 Differences in Micro Management activities between HRM and PM organisations

Virtually equally undertaken in HRM and PM (within 2 rank orders of each other):	
Interviewing perspective staff 1=	Selection and appointment 1=
Hazard identification PM 6; HR 8	Writing job descriptions HR 8; PM 10
Monitoring of staff HRM 12; PM 13	Strategic planning PM 15; HR 16
Monitoring Absenteeism HR 16; PM 17	Overseeing termination/dismissal HR 16; PM 17
Induction of new staff HR 16; PM 17	Managing staff input in H&S PM 22; HR 23
Socialisation of new staff HR 26; PM 28	Gaining staff fbk on performance HR 26; PM 28
Gaining staff views on orgn HR 30; PM 31	Staff Counselling HRM 31; PM 32
Staff mentoring 32=	People (manpower) planning 32=
Promotion system maintenance PM 36; HR 37	Involving staff in forming policy HR 34; PM 36
Overseeing career development PM 38; HR 40	Job size monitoring HRM 41; PM 42
Union fee collection PM 45; HR 47	Admin social clubs HR 46 PM 48
Conducted more often in HRM than personnel oriented organisations:	
Setting hours and condit HR 1; PM 4	Screening CV's HR 1; PM 8
Monitoring working conditions HR 1; PM 8	Advertising for jobs HR 1; PM 10
Overseeing personal grievances HR 10; PM 20	Maintaining discipline HR 12; PM 15
Resolving conflict HR 12; PM 20	Goal setting HR 21; PM 24
Conducting TNA HR 22; PM 38	Training & development of mgrs HR 23; PM 26
Exit records HR 23; PM 32	Overseeing empl' assist' schemes HR 36; PM 44
Admin pre employment tests HR 37; PM 43	EEO monitoring HR 41; PM 46
Union consultation HR 44; PM 47	
Conducted more often in personnel than HRM oriented organisations:	
Ensuring accident reports are kept PM 4; HR 10	Conducting training PM 6; HR 12
Contract negotiations PM 10; HR 29	Checking adherence to OSH codes PM13; HR 16
Salary and leave records PM 22; HR 39	Conducting job analysis PM 25; HR 28
Responsibility for qual' monitor' PM 27; HR 34	Records of performance appraisals PM28; HR 43
Production monitoring PM 38; HR 44	Maintenance of records PM 41; HR48

But, there may also be some indication in Figure 10.16 (above) that, as suggested in the literature (Laurent, 1986; Lorange, 1985), one of the differences between the two approaches is that organisations operating in the personnel management frame are more likely to undertake low level clerical activities than those organisations operating in another frame. This is perhaps evident in the higher likelihood of performance of record keeping tasks in personnel based organisations (e.g. ensuring accident reports are kept, salary and leave records, conducting job analysis, records of performance appraisals, maintenance of records). However, this finding does not mitigate the fact that there were many clerical-type activities equally likely to be performed in personnel as HRM type organisations (e.g. writing job descriptions, promotion system maintenance, union

fee collection and administration of social clubs) and that strategic planning activities were rated as of almost equal importance in both types of organisations. Overall then, if the micro management labels were being used in equivalent ways in HRM and personnel organisations, there were similarities in the micro management activities undertaken but there may also be some evidence that organisations utilising personnel management were more likely to undertake low-level tasks than HRM, but little evidence that HRM was more strategic than personnel management.

RESEARCH OBJECTIVE 5: THE USE OF SPECIALIST STAFF IN MANAGING THE EMPLOYMENT RELATIONSHIP

The intention of this fifth research objective was to examine the nature and use of specialist staff for managing the employment relationship. In recent years, there has been evidence of a growth in the use of specialist staff whose role is to manage the employment relationship in New Zealand organisations (Fraser, 1993; Pajo & Cleland, 1997). However, what has had little attention in this literature is how the paradigmatic approach an organisation takes to managing employment relationships affects the manner in which it utilises specialist staff.

As is indicated in Figure 10.17 (below), when the primary research was examined to determine the impact of the paradigm approaches on the use of specialist staff some interesting findings emerge. One of the most important findings was that where an organisation was utilising a HRM based approach to managing employees it was more likely to utilise specialist staff than if it was using any other approach to managing employees. Inherent within this finding are two other implied findings – first, as might be expected, organisations that took no formal approach to managing the employment relationship (paradigm 7) were less likely to utilise specialist staff than organisations which took any other paradigmatic approach.

Second, organisations utilising paradigms with Personnel Management as a basis for their approach to managing employees were also relatively unlikely to utilise specialist staff (see Figure 10.17, below).

Both of these findings might make it necessary to reassess the literature which asserts that one of the key differences between personnel management and HRM is that HR is more often devolved to the level of line managers than is the case with personnel management (see for example, Tyson, 1987; Legge, 1989; Storey, 1989a; 1989b; Guest, 1989a; 1991; Kochan & Dyer, 1993; Boxall, 1995b; Legge, 1995; Ezzamel, Willey, Wilkinson & Willmott, 1996).

Figure 10.17 Paradigm Approach and use of Specialist Staff

Paradigm group	Specialist Staff Presence
Paradigm 1: PM/IRL	38%
Paradigm 2: PM/NIR	33%
Paradigm 3: HR/IRL	94%
Paradigm 4: HR/NIR	77%
Paradigm 5: PM&HR/IRL	77%
Paradigm 6: PM&HR/NIR	52%
Paradigm 7: NM/NIR	4%

In examining the influence of paradigmatic approaches on the use of specialist staff further, there also seems to be few discernible patterns to indicate that the paradigm has any impact on either the level of resourcing the specialist function receives and the predominant qualification of specialist staff (see Figure 10.18, below).

The main points that can be discerned (see Figure 10.18) are that, first, specialist staff working within organisations with personnel management as a central part of their paradigm were likely to be primarily qualified through experience. Second, organisations operating within a Paradigm 3 (HRM with a linked IR system) framework tended to utilise comparatively high levels of tertiary qualified specialist staff.

Figure 10.18 Paradigm Approach and Nature of Specialist Staff Used

Paradigm group	Average number of specialist staff per organisation where present	Predominant Qualification of specialist staff where present
Paradigm 1: PM/IRL	4.5	Experience
Paradigm 2: PM/NIR	5.3	Experience
Paradigm 3: HR/IRL	7	Bachelors
Paradigm 4: HR/NIR	3.8	Unqualified
Paradigm 5: PM&HR/IRL	4.8	Unqualified
Paradigm 6: PM&HR/NIR	2.8	Bachelors
Paradigm 7: NM/NIR	2.6	Experience

Similarly, there was a rather mixed pattern to the perceived contribution to organisational performance of specialist staff from organisations from different paradigms. The findings did tend to support assumptions in the literature that specialists operating within a paradigm that incorporates HRM are perceived as contributing more to the performance of the organisation than those which incorporate personnel management (see Figure 10.19 below). The findings reported in Figure 10.19 may also support the literature that identifies the primary difference between personnel management and HRM as being the former's commitment to welfare issues and the latter's commitment to organisational performance objectives.

Figure 10.19 Paradigm Approach and Contribution of Specialist Staff to Organisational Performance

Paradigm group	Most common perception of contribution of specialist staff to organisational performance
Paradigm 1: PM/IRL	Not sure
Paradigm 2: PM/NIR	Not sure
Paradigm 3: HR/IRL	Positive
Paradigm 4: HR/NIR	Positive
Paradigm 5: PM&HR/IRL	Positive
Paradigm 6: PM&HR/NIR	No clear trend
Paradigm 7: NM/NIR	No contribution

However as Figure 10.20 illustrates, the finding noted above that paradigms including HRM tend to be associated with perceptions of specialist contribution to organisational performance cannot be extended to perceptions of specialist involvement in strategic level processes.

Figure 10.20 Paradigm Approach and Involvement of Specialist Staff in Strategic Level Processes

Paradigm group	Most common level of involvement of specialist staff
Paradigm 1: PM/IRL	Occasional
Paradigm 2: PM/NIR	Seldom
Paradigm 3: HR/IRL	Frequently
Paradigm 4: HR/NIR	Occasional
Paradigm 5: PM&HR/IRL	Frequently
Paradigm 6: PM&HR/NIR	No clear trend
Paradigm 7: NM/NIR	Seldom

Yet, the finding in the primary research that HRM practices may not be as strategically oriented as normative literature asserts that it should be, does echo similar empirical findings in research based literature. For instance, a 1981 survey found that just 31 percent of HRM/ personnel specialists reported to executive level and a similar survey in 1997 found specialists reporting to the executive level in just 42 percent of large organisations in New Zealand (Gilbertson, 1984; Pajo & Cleland, 1997).

CONCLUSIONS

At many points during this chapter, the established view from of the literature has been challenged by the findings of the primary research. The chapter has revealed that the over half of organisations in the sample took approaches to managing the employment relationship that were informal – they tended to combine no formal approach for managing employees with no formal approach for managing the legalities and relations of employment. This finding is significant because it should challenge academic communities so focused on their internal discipline debates to think again about the representativeness of their fields.

In addition, in both descriptive and analytical terms there are several significant findings concerning the nature of employment relationships in New Zealand organisations. First, industrial relations as an approach for managing the legalities and relations of employment does seem to have come under some threat, as relatively small numbers of

organisations utilised an industrial relations approach. However, the threat to industrial relations is as a *label* for describing organisations' approaches to managing the legalities and relation of employment and is not from named alternative approaches. Indeed, the primary research indicated the threat was actually more evident in organisations undertaking Personnel Management than HRM, so, it might conceivably be seen as a short term threat as Personnel goes out of vogue and HRM gains in ascendancy. However, industrial relations as a realm of *philosophies and activities* centred on issues of collectivism and union involvement is in a less secure position. The primary research does indicate that individualism was strongly prevalent during the era of the survey and that union density and presence were both at relatively low ebbs during the period. The only mitigation of these findings was that despite the ECA, unitarism was found to be a relatively rare attitude among managers in New Zealand organisations. Indeed pluralism reigns in unionised workplaces, and many organisations still maintained the mechanisms of legitimisation unions rely on to operate (union fee collection and consultation).

Second, where organisations did take some sort of approach to managing employees, Human Resource Management was supreme. This is important on its own because of its impact employment relationships but also because, as noted above, HRM does seem to be associated with a decline or an incorporation of industrial relations but Personnel Management is actually found to be somewhat more extensively involved in this process. Indeed, to corroborate this finding, HRM was found to be less likely to utilise individual employment contracts and less likely to be unitarist than any other approaches to managing employees (including personnel management).

Third, it was found that there was a discernible influence on an organisation's paradigm of employment relationship (i.e. a combination of their approach to managing employees and their approach to managing the legalities and relations of employment) by a number of factors. Organisational size, longevity, predominant gender of employees, economic sector and profit orientation were all found to be related in some way to paradigm choice. For example, organisations utilising Paradigm 7 (No formal approach for managing employees coupled with no formal approach to managing the legalities and

relations of employment) tended to be small, young, private sector and 'for-profit'. By contrast, organisations in Paradigm 3 (HRM coupled with a linked industrial relations system) were more likely to be large, old, public sector, 'not for profit' and employ predominantly more females than males.

Fourth, in regards to the front-line methods of managing employees and the legalities and relations of employment, it was found that the majority of micro management activities were not actually carried out by the majority of organisations. The two micro management activities that were highest in their utilisation were goal setting and motivation of staff; both being undertaken by just 61 percent of the organisations sampled. What is most evident in regards to the micro-management activities is the variation in the types of activities being undertaken over time. Comparisons with results of previous surveys of a similar nature show a discernible drop in intensity of use of record keeping and welfare activities and a rise in performance oriented activities (Fraser, 1993; Pajo and Cleland, 1997). This is perhaps most notable in the fact that the two highest utilised micro management activities in this survey (goal setting and motivation of staff) were not even included in the list of micro management activities included in previous surveys of a similar nature.

Fifth, paradigm choice seemed to be related to approaches to, and choices of micro-management activities. For instance, challenging the literature, paradigms utilising personnel management as the basis for managing employees tended to deliver micro management activities predominantly through line managers while organisations utilising paradigms with HRM as the basis for managing employees tended to deliver micro-management activities through specialist staff. In addition, paradigms 1 (Personnel linked to IR), 3 (HRM linked to IR) and 5 (A mix of personnel and HRM linked to IR) were all found to be highly cohesive in the approaches taken to micro-management activities. In another apparent challenge to the literature, it was found that there was actually a large degree of similarity in the utilisation of various micro-management activities in organisations undertaking a paradigm based on personnel management as in organisations utilising paradigms based on human resource

management. But this challenge is somewhat mitigated by the fact that where there were some variances in the types of micro management activities utilised in HRM and personnel paradigm approaches, organisations relying upon personnel management seemed to place greater importance on record keeping functions than organisations utilising HRM.

Sixth, and finally, it was found that the use of specialist staff in the management of the employment relationship was greatly related to the size of the organisation but that smaller organisations in New Zealand did frequently designate individuals to act in the specialist role. This finding is important for the academic research community because empirical research undertaken which excludes small organisations ignores a large part of relevant phenomena. However, the profile of these specialist staff is somewhat mixed – although most of them are qualified their involvement in strategic level processes was not uniform and many organisations (especially those from paradigms 1, 2, and 7) with such specialists do not perceive them as contributing to organisational performance.

Throughout these six streams of findings there are numerous illustrations where the academic literature is challenged, but it would be wise to remember that the literature, which is mainly North American and British in origin may not be wrong – New Zealand has had an atypical framework governing employment relationships for most of the nation's history. The arbitrationist era is just as important in its contribution to making employment relationships in New Zealand dissimilar to those elsewhere as the Contractualist era ushered in by the Employment Contract Act has been. Not the least of these influences was the longstanding centralisation of negotiations on wages and conditions which meant that up until the mid 1980s, the management of employees at the enterprise level was somewhat limited and the paradigmatic approaches to managing the employment relationship were mainly focused around administrative activities (Boxall, 1989; Campbell, Bollard & Savage, 1989; Geare, 1989; Hince & Vranken, 1991; Powell & Spicer, 1994; Stace & Norman, 1997; Walsh, 1998).

Yet some important lessons arise from this primary research – not least of which is the fact that despite the neo-liberal influence upon legal and social structures during the time the primary research was conducted, unitary ideology is rare in New Zealand workplaces. Although unions were severely disadvantaged and often displaced by the framework ushered in by the ECA, where they did maintain a presence, managerial attitudes to them were not overwhelming negative and mechanisms of involvement (consultation and collection of fees) were (by and large) maintained. These findings are also supported by research that indicates that where employees were represented in ECA-era employment contract negotiations, unions were the bargaining agent of choice (Harbridge, Hince & Honeybone, 1995).

In combination, these findings reveal a situation in which the actual nature of employment relationships in New Zealand workplaces (during the contractualist era in particular) were constructed in ways that did not closely match literature based expectations of them. The importance of these findings and the specific relevance of the primary research in this and the previous chapter is that assumptions about the nature of work cannot be taken for granted and descriptions of the employment relationship arising from elsewhere (particular overseas) need to be treated with care.

CHAPTER ELEVEN

*EMPLOYMENT RELATIONSHIPS
IN NEW ZEALAND*

INTRODUCTION

Utilising the methodological framework outlined in Chapters Two and Three, this chapter explores the political economy of employment relationships in New Zealand. More specifically, it identifies the mutually reinforcing links between the nature of employment relationships and societal norms and values established in New Zealand (Clarke & Clegg, 2000). Whereas Chapter Three was a general analysis of capitalist systems, this chapter concentrates solely on New Zealand as a capitalist society and explaining employment relationships in New Zealand.

The intent of this chapter is to align the two levels of theory related to employment relationships in New Zealand: the high theory of the methodological framework and the lower order discipline theory embodied in the literature reviews and primary research results. Such an approach allows the changing structure and role of employment relationships in New Zealand to be analysed. Specifically, the approach highlights the dual nature of the employment relationships in political economy – in one direction, capitalism creates class and economic relations which structure the nature of employment relationships, in the other direction of analysis, employment relationships are principal mechanisms through which capitalist systems are stabilised.

NEW ZEALAND'S CAPITALIST SYSTEM:

As noted in Chapter 2 and 3, Marx's (1976) concept of historic materialism divides history into periods, epochs or eras of political economy according to their distinctive economic and social structures. Such eras reflect distinct modes of production with '...multifaceted configurations of economic and socio-political institutions and norms, which give a certain equilibrium and stability to the reproduction of the system as a whole' (Esser & Hirsch, 1994 74; also see Lipietz, 1992; 1994; Amin, 1994; Peck & Tickell, 1994) A key to these eras being stable is the creation of employment relationships that are balanced – employment relationships in which the interests of capital and labour are not catastrophically opposed. To achieve such

employment relationships, the structured antagonism that is the core of the capitalist employment relationship must be balanced or stabilised in some way and this is usually achieved through ‘rules of engagement’ in the workplace which are often set via the prevailing management theory.

When an historic materialist approach is applied to New Zealand’s modern history, the developments of New Zealand’s political economy can be seen as consisting of incremental steps along a path of a capitalist epoch. Such an approach highlights that New Zealand’s modern political economy can be broken down into four basic periods or eras and that in each of these periods there have been balanced forces of economic, political or social stability and countervailing forces of change: the *laissez faire*, arbitrationist, contractual and relationship eras.²²

The First Era: Laissez faire Capitalism

The *laissez faire* capitalist era consisted of a relatively stable mode of production between the establishment of colonial government in 1840 and the late 1880s. In this earliest stage of New Zealand’s modern history a hollow shell of British capitalism was transplanted from Europe (Roth 1978). From the appointment of Governor Hobson and the signing of the Treaty of Waitangi British social, economic and class structures were transplanted by settlers to the new fledgling nation (Bush, 1980). Thus, the social and class inequities associated with an industrial capitalist society also became embedded into the fabric of life in an essentially agrarian capitalist colony (Roth, 1978; Roth & Hammond, 1981; Eldred-Grigg, 1982).

In the earliest days of colonial settlement, the government (in the form of the Governor) was relied upon by settlers to provide all manner of necessities and infrastructure (Roper, 1997b). For instance, town planning, employment brokering, land retailing, wholesale goods purchasing, shipping, education and health care facilities were all thought to be the preserve of the Governor (Bassett, 1998). Some of the settlers came to New Zealand via the settlement companies and these were

²² Note that these intentionally mirror the phases of industrial relations outlined in Chapter Six, as the narrative of concern in this thesis is employment relationships. Other epoch descriptions would be necessary for a discussion based on phenomena other than employment relationships.

often run with a desire to re-create rural English society in New Zealand. However, these companies often had neither the financial ability nor the full number of middle and upper class settlers necessary to mimic their utopian imagery (Bush, 1980).

Basset (1998, 36) explains this failure:

...emigration to a country which, for many years, enjoyed little more than a subsistence economy and few social amenities, held little attraction for British men and women of substance.

Thus, this first phase of capitalism in New Zealand (post Treaty) was initially marked by a regime of accumulation that was based on two forms of capitalist economic activity - subsistence domestic production and colonial agrarian production (Bedggood, 1980, Maitra, 1997; Roper, 1997a; 1997b). Subsistence domestic production involved the local manufacture of goods and growth of produce to service dispersed settlements. This type of production was mainly the domain of white settlers. Colonial agrarian production involved the growth of agricultural products surplus to the need (or ability to pay) of local settlers and exported to nearby towns and/or Australian markets. Much of this earliest agrarian market activity was generally undertaken by North Island Maori tribes (Eldred-Grigg, 1982; Fairburn, 1989; Bassett, 1998). Later, substantial Government investment in the endeavours of ‘...mercantile men of established character...’ (Basset, 1998, 6) developed a third strand to capitalist activity by fostering other industries (e.g. flax fibre processing, lumber production, tin and coal mining, silk, paper, glass and kerosene manufacturing).

The mode of socialisation supporting this nascent colonial mode of production was relatively non-revolutionary. A common theme of early colonial literature was centred on the ability for hard working, ‘morally upstanding’ workers to buy a house and small holding with labourers wages and become largely independent so as ‘...to someday see himself out of the labour market’ (Fairburn, 1989, 49).

Employment Relationships and the ‘Laissez faire Era’

The technological paradigm in existence reflected wide scale importation of British class systems into the colony (Eldred-Grigg, 1982). Employment relationships were based on a largely a laissez faire approach consisting of a minimalist statute, and

common law and social norms that treated the employment relationship as a relationship between a 'master' and a 'servant' (Roth, 1978; Rasmussen & Lamm, 1999). However the master servant relationship is an artefact of a British feudal-come-capitalist society in which the labouring class was not viewed as just economically inferior but also communally and socially inferior and in which 'masters' were assumed to have a right to command, for both economic and divine superiority reasons (Fairburn, 1989).

Management processes within such frameworks tended to depend on direct control of the labour process both because organisations tended to be relatively small and because personal power arising from social status was the primary means of expression of legitimate status.

Yet, during initial colonial settlement it seems likely that a master-servant social belief system would have been hard pressed to remain inviolate as labour, and particularly skilled labour was sometimes scarce. However, there were also years in which labour was not scarce during this laissez faire mode of production (Fairburn, 1989). During these periods of economic recession, master-servant relations were both an economic and a legal reality (Geare, 1995). For instance, during the long depression of the 1880s economic recession and an influx of labour through assisted migration resulted in massive unemployment (Fairburn, 1989). During this period, the economic 'whip' of the market was brought fully to bear on labour as absence of social welfare arrangements meant that many workers usually had no alternative means of livelihood other than the sale of their labour power. This lack of choice is the category of situation Burawoy (1985) refers to as despotic politics of production as the choice whether to work for an employer whose behaviour is flagrantly exploitative diminishes – with limited alternatives labour runs the risk of experiencing the full force of class oppression (also see Elam 1994)

During times of recession, the mode of socialisation that held the era of the laissez faire mode of production stable was subjected to severe pressure. As migration to the New Zealand colony was generally 'sold' to the working class as a land of unbounded opportunity in which they could gain economic independence, their mentality tended to be focused on the nature the development of capitalism rather

than questioning its appropriateness (Fairburn, 1989). This apparent lack of revolutionary opposition to capitalism was undoubtedly fostered by three contingencies – first, there were frequent shortages of labour in the colony (especially in the Northern regions), which would have mitigated against the worst excesses of capitalism (Roper, 1997b). Second, much of the capitalist accumulation that occurred in this era was ‘repatriated’ to Great Britain through the joint mechanisms of absentee landlords and British colonisation companies. Third, the threat felt by settlers in the face of the Government’s armed disputes with Maori over the misappropriation of land and resources may have created unity among settlers through adversity that transcended class division.

However, the economic recession of the 1880s and the accompanying alienation and exploitation suffered by many of the working class proved so great that the *laissez faire* system was undermined and this was eventually a catalyst in bringing about a change in New Zealand’s political economy. The primary change that ended the arbitrationist era was the change in the role of the state. After the 1880s Depression, the State also began to intervene in the employment relationship to assuage the unsustainable exploitation of *laissez faire* colonial capitalism (Roth, 1978). These interventions marked a change in the mode of production from *laissez faire* to arbitrationist.

The Arbitrationist era

The second mode of production in New Zealand’s modern capitalist history was the longest in its history – the arbitrationist era lasted from the late 1880s through until the middle to late 1980s.

In the late 1880s, the regime of accumulation in New Zealand had developed somewhat from that of a simple agrarian colony in which most productive capacity was focused on subsistence. Returns from agricultural export products were increasingly funding capital investment into manufacturing operations that utilised abundant raw materials (Dalziel & Lattimore, 1997; Easton, 1999). Likewise, the mode of regulation, mode of socialisation and technological paradigm all began to change radically from the previous era of capitalism in New Zealand. The changes

were largely fostered by a change in the mode of regulation following ideological shifts among the hegemonic political elite – the Liberal Party began to revolutionise the regime of accumulation and mode of regulation to deal with perceived social and economic problems, especially concerns about the growing resistance in workplaces resulting from overt exploitation.

Employment relationships within the ‘Arbitrationist Era’

The principal social concern that drove the Liberals to construct a new mode of regulation was the poor conditions of employment in the industrial factories of colony following the 1880s long depression. The Liberal’s concerns in this matter were threefold. First, they held the view that poor conditions betrayed the implicit promise of a comfortable, moral and dignified life offered to migrants and that unless addressed, the outcome was likely to be the radicalisation of the working class (Bassett, 1998). Second, the poor employment conditions were identified as particularly problematic where they involved the ‘sweating’ of women and children – the Liberals generally held the view that exploitative treatment of ‘innocents’ was morally reprehensible (Holt, 1980). Third, the widespread employment of women and children was viewed as a social problem by the Liberals as such employment hindered the development of the ‘ideal’ family with male bread-winner supporting a wife and children, and an economic problem because capitalist use of women and children labourers drove down wages (Reeves, 1969/1902).

As a result of these three intersecting concerns, the generally Liberals also took a relatively tolerant position on the rising militancy of unionism. Unionism was seen as evidence that New Zealand employers were failing to fulfil their social duty as ‘master’ in the relationship and as an indication that workers aspired to improve their lot to achieve the comfortable, moral and dignified life outlined in Liberal ideology (Reeves, 1969/1902).

Once they were elected in 1892, the Liberals set about totally reframing New Zealand’s political economy. In the place of laissez faire employment relationships of the previous era, the Liberals used their hegemonic power as the political elite to

establish the arbitrationist era (Geare, 2001). This was exemplified by the enactment of the Industrial Conciliation and Arbitration Act (IC&A) 1894 which was

...a response to the 1890 Maritime Strike, [and which] provided channels for the orderly resolution of industrial conflict, for the organisation of workers into unions, and began to establish the principle of rights of workers to a fair day's wage (Neilson, 1993, 112).

The IC&A Act was instrumental in establishing a new mode of regulation – an arbitrationist era in which the rights and prerogatives of capital and labour were balanced through state mandated mechanisms (Hare, 1946; Brooks, 1978; Law, 1991; Geare, 1995). In the return for the right to exist and to bargain in an assisted environment and implicit guarantees the worst elements of capitalist employment would be abrogated through legislation, unions gave up the right to strike and were required to channel industrial unrest in economically restrained ways. On the other hand, in return for limitation of managerial prerogatives and an obligation to treat unions as legitimate, employers were promised a degree of certainty, limitation of wage competition and industrial unrest channelled in economically favourable ways.

Although this initial conception of the state as the impartial balancing agent between the classes was not to last in its purest intent for long (elements of the compromise were diminished by the Reform government), the mode of regulation premised on class conflict being mitigated by a benevolent state was a long standing one (Bassett, 1998). Yet the arbitrationist mode of regulation was adapted and the compromise entailed within it was further bolstered in the 1930s by the election of the first Labour Government which centralised settlement of fair living wages, offered wide-scale economic transfer payments through comprehensive social welfare systems and universal health care systems.

In taking such an approach the hegemonic elites in New Zealand were echoing class compromises key to modes of socialisation in other Western capitalist nations. In general terms, such compromises consisted of capital tacitly offering moderation of overt exploitation and an improved average standards of living for labour in return for labour tacitly offering social and industrial stability. These were modes of socialisation based on regimes of accumulation which fostered relatively high

incomes so as to engender mass consumption and provide domestic markets for mass produced goods. As a short hand, the Regulationists label such modes of socialisation 'Fordist' (Neilson, 1993). Yet, in New Zealand the class compromise was legislated in the form of restraining industrial legislation whereas in most other Western Capitalist nations the class compromise was a social and economically maintained phenomena with collective bargaining as a corner-piece.

Despite the way the compromises were arrived at in different nations, the economic manifestations of the Fordist style mode of socialisation became an integral part of stabilising the regime of accumulation because of the constancy created in the economic superstructure by class compromise; all classes had too much at stake to advocate radical reform. Indeed, the mechanism of fair and relatively high standards of living for all workers developing to such an extent that New Zealanders developed a strong affinity with egalitarian ideals and these ideals seem to have developed into cultural social currents (Deeks, & Boxall, 1988; Neilson, 1993; Roper, 1997b). Thus, the development of the arbitrationist mode of regulation can be seen as not just an example of socially reformism but as a deliberate attempt to create an historic bloc united in a new class compromise which would protect New Zealand capitalism or possibly to protect the hegemonic elites within capitalism (Reeves, 1969/1902; Haworth, 1994).

Reflecting the mediated peace in the mode of socialisation, in theoretical terms the employment relationships of the arbitrationist era were both tripartist and pluralist (Woods, 1979; Geare, 1994; 1995; Rasmussen & Lamm, 1999). It can be argued that, from the outset, there was a deliberate intention by the Liberal Government to replace the despotic technological paradigm with a hegemonic paradigm – state imposed compromise, consultation and a fair day's pay for a fair day's work was intended to be the basis of relations in employment (Burawoy, 1985; Elam 1994; Bassett, 1998). In pursuing this approach, the arbitrationist technological paradigm relied on achieving balance by pitting capitalist power against union power and the countervailing mechanisms of the state:

Industrial relations was typified by two systems, one for the private sector and one for the public. In the private sector unions were supported and protected by legislation and given monopoly bargaining rights. For much of this period union

membership was compulsory. From 1936-1961 membership was compulsory by law. From 1961 membership would be compulsory only "by agreement" - but employers always agreed (Geare, 2001, 307).

The role of the unions was to represent workers in a particular industry, the role of the employers' groups was to represent employers within the industry and the role of the State was to provide a balance between the interests of the unions and the employers so that conflict could be controlled (Métin, 1977/1899).

However, in practice, the system eventually developed (especially during the late 1960s and 1970s) to be very directive and determinist as the activities of union and employer groups alike were controlled and employment relationships were largely framed by the State (Hare, 1946; Walsh, 1993; Harbridge, Woods, Douglas & Knowles, 1994). In this regard, Bassett (1998) observes:

...governments in their capacity as legislators became the ultimate enforcement agency if one side or the other – it was usually perceived to be the unions – overstepped the mark.

Importantly in understanding employment relationships in New Zealand, the influence of the mediated tripartite relationships and centralised arrangements for bargaining meant that during the arbitration era the technological paradigm was predominately framed by industrial relations theory and practice; management theory largely took a secondary role. In those few large organisations where personnel management and nascent HRM departments did exist, they tended to take a subsidiary administrative rather than a strategic role in the enterprise (Boxall, 1989; Campbell, Bollard & Savage, 1989; Geare, 1989; Hince & Vranken, 1991). In many ways, the system privileged the industrial relations discipline over the personnel management and HRM disciplines through the centralised systems for delimiting the employment relationship.

Despite the limited role played by personnel management can not be taken as read that all managerial prerogative was entirely limited, prerogative waxed and waned during the arbitrationist era according to the persuasion of the government, the economic situation and the ideology of the state appointed mediators and adjudicators who oversaw bargaining (Geare, 1989). During specific periods of the

arbitrationist era, the technological paradigm tended to permit increased valorisation, exploitation and alienation as the mode of socialisation altered to broadly reflect a bipartite alliance between the state and employers rather than a tripartite arrangement. This was particularly the case during periods of recession, for instance during the

...1930s, employers made use of the depression to introduce Fordist techniques of work organisation, so too employers have taken advantage of the 1970-1990s' recession by introducing changes to all aspects of the employment relationship (Brosnan, Smith & Walsh, 1990, 67).

In general terms though, the arbitrationist technological paradigm was significantly shaped by overall State dominance of the mode of regulation and particularly by centralised bargaining over employment matters and the limited development of enterprise-based systems for managing the legalities and relations of employment. Organisational management systems were often treated by employers, unions and the state as appendages of the State influenced mode of regulation (Wilkes, 1993; Roper, 1997a).

In wider terms, the arbitrationist mode of regulation was based on a deliberately manufactured industrial class compromise and because of this was constantly under shifting amounts of pressure from either side. For instance in 1904 an employers' spokesperson said the arbitration system interfered with 'the natural and proper relations between master and workman' (G.T. Booth 1902, reported in Bassett, 1998) while unionists described the arbitration system as 'labour's leg irons' (Hare, 1946, 174). However, these objections were not universally representative of employer and union views and the arbitrationist mode of regulation tended to survive because of the stabilising influences of the mode of socialisation, and particularly the reinforcement of the class compromise through artefacts of civil society and perceived economic equality (Bramble & Heal, 1997).

Such was the supporting role played by the mode of socialisation in stabilising the arbitrationist mode of regulation that when the iconized fair exchange of rights and obligations in the class compromise were put under pressure by external economic shocks, the arbitration-based mode of regulation was under significant threat. The problem was particularly evident during five distinct periods of recession and/or high

inflation during the arbitrationist era. These significant periods of economic instability threatened the very fabric of arbitrationism and included the First World War, the 1930s Long Depression, commodity price falls during the 1950s and 1960s, and the dual shocks in 1973 in which when New Zealand lost preferential access to British markets and an OPEC oil shock hit simultaneously (Campbell-Hunt & Corbett, 1996; Dalziel & Lattimore, 1997).

These shocks weakened the very fabric of the class compromise that held in place the arbitrationist historic bloc. In particular, Roper (1997a, 3) describes the recession that began in 1973 as:

...a crucial turning point in New Zealand's history. It separates an epoch of unprecedented growth and prosperity from an epoch of stagnation, declining real incomes, and rising unemployment.

These shocks caused the cross-class coalitions of interest to change as the hegemonic elite in the historic bloc reacted to try to stabilise the regime of accumulation and accompanying modes of regulation and socialisation. Periods of structural adjustment frequently saw employers and unions united in their concern over the arbitrationist system; both parties often finding that they had more in common with each other than with the State and acting accordingly. For example, in 1968 employers and unions combined to oppose the nil wage order, and in 1972 they presented a joint submission on the manner of adjusting the technological paradigm through the Industrial Relations Bill (Woods, 1974; Anderson, 1979).

Despite these regular adjustments to the historic bloc and the frequent lack of social consensus about the arbitrationist mode of socialisation, the State tended to maintain its role as the final arbiter in employment matters throughout the bulk of the arbitrationist era (i.e. 1894 to 1987). But as the era progressed, and into the late 1960s and 1970s, the Government became extraordinarily interventionist in economic matters and in matters relating to the technological paradigm, resulting in an unusual fracture within the capitalist class between the economic and political hegemonic elites (Maloney & Savage, 1996). These splits are perhaps best exemplified by the imposition of a wage and price freeze (1982-1984) by the government and accusations of betrayal of the social compromise by both capital and labour alike (Bramble & Heal, 1997; Dalziel & Lattimore, 1997). However, by the

mid 1980s, the split in the hegemonic elite could no longer be sustained through interventionist policy alone. Social consensus over the arbitrationist regime of accumulation, mode of regulation and the mode of socialisation became scarce and unrest focused on questioning what was the appropriate role for the State. Unrest was so marked that there was a massive political shift to the rhetoric and ideology of the free market even though this was at odds with the arbitrationist mode of socialisation established during the arbitrationist era (Law, 1991; Bertram, 1993; Goldfinch & Roper, 1993; Haworth 1994). The shift to neo-liberal ideology in the mode of regulation was so dramatic it perpetuated a new era – a contractualist regime of accumulation to replace the arbitrationist one.

The Contractualist era of Political Economy

Various governments between 1984 and 1999 made up of political parties of both the left and the right, altered New Zealand's mode of regulation with the zeal of religious reformers (Geare, 1995; Hazledine, 1998; Easton, 1999). In undertaking such reforms, New Zealand politicians were not alone. They were following what some commentators call the 'Washington Consensus'.

...the Washington Consensus holds that 'good' economic management requires liberalised trade, macro economic stability (balanced budgets and price stability), and getting prices right through liberalised markets. The essence of the Washington Consensus is free markets and sound money (Chatterjee et al., 1999, 12).

The major difference between New Zealand's altered hegemony compared to similar alterations elsewhere, was that although the existing political institutions in New Zealand in 1984 '...were inflexible and discouraged change, they depended on an acceptance of a series of conventions – on a consensus – rather than any deeply embedded constitutional structure' (Easton, 1999, 5). This meant that the new hegemony of the political elite in New Zealand could be taken further and faster than most other nations pursuing similar Washington Consensus outcomes (Chatterjee et al., 1999).

The impact of this devolution to enterprise level was profound but went well beyond the employment relationship. Neilson (1993, 96) described the post ECA period as:

...a period of struggle over the terms and structure of a new technological paradigm which can deliver growth and jobs. At present, class compromise is being achieved with little concessions (or compromise) on the part of the capitalists....

In place of the arbitrationist regime of accumulation, the third era of capitalism relied upon a mode of regulation based on supremacy of individuality, contractualism, minimalist state, limited government intervention, and 'free' markets (Kelsey, 1995; Maloney & Savage, 1996). The ideology of the hegemony shifted and many of the concerns over social justice and mitigation of overt class conflict that had been the basis of the historic bloc under the arbitrationist mode of socialisation became secondary issues that the elites looked to the distributive justice of the 'market' to deal with. For instance, universal welfare access and universal free health care were ended and remaining provisions became less generous as incremental steps towards probable phasing out (Kelsey, 1995). In addition, 1996 saw the development of 'workfare' – in which entitlement to unemployment benefits was tied to the performance of community labour and the modern alienation of labour was extended beyond the employment relationship (Higgins, 1999).

Employment relationships within the contractualist era of political economy

The initial focus was upon radical changes in the economic structures that had developed to support the arbitrationist mode of regulation. Economic rather than social policy was deemed the appropriate mechanism for government attention (Maloney & Savage, 1996; Easton, 1999). However, ironically the first government in the contractualist era was formed following the election of the Labour Party in 1984. Although the neo-liberal agenda was radically employed by this Labour Government to shape a contractualist mode of regulation, the tradition of a historic bloc formed between the labouring class elites and Labour Party now represented in government made employment matters somewhat of a 'sacred cow'. Therefore, changes in industrial relations during the earliest stages of this contractualist era were initially approached in an evolutionary rather than radical manner (Holland, & Boston, 1990; Roper, 1991; Walsh, 1993; Kelsey, 1995). This is exemplified by attempts to build a corporatist agreement on economic matters between unions and government (Neilson, 1993; Kelsey, 1995), high levels of consultation entered into prior to the Labour Relations Act 1987 and by the enactment of the Employment

Equity Act 1990 which developed methods for the forcible creation of gender equality in remuneration (Dalziel & Lattimore, 1997).

However, the Labour Government's incremental rather than radical approach to change in the technological paradigm was not matched by employer sentiment and Bramble and Heal (1997, 132) identifies the contractualist era as a period of '...ruling class offensive against unionism....' and this employer militancy is perhaps exemplified by their refusal to take part in corporatist economic negotiations (also see Kelsey, 1995; Maloney & Savage, 1996).

The Labour Government's trepidation against altering the technological paradigm directly or radically ended with the election of an employer oriented National Government in 1990. One of the principal manifesto items of the National Party was a promise to subject employment 'relationships' to the same neo-liberal treatment as had been applied to other social and economic matters by the previous Government. Fulfilling this election manifesto promise, the Employment Contracts Act (which finally removed all mechanisms of centralised control of industrial relations) was enacted in 1991 (Roper, 1991; Sharp, 1994; Kelsey, 1995).

As a result of the Employment Contracts Act, the State ceased acting as both primary regulator and arbiter of the bargaining process and abandoned interventions aimed at protecting national prosperity and the strength of the mode of socialisation through industrial settlements (Maloney & Savage, 1996; de Vires, 1997). The outcome of this Act was the almost full devolution of authority for industrial matters from industry to employer and an accompanying rapid growth in enterprise-based bargaining and an expansion in concerted managerial strategies for managing employment matters. Such was the extent of this change that Hazledine (1998, 124) notes (with ironic humour) that in numeric terms managerial productivity during this era slumped –ratios of managers to workers pre-contractualism were around one to twenty and during contractualism fell to about one to four.

In explaining the removal of the State from direct involvement in workplace matters, the new right lobby identified the old system as dysfunctional . The changes were argued to be a retreat from a view of employment relationships as being 'inherently

adversarial or exploitative' to a view that 'employment relationships are a matter of mutual benefit to employers and workers, and for this reason are fundamentally co-operative' (Brook, 1990, 8). Such was the strength of their rhetoric, or the implied threat to unions in the new ideology, that the NZCTU President (of the time), Ken Douglas, suggested that the era of conflict-based industrial relations was finished (Kelsey, 1995). This NZCTU acquiescence eventually resulted in a fracture within the union movement – in 1993 twelve unions split from the CTU and formed that Trade Union Federation (Kelsey, 1993).

The contractualist employment relationship was based on new right ideology which contends that the employment relationship is essentially a contract; the state of being employed being based on an agreement between two parties over the exchange of labour hours for wages (Brook, 1990; Maloney & Savage, 1996). This view of the employment relationship treats labour as a commodity and the labour market as a commodity exchange market in which the buyers/employers and sellers/employees of labour 'meet' and exchange quantum of labour/working hours for a quantum of money/wages. For instance, Brook (1990, 7) states that labour is:

...no more than something of value; it does not imply people are chattels, and it certainly does not abrogate the social maxim that workers can be bought and sold. Rather, it reflects the right of individual to trade their services for whatever remuneration.

Within neo-liberal/ new right hegemony, belief in the superiority of 'free' (or more accurately an unfettered) labour markets arises from the view that such markets are more capable of delivering the most equitable outcomes for the contracting parties than any State controlled mechanism (Brook 1990). Similarly, unions, by virtue of their interference in the operation of the free market are to be avoided because they distort markets and cause inefficiency. For example, Douglas Myers (1988, 18), the then, Chairman of the Business Roundtable suggests that:

by sanctioning the monopoly power of unions over workers, our system of labour relations ultimately condones not the redistribution of income away from capital in favour of labour but an overall reduction in income, and redistribution of income away from weaker members of the labour force and unemployed in favour of those workers closest to the union elite.

Thus, the ideology of individualism and contractualism became core underpinnings to the new mode of regulation and through these new frameworks was built on an individualist mode of socialisation:

The ECA is above all an instrument for destroying social cohesiveness. It does this by fostering one-on-one negotiations between employer and employee. The theory is that productivity is the result of individual effort and enterprise, so workers should be rewarded individually, to maximise their incentives to perform (Hazledine, 1998, 111).

Yet as might be anticipated, this contractualism and individualism in employment contributed to some dissonance in the social currents in the mode of socialisation – the prevailing egalitarian ideals embedded in the arbitrationist mode of socialisation took some time to dissipate in the face of the new contractualist hegemony. For instance, the competing social current in the mode of socialisation seems to have led to dissonance in regards to social currents affecting core parts of civil society – for instance, the public rejection of free markets in health and education, juxtaposed with predominant individualist ideals in employment (Hazledine, 1998).

Apart from being individualistic, the contractualist hegemony resulted in massive shifts in the employment relationships in workplaces. As was illustrated in Chapters 6 and 7, once the ECA was brought into force, the onus for managing the employment relationship fell almost entirely on managers in organisations (Deeks, Parker & Ryan, 1994; McAndrew, 1995; Mackay & Johnson, 2000). With this devolution of centralised authority for bargaining the technological paradigm was radically altered and many larger organisations began to adopt human resource management based paradigms for managing employees (Boxall, 1993 Stablein & Geare 1994). Yet, in many medium and smaller sized organisations the shift from the arbitrationist to contractualist technological paradigm has left a large ‘black hole’.

The primary research reported in Chapter 8 and discussed in Chapter 9, showed that many New Zealand organisations tended to utilise an informal paradigm approach to the employment relationship with no formal approach to either managing employees or the legalities and relations of employment. Managers in such organisations were

apparently guided by neither the industrial relations, personnel management nor human resource management families of disciplines.

Echoing this type of observation, Boxall (1993) suggested that during the ECA employers divided into three groups. A number of employers sought not to significantly alter employment relations, while another group of employers pursued soft style of HRM with high-trust relations and a third group pursued hard style HRM with anti-union practices and worker exploitation.

However, it is relevant to note that although the primary research results reported in Chapter 8 and 9 identify that unitarist approaches were undertaken by a minority of employers (just 5.2% of respondents identifying predominantly unitarist tendencies among managers), the ECA environment did decimate union density (i.e. an estimated 17.8 percent of the workforce in the organisations sampled were union members).

This finding is contrary in a number of ways to the established views in the literature – most specifically because low levels of unitarism are usually expected to result in relatively high levels of unionism (Fox, 1979). Nevertheless, the finding might be able to be explained by three intersecting factors. First, during the arbitrationist era, unionism in New Zealand was a creature of the State so many members did not join for personal economic, ideological or safety reasons and developed limited commitment to unions. When the state supports for unions were removed in the ECA, the implicit or explicit compulsion to remain a member of a union also disappeared for many workers.

Second, because the arbitrationist period reduced managerial control over many industrial matters in the employment relationship, New Zealand workers were not historically attuned to think of themselves as an ‘exploited class’ once the ECA was enacted. This lack of class-consciousness among employees would probably have remained more or less intact in organisations with an ambivalent position on unions, whereas in organisations in which soft HRM was pursued, the individualisation of the employment relationship would have mitigated against legitimate roles for unions.

Third, unionism during this contractualist era was structurally constrained and not able to operate successfully in certain organisational settings regardless of neutral or pluralistic ideologies among managers. Specifically, the primary research findings indicated unions did poorly in small, male dominated and younger organisations. This proposition might be seen as neatly dovetailing with the finding in the primary research that the vast majority of employment contracts were individual and therefore not naturally conducive to collectivity inherently necessary to foster unionism.

The primary research results reported in Chapters 8 and 9 were also illustrative of the fact that organisations, particularly those of different sizes, varied in the paradigmatic approach they took to managing employees – i.e. the mixture of their approach to managing the relations and legalities of employment and their approach to managing employees. As already noted, small organisations are almost uniformly unlikely to formalise their approach to managing employees, while larger organisations tended to pursue relatively formalised and predominantly HRM based approaches to managing the employment relationship. When these various combinations of organisations' approaches to managing employees and the legalities and relations of employment are examined, it is evident that there were seven basic paradigms of employment relationship being utilised in New Zealand organisations during the contractualist era (see Figure 9.25).

However, the most dramatic theme to arise in the paradigmatic examination in the primary research was the finding that many organisations in New Zealand actually pursued a paradigm which was best described as 'no formal approach to managing employees combined with no formal approach to managing the legalities and relations of employment'. In fact, for the vast majority of New Zealand workplaces and for the majority of New Zealand workers, any assumptions that the disciplines of industrial relations, personnel management and human resource management vie with each other, is in error. Factors that seemed to increase the propensity towards informality included small organisational size, young organisations, organisations in the private sector and 'for profit' organisations, and the majority of organisations in New Zealand fall within these broad descriptive parameters.

However, there was a minority of organisations that did have some sort of formal paradigmatic system for managing the employment relationship, and most of these organisations identified that their paradigm could be best described as an intersection of HRM and IR systems. This mirrors the finding in the primary research that 49 percent organisations that did take some sort of formal approach to managing the legalities and relations of employment were likely to label as the ‘industrial relations’ discipline, but the findings are less clear cut in regards to the HRM and PM disciplines.

Among the organisations that did have some formal approach to managing employees, there was a preference for the HRM discipline (i.e. 29.3% of the sample), but many other organisations identified that they used *both* PM and HRM (i.e. 17.8 % of the sample) or the Personnel Management discipline (i.e. 11.5 % of the sample). The findings are further complicated by the fact that the primary research showed that paradigms were generally not operating in some of the ways that might be expected according to the literature.

The notable differences were that: first, organisations using personnel management were found to be less likely to have an independent or autonomous industrial relations unit than organisations utilising the HRM discipline. Second, organisations utilising the personnel management discipline were found to be more individualistic and unitarist than those utilising the HRM discipline. Third, older organisations were more likely to be using HRM than personnel management. Fourth, there was little evidence of a wide-scale difference in the range or the ‘strategic-ness’ of micro management activities undertaken in organisations utilising the HRM versus the personnel management discipline.

These findings were somewhat problematic because they do not fall neatly into the pattern of behaviours the established literature describes and brings us to expect. However, there were a few of the primary research findings that did agree with the established views in the literature. First, specialist staff in organisations operating from a HRM discipline frame were more likely to have been perceived as contributing to the performance of the organisation and were more likely to be highly

qualified than those in organisations operating from a personnel management frame. Second, public and ‘not for profit’ sector organisations are more likely to utilise HRM than any other discipline base.

Aside from the glaring result that the primary research findings that disagree with the established views in the literature outweigh those that agree with them, one of the most obvious and important findings arising from the primary research is the degree of informality. Alongside this informality, the contractualist era employment relationship was marked by fragmentation of approach and experience. Such fragmentation invariably meant that the social currents arising from the experiences of employment might also have been fragmented. Such fragmentation perhaps also explains why the contractualist era, which was clearly politically hegemonic, did not establish sufficient supports in the mode of socialisation to become socially hegemonic as well – no stable class compromise was arrived at and no historic bloc aligning both capital and labour in support of the regime of accumulation arose.

In essence, the primary research findings demonstrate that at the enterprise level, the technological paradigm being pursued during the contractual era was mixed, with workers experiencing a wide diversity of management practices and paradigmatic frames which ordered the contractualist era employment relationship. These findings are important in that they indicate that, especially compared to the previous arbitrationist era, the contractualist technological paradigm was fragmented and uneven in the degree to which it would have supported the mode of regulation, socialisation and ultimately the regime of accumulation.

The ‘Relationship Era’ of New Zealand’s political economy

The inconsistencies between modes of socialisation and regulation in the contractualist regime of accumulation reached a turning point in 1999, when the New Zealand voting public became sufficiently disillusioned with the politics of the new right and the erosion of the egalitarian ideals and the class compromise to abandon the contractualist regime. This disillusionment resulted in the election of a reformist Labour/Alliance coalition government with promises of finding a middle way

between the interventionist politics of the arbitration era and the contractualist politics of the new right.

This new era marks the fourth main regime of accumulation in the history of New Zealand capitalism – the relationship era. Fundamental to this era is an attempt to develop a new historic bloc through a shared class compromise based around sustainable open relationship between the parties in society – a humanist face of capitalism. Both the Alliance and Labour Parties went into the 1999 election with platforms and a subsequent coalition governmental mantra that the neo-liberal agenda pursued in contractualist era had not delivered sufficient social well-being to be worthy of complete continuance. It was argued that in the 15 years of the contractualist era New Zealand had done virtually everything ‘by the neo-liberal book’; the Reserve Bank became independent, State owned industries were restructured and privatised (The Economist, 2000). In addition, the welfare state was reduced, employment was contractualised, and despite all of these reforms, economic growth was slower than the rest of the developed world and productivity and living standards barely rose during a period in which ‘...almost all other rich countries have enjoyed sustained expansion’ (Kay, 2000).

These enumerated failures provided the basis for building the relationship era’s mode of regulation and for fostering the development of a supporting mode of socialisation and technological paradigm. To achieve this, the Labour/ Alliance coalition government began a process of watering down the most neo-liberal elements of the existing contractualist mode of regulation. Some of the mechanisms in this process have involved ‘...increased top tax rates [from 33% to 39%], renationalised Air New Zealand..., reversal of the conversion of hospitals to businesses, and introduction a People’s Bank’ (Mitchel, 2002, 16), ‘increased NZ superannuation levels, reduced State housing rentals , abolition of bulk funding in schools, new apprenticeship schemes (Wilson, 2002) and renationalisation of workplace accident insurance [ACC], rejection of further privatisation and proposals for the tougher regulation of business (The Economist, 2000).

In place of the ideology of the neo-liberal, free-market, an ideology of active economic growth promoted through active industrial policy and improved human

capital creation through education and skill expansion has been advocated to structure the new elements of the relationship mode of regulation (The Economist, 2000, Talbot, 2001). Understandably given the scale of the ideological shift, many elements of such policy is treated with scepticism by some commentators:

Then ministers cast around for an economic silver bullet. Surprise, surprise, this has come in the form of the "knowledge economy", or "knowledge society" or - this month's flavour - "knowledge wave" (James, 2001, 61).

The employment relationship within the 'Relationship Era' of political economy

One of the most important tenets of the change in ideological mantra has been a commitment to restoring relationships in employment where contracts had been the structural norm in the previous 15 years, i.e. altering the mode of socialisation through the mode of regulation and the technological paradigm. In general terms, the relationship era is marked by a return to legal recognition that there is an inherent inequality in employment relationships and a return to active State involvement in redressing that imbalance. The starting point for this reversal in ideology was the repeal of the ECA and enactment of the Employment Relations Act 2000. Which, according to Walsh and Harbridge (2001, 43):

...proceeds from the premise that employment relationships involve inherent inequality and that collective organisation by trade unions redresses this inequality. From the outset, therefore, unions are seen as legitimate, significant and positive institutions that can contribute to the achievement of important public policy objectives.

This premise explains why right wing advocate, Richard Epstein (2001) says that the Employment Relations Act '...totally repudiated the philosophy behind the ECA', but which more measured commentators note as keeping 'what employers really need [from the ECA] while making the game fairer for the worker' (Boxall, 2001, 27).

The government's desire to foster a new mode of socialisation through the development of an ideology of employment as a relationship rather than a contract. This desire for a new mode of socialisation, which will stabilise an historic bloc, has

been encouraged by the enactment or amendment of laws necessary to roll back the prevailing contractualist technological paradigm; the worst excesses of capitalism as expressed through the inherent alienation and exploitation are to be muted by state enforced oversight. This state oversight is perhaps best illustrated in that cases of grievance between employee and employer will first be subjected to mediation and then if still unresolved will be reviewed in Employment Relations Authority. The Authority's role will not be as an adjudicating referee (as fulfilled by its predecessor under the Employment Contracts Act), but instead is investigative. This change in approach illustrates that the government's intent is to shift grievance proceedings from the traditional legalistic, combative and adversarial model of advocate-directed process to a fact finding process in which the state's representative, the Authority Member, takes the initiative (McAndrew, 2001; Walsh & Harbridge, 2001).

However, the mode of socialisation necessary to support the relationship mode of regulation is still developing. The shift in the framework of industrial relations law has supported the re-legitimisation of the role of unions but the impact in terms of growth of union membership is unclear. On one hand, unions reported that membership went

...up 16,000 for the 12 months to the end of last year and anecdotal evidence indicates that most unions are experiencing steady growth. One union has reported a 45% increase in membership in the past six months (Wilson, 2001).

On the other hand, research by the Institute of Economic Research 'found that the Employment Relations Act 2000 had made little difference to the levels of unionisation... in its first year' (Rasmussen, Lamm & McIntosh, 2002).

Yet there are indications that relationship based mode of regulation seems to have stabilised, and the public (and many employers) accept the role of unions representing labour within a framework of class compromise although, the situation still seems some way off a full historic compromise in the mode of socialisation (Wilson, 2001; Rasmussen, Lamm & McIntosh, 2002). The unions, for their part have repaid their re-legitimisation in kind, by tacitly offering support for the hegemony and by including themselves as a willing party to a historic bloc. For example, NZCTU President, Ross Wilson (2002) comments that: 'Unions have an important role to play in a democracy. When union rights are threatened, as they

were during the 90's, democracy itself is threatened'. In addition, employers have generally been reported as being co-operative within the new bargaining arena created by the Employment Relations Act: 'most employers are responding constructively and getting on with the job' (Wilson, 2001). However, the shift away from neo-liberal ideology has been slow in some areas.

Unsurprisingly, the collective (rather than enterprise level) reaction of Capital has indicated some unwillingness to enter into a new historic bloc that would stabilise the relationship era mode of socialisation. For example, Business New Zealand (which has superseded the New Zealand Employers Federation) has registered their protest by legally challenging the operation of several unions prematurely certified by the Department of Labour (Wilson, 2002). Another example of Capital's disquiet with the relationship era mode of socialisation has been the reported migration of several high profile capitalists including New Zealand's richest man, Doug Myers who argued that the developing relationship era was about 'protecting people from the realities of life' (Myers, quoted in Fox, 2002).

Another sector of society in which some resistance to the establishment of a new mode of socialisation has been felt has been among young workers '...who started working during the early 1990s have simply never been exposed to a union' (Story 2002) and have only experienced work under the contractualist mode of socialisation (Wilson, 2001). Perhaps a more dramatic example is the observation by Harbridge, Walsh and Wilkinson (2002, 72) that:

The new breed of HR Manager recruited during the 1990s had developed within a strictly HRM culture and had supported individualism over collectivism and are not only opposed to collectively bargaining with a union but are opposed to it philosophically.

Yet, in support of the new mode of socialisation there are observations that there is a feeling of relief among the general public that the uncertain days of contractualism are at an end, for example, immediately after the 2002 election resulted in another Labour Government, political commentator Colin James (2002) observed that:

These past 2 1/2 years she [Prime Minister, Helen Clark] has eased the pain of revolution. The 1990s are now definitely behind us. Even though it was the 1980s-90s policies that halted the economic slide, most people feel relieved.

CONCLUSION:

A theme noted in Chapter Three is that one of the few points of stability in the employment relationships of Western capitalism has been the existence of the structured antagonism between the classes. The theme of structured antagonism is also fully evident in this Chapter – employment relationships in New Zealand’s modern history have been marked by control and contestation between the classes.

Yet, there are fundamental differences between the manifestation of that conflict in New Zealand and other Western nations. To a large degree, the employment relationships experienced by workers throughout the different eras of New Zealand’s modern history are unique. As is the case in other capitalist nations, employment relationships have provided mechanisms of social stability which acted to avert the collapse of capitalism, but the way these mechanisms have been established and embedded in New Zealand’s political economy has been different from other Western nations. Indeed, one of the themes that commentators have constantly highlighted about New Zealand, regardless of what point in history they have come to comment on, has been the variation in style of political economy from that of other capitalist nations (Hare, 1946; Métin, 1977/1899; Brook, 1978; Holt, 1980; Fairburn, 1989; Bertram, 1993; Bassett, 1998).

An important theme in the discussions within this chapter was the role relationships of employment played in stabilising each of the four regimes of accumulation discussed. During the *laissez faire* era the employment relationship reflected despotic social domination of the workplace by capital which resulted in sufficient overt exploitation and alienation for the formation of an alternate political economy – in the form of an ‘arbitrationist’ historic bloc and mode of regulation. The arbitrationist era of political economy was marked by a forced/ mediated class compromise in which the employment relationship was a major mechanism for social justice and wealth redistribution. The core of arbitrationist employment relationships was state enforced control of the institutions of both capital and labour which resulted in the underdevelopment of enterprise-level management behaviour and stunted development of labour’s class consciousness and the hyper-development of industrial relations as a discipline. The demise of the arbitrationist era gave space in

New Zealand's political economy to neo-liberal ideology and with this ideology came the reformulation of the employment relationship along contractualist lines. During this era, there was a shift in the onus of responsibility for the management of the employment relationship and the disciplines for managing the employment relationship (especially PM/ HRM) grew. Yet, despite creating an economic superstructure on purist neo-liberal lines, and developing the ideology of neo-liberalism in the workplace, the contractualist era was not fully hegemonic and was politically defeated. The new era ushered in by the political defeat of the contractualist era was the 'Relationship era', which embodied a 'third way' agenda in its mixing of neo-liberal and social democratic ideals. It is in the realm of the employment relationship, that the 'relationship era' of political economy is most differentiated, but as yet, the nature of employment relationships in this new era are somewhat undefined.

Aside from the specifics of the political economy eras and what they have meant in terms of employment relationships they all share a general commonality in their 'uniqueness'. These political economies and the nature of their employment relationships cannot be fully explained through the extrapolation of findings from other capitalist political economies. This position was particularly evident in the mismatch between the findings of the primary research and the established views represented in the literature. The aspect key to understanding employment relationships and the overall nature of New Zealand's political economy is appreciating their atypical-ness.

CHAPTER TWELVE

*CONCLUSION:
THE POLITICAL ECONOMY OF
EMPLOYMENT RELATIONSHIPS
IN NEW ZEALAND*

INTRODUCTION:

The aim of the thesis was to:

Explore the linkages between New Zealand's political economy and employment relationships to contribute a richer understanding of both.

A fundamental assumption that underpinned this aim was that the relationships between political economy and employment relationships are bi-directional. Reflecting this assumption, the analysis included in the thesis was also bi-directional.

In one direction, the nature of how 'political economy' structures the nature of employment relationships was explored. In this direction of analysis, the employment relationship can be seen as reflecting a wider context. However, in the other direction, the nature of how the collective experience of the employment relationship structures society itself was also investigated. In this direction of analysis, it is argued that the expression of the employment relationship structures labour's class-consciousness.

The methodology in the thesis came from a radical humanist frame and to suit this frame and allow bi-directional research, a Marxist methodological framework was utilised. This framework incorporated labour process theory, French Regulation School, and Gramscian and Durkheimian analysis. The framework was instrumental in allowing the incorporation of macro level analysis usually associated with Marxism and micro level analysis usually associated with analysis of the management of workplace employment relationships.

On the basis of this framework it is evident that the major eras in New Zealand's political economy (laissez faire, arbitrationist, contractualist and relationship) have tended to be created, maintained, or ruined by congruence or lack of it with structures of the employment relationship. For instance, the principal mechanisms for the creation of each new era have been shifts in ideology, class compromises, historic blocs and hegemony partly arising from employment relationships that have

restabilised a particular form of political economy. These same mechanisms becoming unstable are generally the reasons for eras of political economy changing.

For instance, the laissez faire era became unstable when a political elites' appraisal of the growing exploitation and alienation in the employment relationship raised fears that workers would be radicalised and threaten the very existence of the system if capitalists were not forced to curb its behaviour. These elites – the Liberals – formed a politically mandated historic bloc which was marked by a forced/ mediated class compromise in between capital and labour and in which the state took the role of 'referee'. Within this arbitrationist system the employment relationship was utilised to vest the industrial relations parties to the class compromise with 'too much to lose' to step outside of the system. But it was this very arrangement that proved the undoing of the arbitrationist system when external economic contingencies made continued promises of the parties interests' being served within the system more and more difficult to believe. Once the expected 'pay-offs' from remaining in the compromise began diminishing the forced class compromise ended and the parties felt free to pursue their own ideological positions.

Contribution to New Knowledge

The central contribution of this thesis is to the 'theoretical reconstruction' (Thompson, 1989) of employment relationships in New Zealand. In a sense, this theoretical reconstruction is important because of the apparent reification and theoretical deconstruction among standard academic analyses of employment relationships.

At another level, this thesis contributes to new knowledge because it is comprised of meta-theory, and such analysis is rare, especially in New Zealand. In achieving this meta theoretical approach, the thesis contributes a third main aspect to 'new knowledge creation' – the methodological framework developed for use in this thesis could potentially have a universal application. For instance, such an approach to theorising the link between political economy and employment relationships need not be specific to the New Zealand situation, and would be potentially useful in other

situations in which a nation has an atypical approach to either employment or capitalist structures.

The fourth main element this thesis contributes to the creation of ‘new knowledge’ is in the solution to the academic discipline contestation problem – the matrix of disciplines provides an ability to theorise paradigmatic approaches to the employment relationship that combine usually disparate academic fields.

Finally, this thesis provides one of the few sources of comprehensive primary research into the contractualist era of employment relationships in New Zealand. The importance of this source of information is perhaps most starkly visible in the lack of agreement between the literature’s assumptions about practices in New Zealand workplaces in this era and what the results indicated was actually the practice in organisations.

Critique and Concluding Comments:

The thesis did elucidate the nature of employment relationships in New Zealand in a way that linked them to political economy but there is scope for further research to allow the more comprehensive integration of these themes. Specifically, primary research, which examines the link perceived by labour between their material existences expressed through the employment relationship and the wider political economy, would seem a valuable additional source of information.

One of the important findings of the thesis was that the uniqueness of New Zealand’s capitalist history has bred a unique set of employment relationship and political economy outcomes. These ‘uniquenesses’ seem to have altered the manifestation of employment relationships in New Zealand to the point where they are not well theorised in standard academic discipline literature. This lack of match between what is ‘assumed’ and is ‘actual’ practice in New Zealand workplaces indicates that New Zealand academics might need to readdress the fundamental assumptions their discipline bases provide them with as a starting point for research.

Gramsci talks of Western political economy as consisting of civil society providing the 'trenches, earthworks and fortresses' which protect capitalist from direct threat. This thesis has found that Gramsci's metaphor is an appropriate one for describing the role of employment relationships in New Zealand as employment relationships have been one of the key elements in the formation of New Zealand's political economy and are likely to continue to be so in the foreseeable future.

APPENDICES:

Appendix 8.1 Covering Letter and Questionnaire



**The
University
of Waikato**
Te Whare Wānanga
o Waikato

The University of Waikato

Te Whare Wananga o Waikato

Private Bag 3105, Hamilton, New Zealand

Fax (+64) (7) 838-4258 Telephone (+64) (7) 838-2993

Attention: To the manager/person in charge of employment.

Dear Sir/Madam,

I am currently undertaking a survey of management practice in New Zealand workplaces as part of my post-graduate (PhD) studies. I am interested in discovering the types of employee management systems being used by organisations - and in particular whether the practices of human resource management, personnel management and industrial relations are being used.

As part of this research, I am sending surveys to 1000 organisations. Such a large sample is necessary so that the results of the survey are representative of all organisational sizes and all sectors of the economy. Your organisation has been randomly selected from a business directory to be part of this sample and I would be very appreciative if you could take the time to complete the attached survey. Most of the questions can be answered by simply ticking an appropriate box and the whole survey should take between 10 and 15 minutes to complete.

One of the limitations of surveys is that the pre-set format limits the ability to give responses that exactly fit real situations. I am mindful of this problem but ask you to pick the response closest to your situation. In the case of the 'small' and not-for-profit organisations, I actually expect to find only limited formal management techniques - therefore, please do not feel constrained if you seem to have answered 'no' too often.

As is the case with most academic surveys, I offer some basic guarantees to respondents:

- No information gathered from this survey will be used for commercial purposes;
- Confidentiality of respondents is guaranteed;
- Returned surveys will only be kept for the period of time necessary to analyse responses;
- We will send you a summary of the results - if you are interested tick the appropriate box.

Finally, I realise that you may have reached the point of thinking "*not another survey*" but please be generous - I believe it is about time academics, media, government etc stop making assumptions about what is going on in New Zealand organisations.

Please return your completed questionnaire in the freepost envelope provided by ????. If you have any questions please contact me on (07) 8384708. Thank you.

Yours faithfully,

Joanna Cullinane

Section A

1. Organisation's name and main city of operation _____
2. The position title of someone we can contact if necessary _____
(providing information for questions 1 and 2 is optional - we will only use it to contact the nominated person if there is an omission in the completed questionnaire).

Please complete all of the remaining questions in this section.

3. Your position title _____
4. a) Would you describe the organisation as primarily in business - (please tick one box):
 For profit Not for profit
- b) If you ticked the 'for profit' box above, what is the predominant nationality of the major owners or shareholders? (e.g. 70% New Zealand/ 30% Japanese)

5. What is the primary activity the organisation is involved in (e.g. farming, manufacturing, retail, community services, personal services)?

6. How many staff are employed by this organisation
(please count yourself if you are self employed): _____
7. How many males and females are employed in this organisation *(please approximate)*:
 Males Females
8. How long has the organisation been in business/operating? *(Number of years)*? _____
9. Does the business/organisation operate in the public (state) or private sector?
 Public/state sector Private sector
10. What types of employment contracts do employees have?
(please tick one and include yourself if you are self employed):
- All on individual contracts
 The majority on individual contracts with a few on collective contracts
 About half on individual and half on collective contracts
 The majority on collective contracts with a few on individual contracts
 All on collective contracts
11. In terms of managing employees, what approach does the organisation use? *(please tick one)*:
- Mainly personnel management (PM)
 Mainly human resource management (HRM)
 A mixture of both personnel and human resource management
 No formal approach to managing employees
 Another approach *(please name it)* _____
12. In terms of managing the employment relationship (e.g. legal arrangements, employment contracts relationship issues etc) what approach does the organisation take?
- An industrial relations (IR) system linked to the system identified in question 11
 An industrial relations system that is not linked to the system identified in question 11
 No formal approach to managing the employment relationship
 Another approach *(please name it)* _____
-

Section B

This section will provide information about the actual practices of management being carried out in New Zealand workplaces. Please go through the items from the list below, and identify who carries out these practices by ticking in the appropriate column.

Q #	Management Activities	PM unit	HRM unit	IR unit	Line manager	Other means	N/A	Q #
Employment management								
13	Conducting job analysis							13
14	Writing job descriptions							14
15	Advertising for staff							15
16	Interviewing prospective staff							16
17	Screening CVs							17
18	Administration of pre-employment tests							18
19	Selection & appointment of new staff							19
20	Setting of hours and conditions							20
21	Monitoring absenteeism							21
22	Keeping turnover records (exit records)							22
23	Staff counselling							23
24	Maintaining staff discipline							24
25	Resolving conflict							25
26	Overseeing grievance procedures							26
27	Overseeing termination/dismissal							27
28	Overseeing employee assistance schemes							28
29	Administration of social clubs							29
30	EEO monitoring							30
31	Job size monitoring							31
32	Union fee collection							32
33	Contract negotiations							33
Q #	Management Activities	PM unit	HRM unit	IR unit	Line manager	Other means	N/A	Q #
Performance								
34	Orientation and induction of new staff							34
35	Socialisation of new staff							35
36	Staff mentoring							36
37	Promotion system maintenance							37
38	Production monitoring							38
39	Maintenance of employee records:							39
a)	- performance appraisals							a)
b)	- salary and leave records							b)
40	Responsibility for quality monitoring							40
41	Gaining staff feedback on performance							41
42	Gaining staff views on the organisation							42
43	Conducting training							43
44	Motivation of staff							44
45	Goal setting							45
46	Conducting training needs analysis							46
47	Training and development of managers							47
48	Overseeing career development							48

Section C

The purpose of section c is to examine the level of staffing and qualifications within the unit or department of the organisation responsible for managing employees e.g. personnel management or HRM or some other approach (please refer to your answer to question 11).

62. Does the organisation have a department for managing employees or the employment relationship?

- Yes: *please go on to question 63* No: *please go on to question 69*

63. How many people are employed in the department responsible for employment management (e.g. the personnel or HRM unit or department)?

64. Of the people included in your answer to question 61, how many hold professional or academic qualifications? (*please write the number beside the category in the table below*):

- | | |
|---|---|
| <input type="checkbox"/> Masters degree or higher | <input type="checkbox"/> Diploma/certificate in personnel admin |
| <input type="checkbox"/> Bachelors degree (including honours) | <input type="checkbox"/> Management diploma |
| <input type="checkbox"/> Chartered accountant/secretary | <input type="checkbox"/> Experience only |
| <input type="checkbox"/> Diploma(s) in PM/HRM | <input type="checkbox"/> No qualification |
| <input type="checkbox"/> Teaching certificate | <input type="checkbox"/> NZ certificate in personnel administration |
| <input type="checkbox"/> Other – please specify | |

65. How many males and females are employed in this department? (*please give approximate numbers*):
 Males and _____ Females _____

66. When a chief executive or board level decision is being made, information presented by the PM/HRM department is:

- | | |
|---|---|
| <input type="checkbox"/> Seldom used or referred to | <input type="checkbox"/> Frequently used or referred to |
| <input type="checkbox"/> Occasionally used or referred to | <input type="checkbox"/> Continuously used or referred to |

67. In your opinion, does the PM/HRM system contribute significantly to company performance and/or productivity?

- Yes No Not sure

- if you ticked 'yes' above, in what way does it contribute?

68. When was the last time your company fundamentally changed its PM/HRM system and what was the nature of the change?

69. Would you like a summary of the results of this survey?

- Yes No

Please return this questionnaire by????, in the freepost envelope attached.

Thank you for taking the time to complete this survey.

Appendix 9.1: Summary of Descriptive Statistics

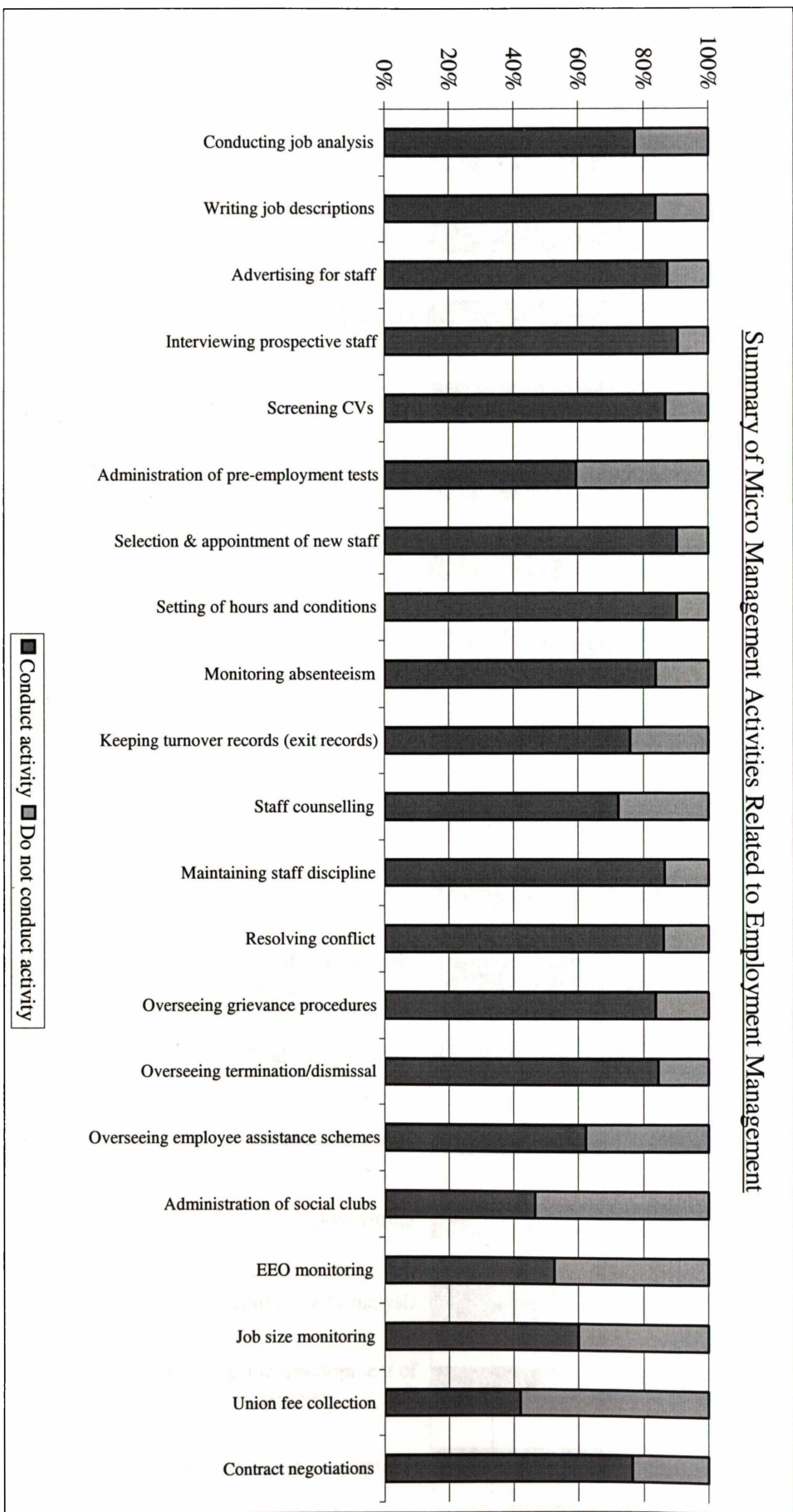
Descriptive Factor:	n	%
Organisational Size:		
Organisations with <4 employees	79	15.1
Organisations with between 5 & 10 employees	83	15.9
Organisations with between 11 & 50 employees	76	14.6
Organisations with between 51 & 100 employees	29	5.6
Organisations with between 101 & 500 employees	155	29.7
Organisations with >500 employees	100	19.2
		100.1%
Economic sector		
Public sector	113	21.6
Private sector	409	78.4
		100.0%
Nationality of ownership		
New Zealand	424	81.2
Overseas	98	18.8
		100.0%
Profit orientation		
For profit	423	81.0
Not for profit	99	19.0
		100.0%
Predominant gender of employees		
Predominantly male	178	34.1
Predominantly female	212	40.6
Equal amounts of genders	132	25.3
		100.0%
Organisational longevity		
Less than 6 years	287	55.0
Between 6 and 15 years	79	15.1
Between 16 and 25 years	34	6.5
Between 26 and 50 years	47	9.0
Greater than 50 years	75	14.4
		100.0%

9.2 Summary of Paradigm Approach Information

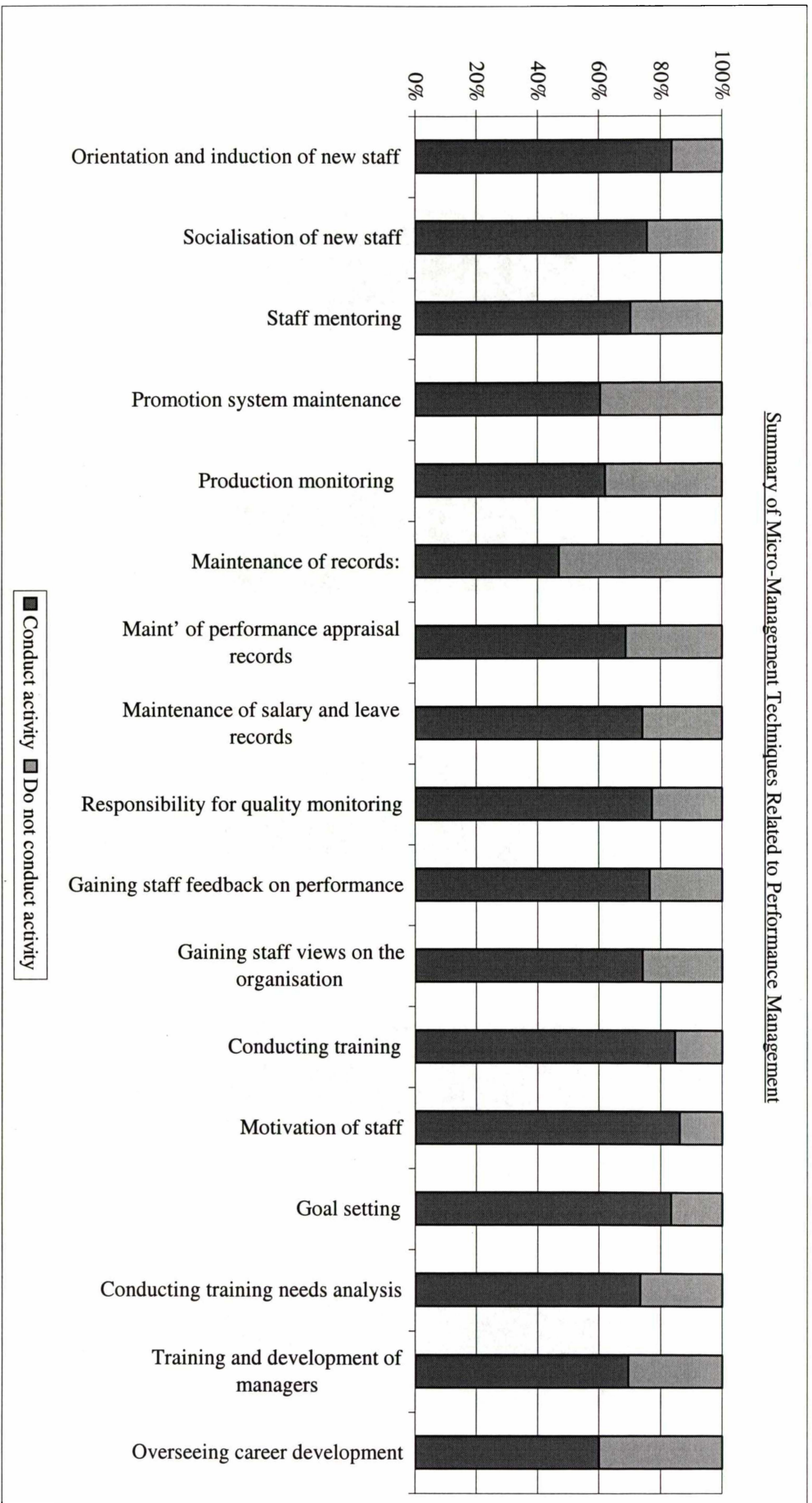
	Whole sample	Paradigm 1 PM/IRL	Paradigm 2 PM/NIR	Paradigm 3 HR/IRL	Paradigm 4 HR/NIR	Paradigm 5 P&H/IRL	Paradigm 6 P&H/NIR	Paradigm 7 NM/NIR
Size - average number of employees	472	314	492	890	505	647	396	45
Average longevity (years)	22	10	27	31	36	40	23	8
Sector	Private 78%	Private 89%	Private 90%	Private 59%	Private 92%	Private 57%	Private 64%	Private 93%
Profit orientation	For profit 81%	For profit 89%	For profit 90%	For profit 60%	For profit 73%	For profit 51%	For profit 84%	For profit 61%
Predominant gender of employees	Female	Female	Male	Female	Equal	Female	Female	Female
Union presence	43%	42%	33%	88%	54%	82%	32%	11%
Union density	23%	52%	10%	3%	22%	4%	9%	2%
Predominant management attitudes to unions	Neutral	Neutral	Negative	Positive/neutral	Neutral	Neutral/positive	Neutral	Neutral
Specialist staff presence	45%	38%	33%	94%	77%	77%	52%	4%
Average number of specialist staff where present	5.8	4.5	5.3	7	3.8	4.8	2.8	2.6
Predominant gender of specialist staff where present	Female	Female	Female	Female	Female	Female	Female	Female
Predominant qualification of specialist staff where present	Experience	Experience	Experience	Bachelors	Unqualified	Unqualified	Bachelors	Experience
Involvement of specialist staff in strategic level decision making	Occasional	Occasional	Seldom	Frequently	Occasionally	Frequently	No clear trend	Seldom
Perceived contribution of specialist staff in organisational performance	Positive	Not sure	Not sure	Positive	Positive	Positive	No clear trend	No contribution
Universally used micro management techniques	0	6	0	10	1	14	0	0
Principle method of micro management	Line	Line	Line	Specialist	Specialist	Specialist/line	Line	Line
Majority employment contract type	Individual	Individual	Individual	Collective; few individual	Individual	Collective; few individual	Individual	Individual

Appendix 9.3 Summary of Micro Management Activity Usage

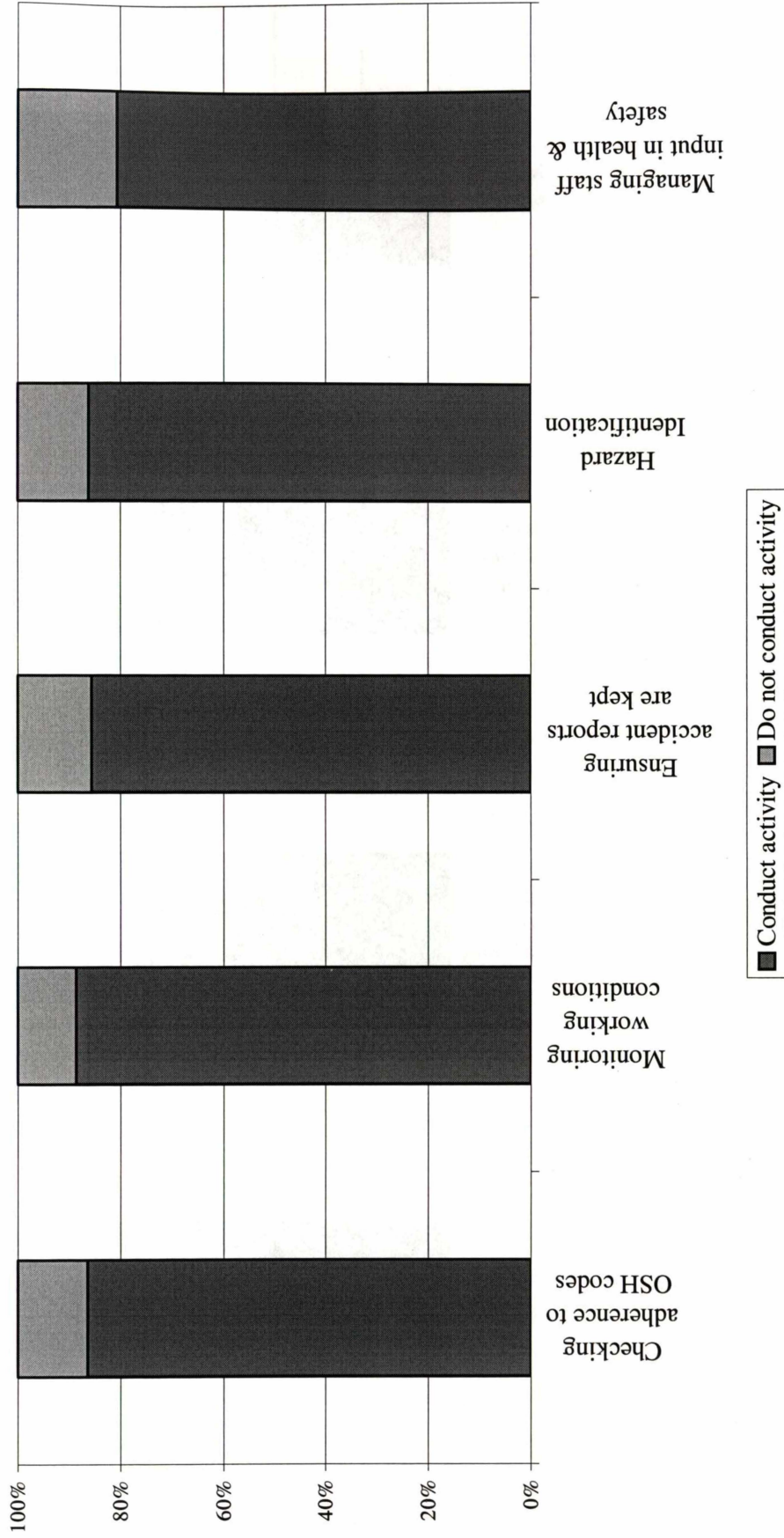
Summary of Micro Management Activities Related to Employment Management

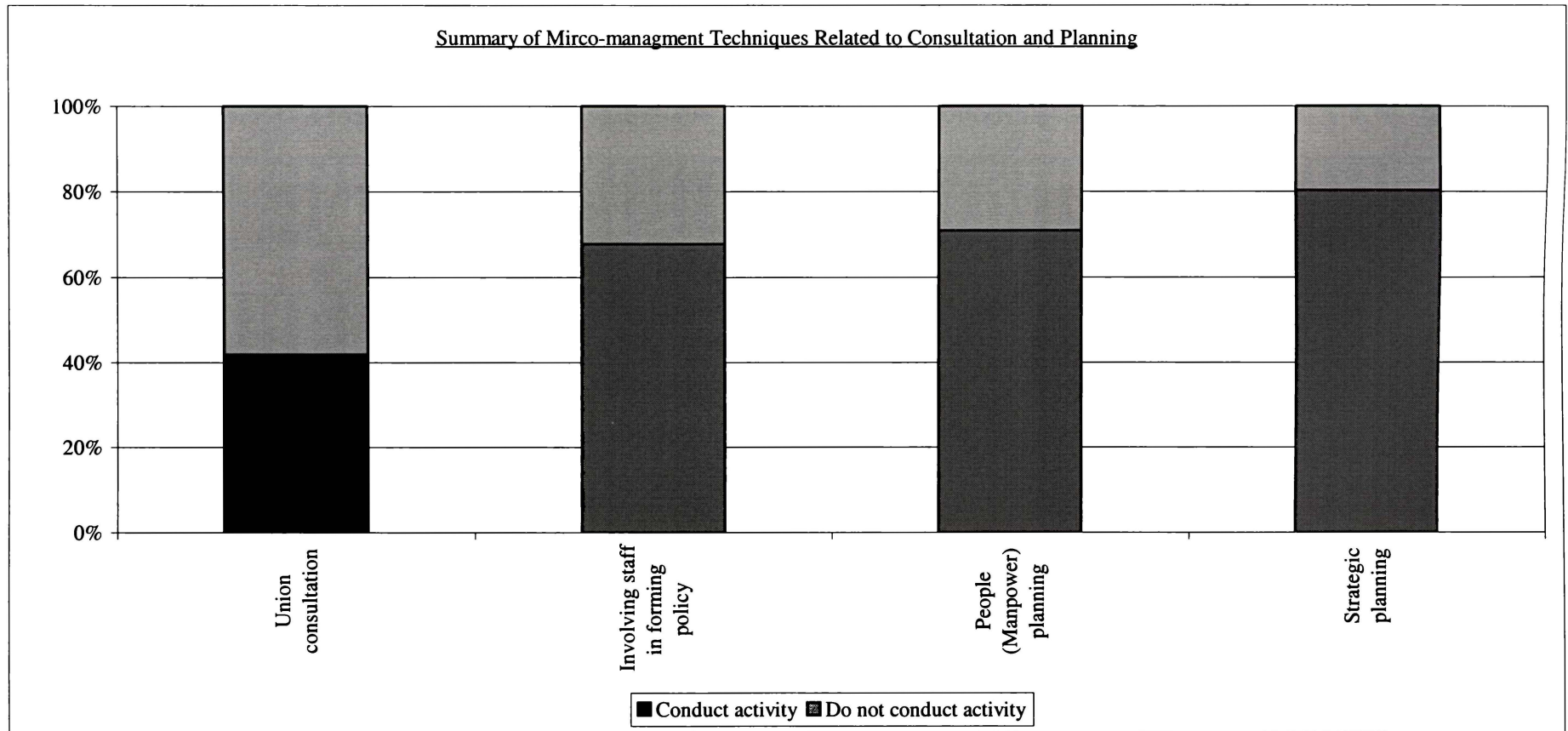


Summary of Micro-Management Techniques Related to Performance Management



Summary of Mirco-management Techniques Related to Health and Safety





APPENDIX 9.3: Ranked Micro Management Approaches in Paradigm Groups:

	PM/IRL	PM NIR	HR/IRL	HR/NIR	P&H/IRL	P&H/NIR	NM/NIR
Most Frequently utilised	Writing job descriptions	Interv' prosp' staff	Writing job descriptions	Advertising for jobs	Interv' prosp' staff	Advertising for jobs	Interv' prosp' staff
	Interv' prosp' staff	Selection & appointment	Advertising for jobs	Interv' prosp' staff	Screening CV's	Interv' prosp' staff	Setting hours & conditions
	Selection & appointment	Ensuring acc't reports are kept	Interv' prosp' staff	Screening CV's	Selection & appointment	Selection & appointment	Selection & appointment
	Setting hours & conditions	Hazard identification	Screening CV's	Selection & appointment	Monitoring Absenteeism	Overseeing PGs	Monitoring wk condit's
	Conducting training	Advertising for jobs	Selection & appointment	Setting hours & conditions	Staff counselling	Conducting training	Advertising for jobs
	Monitoring of staff	Screening CV's	Setting hours & conditions	Monitoring wk condit's	Maintaining discipline	Monitoring of staff	Ck adherence to OSH codes
	Screening CV's	Setting hours & conditions	Resolving conflict	Writing job descriptions	Resolving conflict	Ck adherence to OSH codes	Resolving conflict
	Ensuring acc't reports are kept	Conducting training	Overseeing PGs	Monitoring Absenteeism	Overseeing PGs	Hazard identification	Maintaining discipline
	Maintaining discipline	Ck adherence to OSH codes	Monitoring wk condit's	Maintaining discipline	Overseeing term/ dismis'	Mg staff input in H & S	Screening CV's
	Contract negotiations	Monitoring wk condit's	Hazard identification	Overseeing PGs	Respons for Q monitoring	Writing job descriptions	Hazard identification
	Monitoring wk condits	Contract negotiations	Maintaining discipline	Overseeing term/ dismis	Conducting training	Screening CV's	Overseeing term/ dismis
	Hazard identification	Mg staff input in H & S	Conducting training	Gaining staff fbk on perf	Monitoring of staff	Setting hours & conditions	Monitoring of staff
	Strategic planning	Resolving conflict	Monitoring of staff	Ensuring acc't reports are kept	Conducting TNA	Maintaining discipline	Ensuring acc't reports are kept
	Advertising for jobs	Overseeing PGs	Goal setting	Hazard identification	Training & dev of managers	Resolving conflict	Monitoring Absenteeism
	Monitoring Absenteeism	Strategic planning	Ck adherence to OSH codes	Strategic planning	Writing job descriptions	Induction of new staff	Salary & leave records
	Overseeing term/ dismis	Writing job descriptions	Ensuring acc't reports are kept	Resolving conflict	Advertising for jobs	Records of perf appraisals	Goal setting
	Induction of new staff	Monitoring Absenteeism	Exit records	Induction of new staff	Setting hours & conditions	Goal setting	Induction of new staff
	Ck adherence to OSH codes	Maintaining discipline	Overseeing term/ dismis'	Socialisation of new staff	Induction of new staff	Monitoring wk condit's	Overseeing PGs
	Resolving conflict	Overseeing term/ dismis'	Induction of new staff	Gaining staff views on org	Gaining staff fbk on perf'	Ensuring acc't reports are kept	Writing job descriptions
	Salary & leave records	Induction of new staff	Monitoring Absenteeism	Conducting training	Goal setting	Conducting job analysis	Conducting training
	Respons' for Q monitoring	Salary & leave records	Conducting TNA	Monitoring of staff	Conducting job analysis	Overseeing term/ dismis	Strategic planning
	Gaining staff fbk on perf'	Monitoring of staff	Strategic planning	Goal setting	Exit records	Gaining staff views on org	Mg staff input in H & S
	Goal setting	Training & dev of managers	Conducting job analysis	Conducting TNA	Ck adherence to OSH codes	Monitoring Absenteeism	Respons' for Q monitoring
	Conducting job analysis	Goal setting	Contract negotiations	Training & dev of managers	Monitoring wk condit's	Staff counselling	Contract negotiations
	Overseeing PGs	Conducting job analysis	Socialisation of new staff	Ck adherence to OSH codes	Ensuring acc't reports are kept	Socialisation of new staff	Exit records
	Records of perf' appraisals	Exit records	Training & dev of managers	Mg staff input in H & S	Socialisation of new staff	Exit records	Socialisation of new staff
	Training & dev of managers	Staff mentoring	Mg staff input in H & S	Conducting job analysis	Staff mentoring	Contract negotiations	Records of perf' appraisals
	Involv' staff in forming policy	Socialisation of new staff	Gaining staff fbk on perf'	Exit records	Hazard identification	Staff mentoring	Conducting job analysis
Maintenance of records	Promo' system maintenance	Staff counselling	Salary & leave records	Mg staff input in H & S	Respons for Q monitoring	Gaining staff fbk on perf'	

Gaining staff views on org	Production monitoring	Gaining staff views on org	Staff counselling	Gaining staff views on org	Gaining staff fbk on perf	Gaining staff views on org
Mg staff input in H & S	Records of perf appraisals	Manpower planning	Staff mentoring	Manpower planning	Conducting TNA	Production monitoring
Staff counselling	Respons' for Q monitoring	Staff mentoring	Respons for Q monitoring	Contract negotiations	Training & dev of managers	Manpower planning
Socialisation of new staff	Gaining staff views on org	Respons' for Q monitoring	Contract negotiations	Overseeing EAS	Overseeing career dev	Staff counselling
Staff mentoring	Manpower planning	Involv' staff in forming policy	Production monitoring	Job size monitoring	Manpower planning	Conducting TNA
Promo' system maintenance	Staff counselling	Admin pre employ' tests	Overseeing career dev	Involv' staff in forming policy	Strategic planning	Staff mentoring
Conducting TNA	Gaining staff fbk on perf	Overseeing EAS	Promo' system maintenance	Strategic planning	Admin pre employ' tests	Maintenance of records
Manpower planning	Conducting TNA	Union consultation	Records of perf' appraisals	EEO monitoring	Involv' staff in forming policy	Involv' staff in forming policy
Exit records	Overseeing career dev	Job size monitoring	Involv' staff in forming policy	Overseeing career dev	Promo' system maintenance	Overseeing EAS
Production monitoring	Maintenance of records	Promo' system maintenance	Manpower planning	Admin pre employ' tests	Overseeing EAS	Training & dev of managers
Job size monitoring	Overseeing EAS	EEO monitoring	Job size monitoring	Records of perf' appraisals	EEO monitoring	Job size monitoring
Overseeing career dev	Job size monitoring	Salary & leave records	Admin pre employ' tests	Salary & leave records	Job size monitoring	Promo' system maintenance
Admin pre employ' tests	Involv' staff in forming policy	Union fee collection	Overseeing EAS	Union consultation	Production monitoring	Admin pre employ' tests
Overseeing EAS	Admin pre employ' tests	Records of perf' appraisals	EEO monitoring	Promo' system maintenance	Salary & leave records	Overseeing career dev
EEO monitoring	Union fee collection	Overseeing career dev	Maintenance of records	Union fee collection	Admin social clubs	EEO monitoring
Union consultation	Admin social clubs	Admin social clubs	Admin social clubs	Admin social clubs	Maintenance of records	Admin social clubs
Union fee collection	EEO monitoring	Production monitoring	Union fee collection	Production monitoring	Union fee collection	Union fee collection
Admin social clubs	Union consultation	Maintenance of records	Union consultation	Maintenance of records	Union consultation	Union consultation

Appendix 10.1 Micro Management Activities

Activity	Largest Proportion of Organisations' approach to activity (%):	Second largest proportion of organisations approach to activity (%):
Employment management		
Conducting job analysis	Line manager 40.6	HRM Dept 28.2
Writing job descriptions	Line manager 44.6	HRM Dept 27.0
Advertising for staff	Line manager 40.8	HRM Dept 32.6
Interviewing prospective staff	Line manager 52.9	HRM Dept 26.1
Screening CVs	Line manager 47.9	HRM Dept 24.9
Administration of pre-employment tests	Activity not undertaken 40.6	HRM Dept 27.0
Selection & appointment of new staff	Line manager 56.9	HRM Dept 22.2
Setting of hours and conditions	Line manager 56.5	HRM Dept 22.4
Monitoring absenteeism	Line manager 48.3	HRM Dept 19.9
Keeping turnover records (exit records)	HRM Dept 35.1	Line manager 26.4
Staff counselling	Line manager 34.5	HRM Dept 28.0
Maintaining staff discipline	Line manager 58.6	HRM Dept 19.2
Resolving conflict	Line manager 48.5	HRM Dept 26.1
Overseeing grievance procedures	HRM Dept 37.2	Line manager 34.1
Overseeing termination/dismissal	HRM Dept 37.5	Line manager 36.4
Overseeing employee assistance scheme	Activity not undertaken 37.7	HRM Dept 30.1
Administration of social clubs	Activity not undertaken 53.4	Line manager 19.5
EEO monitoring	Activity not undertaken 47.5	HRM Dept 30.1
Job size monitoring	Activity not undertaken 40.0	Line manager 26.6
Union fee collection	Activity not undertaken 58.0	Another means 15.7
Contract negotiations	Line manager 38.1	Activity not undertaken 20.5
Performance Issues		
Orientation and induction of new staff	Line manager 42.3	HRM Dept 28.7
Socialisation of new staff	Line manager 45.4	Activity not undertaken 24.5
Staff mentoring	Line manager 44.6	Activity not undertaken 29.9
Promotion system maintenance	Activity not undertaken 39.7	Line manager 28.5
Production monitoring	Line manager 46.6	Activity not undertaken 38.1
Maintenance of records:	Activity not undertaken 52.9	Line manager 18.0
Maint' of performance appraisal records	Activity not undertaken 31.4	Line manager 29.7
Maintenance of salary and leave records	HRM Dept 26.6	Activity not undertaken 25.8
Responsibility for quality monitoring	Line manager 53.6	Activity not undertaken 22.8
Gaining staff feedback on performance	Line manager 49.8	Activity not undertaken 23.8
Gaining staff views on the organisation	Line manager 33.9	HRM Dept 30.5
Conducting training	Line manager 35.2	HRM Dept 30.5
Motivation of staff	Line manager 61.3	Activity not undertaken 14.0
Goal setting	Line manager 61.7	Activity not undertaken 16.7
Conducting training needs analysis	Line manager 31.6	HRM Dept 30.3
Training and development of managers	HRM Dept 32.8	Activity not undertaken 30.5
Overseeing career development	Activity not undertaken 40.2	Line manager 29.9
Health and safety		
Checking adherence to OSH codes	Line manager 36.6	HRM Dept 31.4
Monitoring working conditions	Line manager 46.0	HRM Dept 25.9
Ensuring accident reports are kept	Line manager 34.2	HRM Dept 29.9
Hazard Identification	Line manager 42.7	HRM Dept 22.4
Managing staff input in health & safety	Line manager 36.0	HRM Dept 26.2
Consultation and Planning		
Union consultation	Activity not undertaken 58.0	HRM Dept 23.6
Involving staff in forming policy	Line manager 32.8	Activity not undertaken 32.2
People (Manpower) planning	Line manager 37.5	Activity not undertaken 29.1
Strategic planning	Line manager 47.3	HRM Dept 24.7

Appendix 10.2 Comparison of Micro Management Survey Results

Activity	Cullinane 1998/99			Toulson 1990			NZIPM 1978		
	PM/HRM	Other	N/A	PM/HRM	Other	N/A	PM	Other	N/A
Labour turnover stats	40	35	24	70	17.5	12.5	87	6	7
Employee Records	20	27	53	85	15	0	72	28	0
Advertising for staff	40	48	12	82.5	17.5	0	67	33	0
Providing accident records	36	50	14	25	52.5	22.5	49	39	12
Health and safety	30	58	11	45	50	5	85	10	5
Salary and wages	34	40	26	97.5	2.5	0	N/a	N/a	N/a
Education	N/a	N/a	N/a	77.5	20	2.5	N/a	N/a	N/a
Employee Associations	N/a	N/a	N/a	67.5	27.5	5	N/a	N/a	N/a
Employee welfare	34	28	38	85	15	0	N/a	N/a	N/a
Job evaluation	32	45	23	80	7.5	12.5	78	0	22
Performance appraisal	30	38	31	75	17.5	7.5	77	0	23
Management development	36	34	30	62.5	10	27.5	75	0	25
Performance counselling	20	56	24	65	20	15	68	0	32
Manpower planning	29	42	29	67.5	10	22.5	65	0	35
Training evaluation	34	29	27	72.5	17.5	10	62	0	38
Succession planning	25	35	40	62.5	7.5	30	56	0	44
Job enrichment/enlargement	N/a	N/a	N/a	35	10	55	53	0	47
Joint consultation	26	15	28	52.5	17.5	30	52	0	48
Grievance procedures	42	42	16	80	12.5	7.5	52	0	48

NZ LEGISLATION REFERENCED:

Employment Equity Act 1990

Employment of Females Act 1873

Employment Relations Act 2000

Equal Pay Act 1972

Factories Act 1894, 1946

Factories Amendment Act 1936

Finance Act 1936

Industrial Conciliation and Arbitration Act 1894, 1900, 1905, 1908, 1925, 1954

Industrial Conciliation and Arbitration Amendment Act 1936

Industrial Conciliation and Arbitration Compilation Act 1905

Industrial Relations Act 1973

Labour Disputes Investigation Act

Labour Relations Act 1987

Public Safety Conservation Act 1932

Public Service Act 1912

Remuneration Act 1979

Shops and Offices Act 1955.

Shops and Shop-assistants Act 1894

State Owned Enterprises Act 1988

State Sector Act 1977, 1988

State Service Remuneration and Conditions of Employment Act 1961

The Employment Contracts Act 1991

The Factories Act 1946

The Factories Amendment Act 1953, 1956, 1961, 1966, 1971, 1972.

The Health and Safety in Employment Act 1992

The Industrial Relations Act 1973

The Shops and Offices Act 1955

The Shops and Offices Amendment Act 1965, 1971, 1972.

Trade Union Act 1878

Trade Unions Act 1908

Trade Unions Amendment Act 1979

Truck Act 1891

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