

Paradigm Shift in Relationship Between Human Resource Management and Trade Union

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ABSTRACT

Since the 1980s, the politico-economic map of the world has been changing rapidly. While on one hand this period witnessed a substantial withering away of communism from world polity, a number of economic events took place almost all over the world to usher in liberalization, privatization, marketization and globalization. In the process, the welfare state has squeezed vigorously to give way to alternative development paradigms. The adoption of Human resource management (HRM) has formed part of the new style of strategic industrial relations (IR), which came to be called new industrial relations (NIR), making the distinctions between HRM and IR appear artificial in today's environment. NIR has virtually abandoned traditional industrial relations or substantially modified them, and actors in industrial relations are moving towards the new arrangement. This new trend is also called Japanization which is now a catchword in the USA and most western countries. Bargaining pattern has changed from distributive to integrative to productive.

INTRODUCTION TO PARADIGM SHIFT

Supply side economic policy which is the hallmark of the paradigm shift emphasizes the importance of restricting money supply for controlling inflation. This is contrary to Keynesian economic policies which involve positive demand management i.e. bringing about demand- led growth in the economy. The switching over to these policies- called monetarism (implying importance of controlling money supply)- was first noticeable in 1979 when Prime Minister Margaret Thatcher in the UK resorted to this development model it came to be popularly known as Thatcherism. When came to be known as Reaganomics- the foundations of welfare state got shaken vigorously.

The most important feature of the paradigm shift is the adoption of the stabilization programme and the structure adjustment programme (SAP). This is done by liberalizing the industrial, foreign investment and trade policies and thus globalizing the economy. SAP in India, for example, involved public sector reforms, liberalization of inflow of foreign investments, abolition of permit raj for most industries, virtual abolition of the monopolies prevention law, repeal of the capital issues control law, and trade policy liberalization. In the UK, one of the serious problems encountered by the

government was the union militancy which had reached a crisis point in late 1970s. The Thatcher government viewed the rising union power as an obstacle of its monetarist aims. Therefore, apart from effecting reforms in various other sectors, an important aim of Thatcherism was to reduce union power.

A spate of British legislations restricted power of unions to allow employers retrieve their managerial prerogatives which had got surrendered before powerful unions. And, firms in the UK widened their strategic options in the emerging neo-unitarist industrial relations framework. They were confronted with competition from Japan and other countries of the Pacific Rim. Rapid technological changes and shortening of product-life cycles too had posed threats of business firms. A labour policy aimed at weakening the countervailing power of unions thus became an essential adjunct of the paradigm shift, with the eventual aim of promoting labour flexibility. Exigencies of competition warranted cost-cutting and quality improvement. It was necessary to promote employee commitment, motivation and satisfaction. The employer expects from the committed worker greater concern for productivity, flexibility in learning and using new skills, and responsibility for realizing organization goals. These challenges could not be met without the adoption of alternative strategies, including policies involving greater resort to human resource management practices.

TRADITIONAL PERSONNEL MANAGEMENT AND HRM

A large number of people from students to managers to academics mistakenly think that personnel management and HRM are synonymous concepts. Many organizations have no HRM department. This tendency has reinforced the obliteration of the distinction between the two terms. Principally, there are three sets of major differences between them. First, the assumptions of traditional personnel management (TPM) emphasize on clearly defined rules, procedures and contracts. Management's action is governed by adherence to rules and procedures. Workforce is controlled through collective bargaining as a group having divergent interests. On the contrary, HRM emphasizes open ended contacts linked to exigencies of business. Conflict is viewed as something pathological resulting from interpersonal relations

rather than structural contradictions. Management assumes special responsibility to motivate people in the organization and to constantly inspire performance based on commonality of goals. Secondly, TPM has no concern for strategic management. It has its main goal in peaceful or good labour-management relations. The line managers are not supposed to use any proactive personnel policies and are expected to routinely pursue people management. When any problem arises in the course of so doing it is passed on to the personnel specialists expecting them often to play a fire-fighting role. HRM on the other hand does not view labour-management relations as an end in themselves; rather they are treated as a matter of strategic concern forming part of customer service. Personnel specialists are seen as facilitators for line managers who are actually expected to operationalize HRM policies. HRM is no more considered a staff function in the line-staff configurations, but is viewed as a major line concern.

Thirdly, the edifice of personnel activities is the collective agreement based on settlement with employee collectives and not the individual assessment. HRM, however, has led to individualization of collective relations. HRM focuses on the developmental needs and competencies of the individual so as to integrate individual and organizational goals. Skill formation and development is recognized as the most essential need in HR development. In fact, HRM has struck at the very roots of the unions themselves by frowning on them as undesirable intruders into managerial prerogatives. Rewards and opportunities are linked to performance review. HRM emphasizes not the predetermined rights and expectations but performance outcomes.

The pith and substance of HRM principles reflect a concern for flexibility and labour adaptability and also a strategic integration of human resource issues with the goals of the organization. The employee commitment is secured through empowerment devices such as more cooperative decision making, greater employee involvement and more labour-management consultation; these are used to promote a kind of "neo-unitarism" at the workplace.

RECENT DEVELOPMENT IN HRM

Many factors have contributed to a movement towards HRM. They are: globalization, shifting sectoral employment, technology (especially information technology), changes in organization structure, and a general shift of society from collectivism to individualism. Sociologists are heard saying that society is moving from status to contract, indicating the tendencies of individualism. Globalization leads to intense international competitiveness and to concern for quality and cost-competitive innovations. These fallouts have serious implications for the management of people. Globalization has also eventually led to a substantial shift of employment in Western Europe and the USA away from manufacturing and into services. Manufacturing industry is shifting to developing countries where abundant cheap labour is available and labor standards are poorly enforced by the state apparatus. HRM

policies result in weakening of unions due to focus on individual rather than collective work relations; by and large, therefore, these policies have not found favour from unions. HRM policies are implemented to ensure that worker does not feel the need to belong to a union.

The list of companies in industrialized countries which have no union is growing. IBM is known to be one of the leading examples where there has never been any union. Some other companies who are known to have very successfully practiced HRM are: Hewlett Packard, General motors, Procter and Gamble, General Electric, Xerox, and Ford. Experimenting HRM became easier in service sectors as there was no union resistance in that sphere. Otherwise too, service industries are known to have only marginal influence are known to have only marginal influence of unions, being manned by professionally-oriented people getting better rewards. In such situations, management can experiment new patterns of work organization. Thus HRM policies could be operationalized without inviting serious problems. In the new scenario, changes are also taking place in skills and competencies needed by labour force. To respond to these exigencies of new technology, workers may operate from home (also called electronic cottage) rather than presenting themselves physically at the factory. This will further reduce unionization and make HRM possible with greater success.

Changes are also noticeable in established organizational structures; different forms of organizations are being experimented. There is a tendency towards downsizing, layering (flattened organizations) and decentralization. Industry is manifesting a shift away from Taylorism and Fordism, which emphasize mass production and specialization, to Toyotism which emphasizes lean production and flexible specialization. This has resulted in such employment, which is different from regular, secure life-time employment based on single skill, single career, and single employer.

Moreover, in the last two decades of this millennium there is a shift in social order from collectivism to individualism. This is intimately linked to market rationality. Enterprises will expect their staff to be more customers focused. This would require greater attention to be paid to the needs of external customers. But this will also involve structuring relations with internal customs in market terms expecting "a customer provider responsibility towards other organization members." To meet these expectations new forms of training, selection and promotion assessments will be emphasized. The employees who enjoy better bargaining position will have better expectations from employers of rewards and terms of employment. They will also expect to be treated as valued customers by their employers. Human resource managers, therefore, will have to work hard to attain these objectives through appropriate reward policies and providing leadership to secure loyalty and commitment of employees.

UNIONS AND HRM

The adoption of new economic policies and development in HRM has led to a drastic contraction in the degree of unionization. Employers world over are making all out efforts to prevent union formation at new work sites so as to discourage union influence of existing plants. Unions in most countries are in deep crisis as they are considered as biggest obstacles to efficiency, competitiveness, technology introduction, and labour flexibility. In the USA a flourishing class of labour consultants is emerging to stall union-organizing campaigns. Dunlop Commission which was appointed by President Bill Clinton to submit a fact-finding report on future of labour- management relations in the US and which submitted its reported in 1994, has estimated that 70 percent of US employers used outside consultants in this regard; and 40 percent of the work-places are not able to secure a collective bargaining agreement with their employer after winning certification. Employers are increasingly resorting to employment of contingent, non-permanent employees in the form of part time, ad hoc, temporary and contract workers. Unions are also finding it hard to establish themselves in the new firms which are of smaller size.

Even in areas where union presence is still found, they are mostly at enterprise industry-level unions are becoming few and far between. This trend will lead to increased importance of the role of "enterprise-specific strategies and decisions" necessitating decentralization of industrial relations. Such unions find it difficult to maintain autonomy and are prone to become company unions. This fact will substantially dilute the efficacy of unions as interest groups.

Several factors have contributed to the steep decline of unions. These include declining employment, changing technology leading to increasing employment of white collar workers who are reluctant to unionize, decline of liberal politics in general, and pursuit of HRM policies by employers as tools of union-busting by individualizing work place relations. HRM co-opts the individual worker and integrates him into the organizational goals. It poses to trade unions challenges they have never faced in the past. In addition to these, a very important factor that is exacerbating union avoidance is state's covertly negative attitude towards them. Despite the presence of laws guaranteeing freedom to unionize, state wants the liberalization agenda to succeed; and unions are viewed as institutions causing labour inflexibility and thus hindering the reform process. The Indian state, for example, has manifested this attitude without even affecting a semblance of amendment in the labour law framework.

There is an ideological shift on the part of employees towards a more unitarist view of employment relations, as on a careful consideration they feel that union organization is not in their interest. Especially the high performers are prone to this thinking because union demands relate more to securing standard benefits for all rather than to higher benefits related to performance. The younger workers put immense value on personal advancement, greater involvement and higher social status. To survive in the new scenario unions will have to cater to these needs of their members. And, so far as needs of state and management are concerned they are destined to switch over from confrontational to co-operative industrial relations. Even entrepreneurs are not likely to adopt typical wearing out strategies vis a vis unions as done in the acutely adversarial framework, for that might prove antithetical to employee empowerment goals. The internal functioning of the unions will also be expected to be more democratic and less politically surcharged. With HRM in the saddle, "trade unions will have to compete with management for workers' loyalty, which they can only do by offering a more dynamic and innovative programme." "HRM and Unions" is likely to be an important agenda of IR in the time to come. Can unions face this challenge- perhaps the biggest of challenges they have ever faced since their emergence?

CONCLUSION

With changing economic environment and business cycle, the shift in role of trade union and Human resource management is inevitable and continuous. With cut throat competition no party can dare to foul play and have to work with synergy to achieve their goals.

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