

## Industrial Relations Theory and Practice: A Note

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### Article abstract

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These two basic processes bring together three agents: the organization and its managers, the employees and their work society (union), and the State. The latter is involved in human resource management through its policies which seek to correct the imbalances in the labour market. It also adopts policies for the purpose of establishing minimum conditions for wages, hours of work, health, safety, and job discrimination. The State also determines the legal framework and the rules for the two other agents. Finally, since the State itself is an employer, it must like other employers develop a human resource management system and set the working conditions for its own employees.

If the empirical presentation developed previously is now examined from an analytical or academic viewpoint, we see that industrial relations include three areas of study: human resource management, labour relations, and public policies on work. Also, when the systems approach is applied to industrial relations, each of the agents is seen to have goals, values and even a certain degree of power, which allow them to organize, and to evolve their own philosophies. The interaction of the three gives rise to two types of activity that convert «inputs» to «outputs». Among the «outputs» are the turnover of personnel, absenteeism, worker attitudes, productivity, management rights, working conditions, and conflicts.

## *Industrial Relations Theory and Practice*

### *A Note*

**Oliver Clarke**

*After having noted the mutual incomprehension between theoretician and practitioners, the author proposes specific areas on which useful work could be completed.*

The thirst for knowledge and understanding is generally considered one of the more admirable characteristics of mankind. It is by no means evenly distributed. Those who possess it most strongly — or who are possessed by it — tend to seek jobs in research, to write, or to teach. The great majority of people, however, spend their working lives in management, production, maintenance work, administration, or the provision of day-to-day services.

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\*\* The views expressed in this paper are those of the author and not necessarily those of the OECD.

\*\*\* This paper is based on a presentation made to the Working Group of the International Industrial Relations Association on Industrial Relations as a Field and Industrial Relations Theory, under the Chairmanship of Professor Jack Barbash.

Commonly, a chasm of mutual incomprehension — and often mistrust — separates those primarily concerned with thinking from those primarily concerned with action. The thinkers lament the tendencies of the doers to ignore the results of research and to take quick short-term decisions on matters of importance, instead of applying rigorous analysis in solving their problems. The doers frequently regret the failure of the thinkers to address themselves to major real-life problems in a policy-oriented way and criticise shortcoming and naiveties in the thinkers' understanding of real situations, as revealed in their writings. And when a policy-maker speaks of a research report as being «academic» he means it more as a term of abuse than as a compliment.

For the present purpose, somewhat arbitrarily, I class thinkers as being concerned with the evolution of theory and with research, and doers as public or private decision-makers. The distinction is not, of course, as clear as this statement suggests. A good number of people who could be classed as thinkers are also high-level decision-makers. The case of the decision-maker who develops a passion for theory is much rarer — successful industrial relations practitioners commonly have little spare time for fundamental thinking or even for reading the results of research.

Theoreticians and researchers concerned with industrial relations may be independent, working in universities or research institutes, or they may be employed by a government department or trade union, for instance, to carry out specified projects.

The main purpose of pure theory I take to be to provide a conceptual framework for research and teaching. The value of theory and research is to enrich understanding and to provide a sound basis for decision-making. If theory gives us a perspective for viewing a subject, research typically shows how and why a particular situation has arisen, what lessons can be drawn from comparable experience and what the implications are for the future.

But how useful in practice are theory and research? Kurt Levin once wrote that «there is nothing so practical as a good theory»<sup>1</sup>. And near the end of his 'General Theory' J.M. Keynes (both an outstanding thinker and a policy-maker) asserted:

...the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back»<sup>2</sup>.

John Dunlop, for one, at least for more recent times, specifically disagrees with Keynes' statement. Dunlop — another who has made an outstanding contribution to theory and achieved distinction as a practitioner — says:

1 *Field Theory in Social Science*, London, Tavistock, 1952, p. 169.

2 *The General Theory of Employment, Interest and Money*, London, Macmillan, 1936, p. 383.

Academic scribblers are the slaves to politicians; they seek to bring elegance and rationalisation and sometimes a modicum of respectability, to directions already chosen by practical leaders confronted by hard and immediate problems. Decisions largely flow from relative short-term necessity and interest-conflict, not from the ideas of intellectuals, their voices in the air or from their memoranda. And interest groups are far too pragmatic to be the puppets of intellectuals»<sup>3</sup>.

I do not find these two statements inconsistent. Though «slaves» is too strong a word, few policy-makers are immune from ideas that are «in the air», whether they stem from a defunct economist or from the media of the day. K.F. Walker has cited examples of the influence of theory on practice dating back to Ricardo's «iron law of wages» and Nassau Senior's «proof» that he last two hours of work alone produced profit<sup>4</sup>. But this is not to deny that most decisions are taken under the pressure of events and conflicting interests rather than on the basis of research findings. In major collective negotiations the lengthy analyses prepared by the respective research departments count for little compared with the threat of a strike, the balance of bargaining power, and the state of the employer's order book. At least the statements cited serve to put the value of theory into perspective! The key issue, however, is how to secure the best 'fit' between thought and action, so that both theoretical and practical approaches may be brought to bear on the problems of the day.

Of course, many decision-makers have something to learn about the uses of what is loosely called «research». Certainly there are research projects sloppily prescribed, inadequately supervised, and for which the results are finally filed with no action taken — even though all concerned, each having a stake in the project, combine to describe it as «useful and important». It is probably true that the most critical component of a research project is deciding what are the questions to be asked. But by and large practitioners will pay attention if they see the theoretician's contribution as balanced, thoroughly worked out, well presented, and saying something useful.

The problem of 'fit' raises two issues. First, what are the most constructive relationships between researcher and user, and, second, how is the subject of research to be decided upon.

The desirability of clear specification of the project, its objective, and the nature of the report to be made need not be stressed here, though it is useful to draw attention to the importance of ensuring that so far as possible there is direct contact between the researcher and the user.

As to the subject to be worked on, if it is prescribed to a staff researcher the employer will presumably get what he wants. The more interesting case for consideration here is where the researcher has freedom of choice of subject. It is, of course, perfectly right and proper for a researcher to

<sup>3</sup> Presidential Address to the 4th World Congress of the International Industrial Relations Association, Sept. 1976, p. 3.

<sup>4</sup> «Towards Useful Theorising about Industrial Relations», *British Journal of Industrial Relations*, Nov. 1977.

choose a subject simply because it is interesting, or to work on purely conceptual problems associated with the field, but such work is by no means necessarily useful to policy-makers. Indeed, in his Address of 1970 to the International Industrial Relations Association, Dunlop, somewhat scathing about the utility of industrial relations research in the United States, referred to «the vast distances — as if it were in millions of light years — that in my experience separate academic analysis from effective policy decisions and performance»<sup>5</sup>.

According to Walker, industrial relations theory might be useful to practitioners if it could help them to do one or more of the following three things:

- «a) to understand the present industrial relations situation
- b) to forecast trends
- c) to bring about desired changes in the present or the future (and avoid undesired events)»<sup>6</sup>.

As to specific areas on which work would seem useful, leaving aside the many subjects of sectional and local importance (obviously one could not list all of the subjects on which theoreticians could contribute usefully to policy making) and allowing for the differences between countries, I would myself suggest the following. The list makes no pretence at being complete, it is merely indicative. It is mainly concerned with deepening understanding on the wider industrial relations issues confronting the advanced industrialised market economies today.

## TRADE UNIONS AND EMPLOYERS' ASSOCIATIONS

Trade unions and to a lesser extent employers' associations are confronting new challenges to an extent unprecedented since the second World War. How they evolve is manifestly of the greatest importance for the future of industrial relations. Yet relatively little work is being done on these bodies' membership, structure, and policies, or even on such currently important issues as how unions are to face the changing structure of employment. Also, more work needs to be done on the statistical problems of union membership and membership density.

## THE ROLE OF THE STATE

After half a century of steadily increasing involvement in industrial relations, the State — at least in several countries — is limiting its activity and in some cases decreasing the extent of regulation. The relationship between the State and trade unions has been changing. The State has recently been taking a somewhat harder line in its relations with its own employees. We need to have a picture of what is involved and to know where these trends are leading.

<sup>5</sup> DUNLOP, *Op. cit.*, p. 2.

<sup>6</sup> WALKER, *Op. cit.*, p. 308.

## **CONFLICT BETWEEN DECISIONS TAKEN IN INDUSTRY AND PUBLIC POLICY**

In several countries there is still a tendency, despite heavy unemployment and low levels of industrial activity, for wages and non-wage labour costs to rise more rapidly than is consistent with price stability. If lower unemployment and higher business activity were achieved that tendency would almost certainly become more marked, probably leading governments to strengthen monetary and fiscal policies — with adverse effects on growth and unemployment. We are still not clear what it is in industrial relations systems that afflicts some countries with this problem while others escape it.

## **WAGES AND COLLECTIVE BARGAINING**

There is still much to be done on charting the evolution of wages and wage differentials. The changes taking place in collective bargaining generally are still not fully appreciated, notably the significant trend towards decentralisation in several of the countries where bargaining has traditionally been highly centralised. More work would also be useful on how collective bargaining is facing the problems of structural and technological change.

## **THE CHANGING PATTERN OF EMPLOYMENT**

The old division between blue- and white-collar work, and workers' expectations of entering the labour market in a specific and continuing full-time job are breaking up. Largely unstandardised forms of work, such as part-time and temporary employment, are proliferating. Clandestine employment has become more important in several countries. Working hours and the working lifetime are becoming shorter and more flexible. The industrial relations implications of all these changes have not been fully worked out.

## **INDUSTRIAL RELATIONS ASPECTS OF UNEMPLOYMENT AND LABOUR MARKET FLEXIBILITY**

Unemployment is presently the most serious social problem that many industrial countries face. Some people argue that if wages were more flexible, labour mobility increased, protective regulations eased, and barriers to efficient deployment of labour removed, many more jobs could be created. A substantial and varied range of new public policy measures to help the unemployed have been introduced. Clearly, many industrial relations questions are involved.

## STRUCTURAL AND TECHNOLOGICAL CHANGE

Several major industries in advanced industrialised countries have been undergoing severe contraction. They, and many other industries, are also affected by the current wave of technological change, notably as a result of advances in micro-electronics. Job security, notably in relations to the case where large numbers of workers lose their jobs at the same time, has become a major issue. It is important that the introduction of technological change should not face unnecessary obstacles and — which is partly a corollary — that it should be introduced in a manner which generally improves the position of workers. Consequences for employment and skills need to be worked out. In all these cases quite a lot of industrial relations work has been done. But there is room for more.

## LABOUR-MANAGEMENT RELATIONS IN THE ENTERPRISE

Management's labour policies and labour-management relations in the enterprise have been changing under pressure from the economic environment. In some countries where adversarial relationships have been traditional there is new interest in labour-management cooperation to ensure competitiveness. Several European countries have innovated, notably through the 1960s and early 1970s, in institutional forms of worker participation: now the focus of interest, albeit on a modest scale, is on workers' involvement in workplace decisions that affect them most directly. Then too, there is interest in several countries in giving workers individual (and in some cases collective) rights to shares in profits and ownership, even to making the share in profit a substantial part of remuneration. On all of these subjects there are quite a lot of studies but few that provide a perspective on the whole subject area.

### *Théorie et pratique en relations professionnelles*

Qu'il y ait fossé entre théoriciens et praticiens ne constitue pas une nouvelle observation. Les premiers reprochent aux seconds de ne pas tenir compte des résultats de leurs recherches alors que les praticiens accusent les théoriciens de ne pas étudier les vrais problèmes.

L'objet principal de la théorie pure est de fournir un cadre conceptuel pour la recherche et l'enseignement. En contrepartie, cette théorie et cette recherche contribuent à la compréhension et fournissent une base solide à la prise de décision.

Quel est alors l'utilité pratique de la théorie et de la recherche? Levin soutient qu'il n'y a rien d'aussi pratique qu'une bonne théorie. Keynes pour sa part prétend que tout praticien se réfère consciemment ou non à une théorie. Dunlop, d'un autre côté, adopte une position différente: le théoricien ou le chercheur est l'esclave du politicien en ce qui rationalise après coup des décisions déjà prises et dictées par des nécessités à court terme ou des conflits d'intérêt.

Il est indéniable que la plupart des décisions sont prises sous la pression d'événements et d'intérêts divergents plutôt que sur la base de résultats de recherches. La vraie question alors devient comment maximiser l'arrimage de la pensée et de l'action de sorte que les approches théoriques et pratiques contribuent à la solution de problèmes vécus.

La réponse à cette question soulève deux problèmes. Quelles sont les relations les plus constructives entre chercheur et utilisateur? Comment choisir un sujet de recherche?

Selon Walker, la théorie des relations industrielles pourrait être utile aux praticiens si elle leur permettait de faire une ou plusieurs de trois choses: comprendre la situation actuelle des relations industrielles; prédire des tendances; provoquer les changements désirés aujourd'hui ou demain.

Dans un tel contexte, je suggérerais de façon indicative que l'examen des sujets suivants pourrait être utile.

1. l'évolution des associations syndicales et des associations d'employeurs dans un contexte de nouveaux défis;
2. le rôle changeant de l'État-législateur et de l'État-employeur;
3. le conflit entre les décisions prises dans l'industrie et à l'intérieur des politiques publiques;
4. les salaires, les différentiels de salaires et la décentralisation de la négociation dans plusieurs des pays où cette négociation était traditionnellement centralisée. Il ne faudra pas non plus oublier d'examiner comment la négociation collective s'adapte aux problèmes structurels et de changement technologique;
5. les changements dans la structure de l'emploi et les nouvelles formes d'emploi;
6. les effets, dans le domaine des relations professionnelles, du chômage et de la flexibilité du marché du travail;
7. l'impact des changements structurels et technologiques sur la sécurité d'emploi;
8. les relations du travail au niveau de l'atelier et le nouvel intérêt envers la coopération plutôt que le conflit.

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