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# *Canadian Industrial Relations in Transition*

Anthony E. Smith

*Increased international competition has produced various initiatives world-wide for new approaches to industrial relations. This author's recently completed survey of just under 1,000 unionized firms in Canada reveals that new initiatives and traditional industrial relations practices frequently run parallel with each other. Drawing upon the results of this survey, this paper draws out the essential elements of the changing nature of industrial relations. In particular it examines the important link between industrial relations and human resource management. The main thrust of the paper examines the ways and the extent to which pragmatic initiatives at the firm-level point towards a transformation in Canadian industrial relations.*

The 1980s saw some significant efforts by employers in the United States to reconstruct industrial relations. These efforts comprised aggressive policies to weaken unions and introduce greater flexibility, and adoption of "progressive" human resource management policies to promote workers' commitment.<sup>1</sup> Throughout the same period, the study of industrial relations in the USA was characterized by a growing preoccupation with an integration of the industrial relations and human resource management literature (Kochan and Piore 1984; Kochan, Katz and McKersie 1986; Hecksher 1988). In the advent of the trade agreement with the USA, global competition with low-wage countries,

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<sup>1</sup> In this paper human resource management is conceptualized by an integration of four key constituent elements, selection, appraisal, reward and development, with overall corporate strategy. For an interesting set of interpretations, see Storey (1991). The term "progressive" human resource management is meant to include both more traditional human relations practices and more recent participation and job enrichment schemes variously associated with quality of working life, socio-technical systems and quality circles (see Godard 1991).

new technologies, and so on, this paper poses and seeks to answer the question: is Canadian industrial relations heading in the same direction as its American counterpart? It reports the results of a survey of just under 1,000 unionized companies in Canada and relates this material to other studies. In doing so the paper contributes to the growing body of research into the changing nature of industrial relations.

The paper begins by noting recent developments in the study of American industrial relations. Over the past decade, much has been written about ongoing changes in both the context and the practice of industrial relations. In the context of industrial relations, changes identified include the adoption of new technologies, increased competitive constraints, and the "globalization" of production. In the practice of industrial relations, changes identified include employee involvement, new forms of flexibility, and increased managerial resistance to unions. The emerging consensus seems to be that changes in the practice of industrial relations reflect contextual changes, but that this relationship is far from determinate, with managerial strategic choices playing a key mediating role (Kochan, Katz and McKersie 1986).

However, despite the widespread popularity of these arguments, there has been surprisingly little research in Canada assessing the nature, extent and implications of change. In recent years divergencies in industrial relations in Canada and the United States have attracted attention, mostly focused on differences in their labour movements (Meltz 1990; Chaison and Rose 1991) or on their labour laws (Weiler 1983). But with some notable exceptions (for example, Verma and Thompson 1989; Chaykowski and Verma 1992), this literature has not sought to assess the extent of change in Canadian industrial relations policies and practices. A set of industry-level investigations in Canada recently suggested that change in industrial relations, although underway in the 1980s, was not substantial (Chaykowski and Verma 1992). From these studies it is clear that Canadian unions have displayed greater willingness and ability than their USA counterparts to oppose management's initiatives in collective bargaining and, moreover, it seems unlikely that political, legal and structural factors which contribute to trade unionism will change substantially in the near future.

Thus the second part of the paper draws on the survey data collected in 1991 to examine the extent to which Canadian industrial relations is undergoing a transformation from the making and administering of rules which regulate employment relationships to emphasis on exploiting the labour resource more fully. Two main issues stand out from the research. First, the nature and extent of contemporary changes in industrial relations at the level of the firm in Canada have been different from those in the USA. American employers

have been more systematic and thoughtgoing than their Canadian counterparts in transforming the management of industrial relations. Second, in Canada, new initiatives and traditional industrial relations practices frequently run parallel with each other.

The conclusions suggest that, although Canadian industrial relations has not been "transformed" to the same extent as in the USA, there is an increased awareness of the need to bring about a change in traditional labour-management relations often characterized by mutual distrust and frequent conflict. Changes to date, however, are as yet neither sufficiently deep nor broad-based to signal a new era in industrial relations. Given the history of conflict, tension and mutual distrust, the transformation will be slow and evolutionary. Furthermore, intensified competition and economic crisis may well continue to put unions on the defensive and allow employers to initiate labour-management co-operative schemes. But the idea that a decline in adversarial industrial relations is synonymous with, or indicative of, a growth in co-operation can be strongly criticized. For it can just as easily represent compliance by one party with the demands of the other.

#### **RECENT DEVELOPMENTS IN LABOUR-MANAGEMENT RELATIONS**

Towards the end of the 1980s the leaders of every major trade union in Canada opposed the trade agreement with the United States. Among their concerns was that free trade would make it easier for a hardening of management attitudes towards unions. But the consequences of that agreement is only one of the challenges confronting unionists and labour-management relations in the current decade. Other pressures are the advent of global competition with low wage countries, the impact of new technologies, shorter life cycles of products, changing demographics of the labour force, volatile currency and commodity prices, and the possibility of a North American trade zone across Canada, the USA and Mexico.

Although labour-management relations in Canada and the United States have much in common and close historical ties, in the past twenty years or so the experience of the two union movements have differed markedly. Union representation of the labour force in the USA has fallen from over thirty per cent in 1968 to less than fifteen per cent just over two decades later. By contrast, in Canada, thirty-six per cent of the workforce is unionized. Numerous studies have argued that this decline in the United States is a result of management's successful campaign to weaken unions; aggressive lawful efforts to persuade workers to reject unions; unfair labour practices that include dismissing union activists; and adoption of human resource management policies to deter unionism (see Lipset 1986; Goldfield 1987).

Also widely noted have been certain structural changes including devolved organization and new forms of flexibility. Accompanying these have been the upsurge of interest in direct forms of worker involvement such as team briefings and quality circles. Commensurate with this are the developments in integrated reward systems and the linking of remuneration to performance (Kochan, Katz and McKersie 1986). Integral to many of these changes are developments in the way labour resources are managed. A key tendency appears to be the emphasis that is being placed on "individual" as opposed to "collective" relations. Indeed, the shift in emphasis from "collectivism" to "individualism" or, to put it more appropriately, from management-union relations to management-employee relations, goes to the very heart of the debate about the move towards the human resource management approach. American managers have generally relied on economic arguments to justify their actions, although the long history of anti-union activities among United States employers is well documented. Indeed, a central feature of the United States experience was the growth of the non-union sector which facilitated the transformation.

### **Human Resource Management and the New Industrial Relations**

When the various elements of this "transformation of industrial relations" are disentangled, there appear to be at least three approaches which managers may pursue within established enterprises. First is the aggressive anti-union stance, made possible either by union weakness resulting from the recession or by opportunities arising in the context of a takeover or relocation. Second is the more positive assertion of traditional management authority within the conventional pluralist perspective. Two important elements of this approach are cost-cutting and rationalization exercises involving large-scale shedding of labour, and attempts to raise productivity through capital investment and financial incentives. A third approach, which is highlighted in this paper, leaves the industrial relations machinery more or less intact and sets up alongside it a number of initiatives such as quality circles, joint labour-management committees and mechanisms for enhancing flexibility.

The first approach emphasizes the quantitative, calculative and business-strategic aspects of managing the labour resource in as "rational" a way as for any other factor. It assumes a unitary frame of reference and, as articulated by Beer and Spector (1985:283), "there is a long-run coincidence of interests between all the various stakeholders of the organization". Even where potential union problems are recognized, co-optation is identified as the way forward. "Other managers have decided to actively promote more co-operative relations with their existing unions...[concluding] that they could not success-

fully transform their workforce management strategy without the active support of the unions” (Walton 1985:61).

By contrast, the second approach has its roots in the human relations school. It emphasizes communication, motivation and leadership. While the revised model of Armstrong (1987) merely makes some gestures in the direction of a pluralistic stance, other commentators, in recognizing that human resource management is essentially unitaristic and marginalizes the role that trade unions might play in organizations, find this a source either of logical inconsistency within the approach or of practical infeasibility in its execution. Thus, on the one hand, Fowler (1987:3) asked “is it really possible to claim full mutuality when [ultimately] the employer can decide unilaterally to close the company or sell it?” while, on the other, Guest (1987:520) suggested that “the unitaristic implications of human resource management [can] only begin to...appeal following a much more radical shift of ownership and control in industry”.

Most human resource management models assert that employees are valued assets and, with the emphasis on commitment, adaptability and employees as a source of competitive advantage, the image might equally be presented as “resourceful” humans. But as Tyson and Fell (1986:135) pointed out, “human resource may be understood in a completely different sense, as a factor of production, along with land and capital, and an expense of doing business rather than the only resource capable of turning inanimate factors of production into wealth”. It was partly on the basis of these different conceptions that Storey (1987) drew a distinction between what he termed the “hard” and “soft” versions of human resource management. The former emphasizes the quantitative, calculative and business-strategic aspects of managing the human resource in as “rational” a way as for any other economic factor, and the latter emphasizes communication, motivation and leadership. But both versions emphasize the importance of integrating human resource management practices with organizational goals and of individuals fully developing their abilities for their personal satisfaction and to make their “best contribution” to organizational success. (For further analysis of this discussion on human resource management and the “new industrial relations”, see Guest 1991).

### **Human Resource Management and the “Contradictions of Capitalism”**

It is argued here, however, that human resource management is problematic at two levels. First, the value of integration that it promotes contains a logical contradiction. “Integration” appears to have two meanings: integration or “fit” with business strategy and integration or complementarity and consistency of “mutuality” employment policies aimed at generating worker commitment, flexibility and so on. The problem is that while “fit” with strategy

would argue a contingent design of human resource management policy, internal consistency — at least with the “soft” human resource values associated with “mutuality” — would argue an absolutist approach to the design of employment policy. This contradiction cannot be reconciled without stretching the limit of the meaning of human resource management as a distinct approach to managing labour. Second, human resource management is confronted by a contradiction of capitalism. That is, responsibility for accommodating the dilemma that, although the “labour commodity” is a major means to further the interests of dominant groups in capitalist society, it is liable to subvert those interests. Human resource management has no more potential to cope effectively with this tension than traditional approaches to labour-management relations. For while both the “hard” and “soft” approaches legitimize managerial authority and promote an image of the firm as a team with a committed workforce working with managers, it may be that the context in which the firm finds itself limits management’s freedom of action, leading to a third approach, which in this paper is referred to as dualism.

Thus, underlying these contradictions in human resource management is, of course, the major contradiction embedded in the management of labour in capitalist systems committed to the production, realization and accumulation of surplus value. As Watson (1983:25) pointed out, “capitalism depends on the institution of employment and rational organization of free labour”. But while the principle of control of workers is implicit in ideas of employment and rational organization of labour, that of freedom and autonomy is implied in the notion of formally free labour. In buying employees’ capacity to work, organizations are buying the right to control people’s work, but in return they have to cope with the consequence of employees developing a “calculative” orientation to their effort-reward bargain. This “calculative” orientation is equally a product of the “freedom” of labour to “think for themselves” and to move between employers: a requisite of notionally unconstrained labour markets. Although buying the right to employees’ work, employers cannot prescribe tasks in detail, particularly when highly complex. Furthermore, in the interests of flexible responses to variances in day-to-day operational processes, neither would they wish to. Employers may buy the right to control their employees’ work, but because in practice they must surrender on a daily basis the means of production to the “control” of workers for their use in the production process, they must also seek their co-operation to ensure that their discretion is exercised for rather than against the employers’ interests.

Hence as Burawoy (1979) put it, there exists the need on the part of the employer to achieve control by “manufacturing consent”, rather than by exclusively exercising coercion. But while the exercise of control through coercion carries the problem of provoking a lack of co-operation and resistance from workers, the creation of commitment to the job carries the potential

danger of generating worker inflexibility and conservatism. Furthermore, in attempting to walk this tightrope, employers are faced with another dilemma. Efficient labour and administrative processes often call for cohesive relations within a workforce and a standardization of their terms and conditions of employment, negotiated through representatives accountable to and for groups of workers. Yet such cohesion and standardization is likely to generate a collective solidarity which workers may use against the employers' interests. (This analysis of human resource management is based on Legge 1991).

### **Implications for the Changing Nature of Industrial Relations**

It is evident from the above outline of human resource management that its adoption is both a product and a cause of a significant concentration of power in the hands of management. This is both obviously so in the practice as well as perceptions of power. Managers seem to believe that they can, or ought to be able to, do whatever they wish largely unencumbered by trade unions or the need for joint regulation (Purcell 1992:4-6). Here, what is important is not just that the focus is on management's ability to implement change but how this shift in power affects classic industrial relations forms of analysis. It will be recalled that the seminal work on the industrial relations system referred to the creation of "an ideology or a commonly shared body of ideas and beliefs regarding the interaction and roles of the actors which helps to bind the system together" (Dunlop 1958:383). This was closely associated with the much criticized pluralist presumption of a balance of power. These comfortable assumptions are no longer applicable, indeed if they ever were. For in human resource management there is little evidence of the binding, shared ideology to which Dunlop was referring. It might be argued by some commentators that the description of "mutual commitment" by Kochan and Dyer (1992) constitutes a new form of shared ideology. If so, it is one where management is the dominant actor and is concerned with relationships inside the firm, whereas Dunlop, for good reason, was concerned far more with external, system-wide relationships.

A reason for this is the growth of individualism and the shifting definition of the worker's role. Once a move is made away from standardized, routine tasks embodied in a job description to an emphasis on flexibility and multi-skilling, emphasis is placed on individual and team performance and the means of enhancing it. Here, however, human resource management appears torn between preaching the virtues of individualism and collectivism. At first sight most commentators, observing its backgrounding of collective, union-based worker relations and its highlighting of individual skills and development, assert that it is individualist rather than collectivist in orientation (see, for example, Guest 1987; Storey 1992). In this they are supported by much



management rhetoric. But, at the same time, there is a parallel emphasis on team work, whether in the form of quality circle or functional flexibility and, above all, on the individual's commitment to the organization: represented not just as the sum of the individuals in it, but rather as an organic entity with an interest in survival. The potential conflict between emphasizing the importance of the individual on the one hand, and desirability of co-operative team work and worker commitment to the organization on the other, is glossed over through the general assumption of unitaristic values.

The most significant feature of individualism is, as Storey (1992) noted, that the "key levers" used to shape the employment relationship are moving away from aspects of joint regulation. Within human resource management the key levers are selection according to attributes, performance pay, individual contracts, enhanced flows of information, teamwork and an emphasis on organizational culture and climate. It is not that these key levers have been "captured" from collective bargaining, for they were seldom on the bargaining agenda. But they are new management devices for selecting, motivating and controlling (through commitment) the individual worker. It is for this reason that collective bargaining can exist, at least in Canada, alongside these new forms of management to create what in this paper is called dualism. Unions and collective bargaining are retained partly as a reflection of the legal status, partly as an historical residue and, perhaps, partly as a feature of the version of human resource management emerging in Canada.

The nature of the bargaining relationship, however, is changing. A number of commentators refer to the need to move away from an adversarial relationship toward integrative bargaining, partnership and co-operation (see Riddell 1986; Chaykowski and Verma 1992). The evidence presented below suggests, however, that employers in Canada both continue to accept the traditional pluralist perspective in which collective bargaining with unions plays a central role and introduce a variety of initiatives which are consistent with moves towards human resource management. Essentially, what this means is that some progress has been made in established enterprises towards innovations such as worker involvement without posing any challenge to Canadian industrial relations institutions.<sup>2</sup>

This dualism may be illustrative of a "failure to work-out a coherent policy which embraces human resource management and industrial relations [and] is...a sign of instability" (Storey 1992:156). However, the advance of human resource management and the changing nature of the bargaining relationship may well mean that Canadian industrial relations is, indeed, in a period of tran-

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<sup>2</sup> There is also evidence in Britain that such initiatives can coexist with a pluralist tradition of industrial relations (see Storey 1987).

sition. For the survey data drawn on in the following section show that this dual approach is the most widely-adopted restructuring process at the level of the firm in Canada.

## LABOUR-MANAGEMENT RELATIONS IN A CHANGING ENVIRONMENT

The data were collected as part of a comprehensive mail survey of unionized Canadian firms conducted in 1991. Although not exhaustive, the survey provided information on industrial relations developments in nearly 1,000 firms across key sectors of the Canadian economy. Just under half (45.4%) came from manufacturing, with the balance coming from business services (13.1%), retail (10.1%), public administration (9.2%), transportation, communications and utilities (8.9%), finance (6.2%), and forestry and mining (6.1%). This survey consisted of a questionnaire concerning the firm's major bargaining unit. Respondents were asked whether there had been certain changes introduced within their firm between 1980 and 1989. The questionnaires were addressed to the senior industrial relations manager or equivalent but, because of the nature of the information sought, the questionnaire could have been completed by three or more individuals: respondents who had responsibilities for industrial relations, for human resource management, or for both.<sup>3</sup> The survey had two related major purposes: to assess the extent of innovations in Canadian firms and their impact on industrial relations.

The key variable in the analysis is *innovations*, which is an additive index including seven items normally associated with innovative industrial relations practices. These items and their descriptive statistics are shown in Table 1. In a number of organizations in the United States these kinds of development are symbolized by the change from industrial relations to human resource management. To address this issue, respondents were asked whether the initiatives taking place within their firms had been introduced in order to change industrial relations or human resource management practices. Five activities traditionally included in the industrial relations machinery (pay and conditions, benefits, discipline and dismissals, individual grievances, and health and safety) and five conventional areas of human resource management (selection, performance, appraisal, rewards, and training and development) are included in Table 2.

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<sup>3</sup> The survey design included questions which were susceptible to differences in the way the parties perceived them owing to their roles and relationships. Thus management and union respondents were asked questions about the effects of innovations and the extent to which these were the product of negotiation. More factual questions pertinent to the analysis presented in this paper were asked of only management respondents.

It should be stressed that the analysis below cannot be viewed as an unequivocal "test" of the transformation paradigm. Not only are the data restricted to unionized firms, but the measurement of innovations excludes a number of initiatives. Nonetheless, the analysis can contribute to the limited body of multivariate research acquired to date.

Table 1 shows the overall incidence of innovations, together with a breakdown by type and industrial sector. The most common innovation was labour-management committees, followed by flexible work systems and profit sharing. The least common were pay systems, semi-autonomous work groups and quality circles. Job enrichment was in between. Five of these varied significantly ( $p < .05$ ) across industries — flexible work systems, labour-management committees, profit sharing, quality circles, and semi-autonomous work groups. A sixth, job enrichment, did not quite reach the .05 level ( $p < .07$ ), while pay systems showed no significant variation across industries.

As Table 1 indicates, flexible work systems were most prominent in manufacturing (61%), public administration (53%), and in the finance sector (56%). In contrast, they were relatively rare in transportation, communications and utilities (16%), forestry and mining (15%), and retail (14%). Job enrichment plans were most popular in the finance sector, where 39% of firms had introduced them. They were also quite common in all other sectors, with the exception of forestry and mining (19%), and public administration (14%). Labour-management committees were concentrated heavily in certain sectors, most notably public administration (40%), manufacturing (38%), transportation, communications and utilities (36%), and forestry and mining (30%). Pay systems was the least common innovation, with just 9% of firms claiming to have introduced them. They were most popular in transportation, communications and utilities (16%), and manufacturing (15%). Profit sharing plans were concentrated in retail (49%), business services (33%), finance (25%), and manufacturing (23%). Quality circles tended to be concentrated in finance (24%) and manufacturing (16%), but were rare in all other sectors. Finally, semi-autonomous work groups were most common in business services (22%) and finance (17%), but as with quality circles were rare elsewhere.

Table 2 shows the *innovations* coefficients for the activities regressions. With the exception of the health and safety regressions, all are significant at the .10 level or more and in the expected direction once the industry characteristics are included. Thus, the findings establish the empirical validity of *innovations* and indicate that industrial relations is indeed in transition.

But the data also suggest that this transition is limited. *Innovations* fails to account for more than four per cent of the variance in any of the activities variables and significantly increases the variance explained by the industry

TABLE 1  
Incidence of Innovations

	All Firms n=962	Business Services n=126	Finance n=60	Forestry & Mining n=58	Manufacture n=437	Public Administration n=88	Retail n=97	Transport Communications & Utilities n=86	P < (Chi-Square)
	Percentages								
At least one innovation	46	68	57	62	66	61	67	53	.001
Flexible work systems	29	24	56	15	61	53	14	16	.001
Job enrichment	22	25	39	19	21	14	22	23	.062
Labour-Management committees	32	11	15	30	38	40	21	36	.001
Pay systems	9	6	13	5	15	5	14	16	.633
Profit sharing	24	33	25	11	23	—	49	12	.001
Quality circles	13	10	24	7	16	10	9	3	.006
Semi-autonomous work groups	11	22	17	6	12	2	8	13	.006

Note: All tests of significance are two tailed

TABLE 2  
**Regressions of Innovations on IR and HRM Activities**

<i>Dependent Variables</i>	<i>a</i>	<i>r</i>
Pay and conditions	-29.32	.03
Benefits	-.05	.02
Discipline and dismissals	-.05	.02
Individual grievances	-7.13	.04
Health and safety	-1.12	.00
Selection	-1.15	.01
Performance	-9.46	.13
Appraisal	-4.10	.19
Rewards	-2.36	.23
Training and development	-.02	.32

Notes: All tests of significant are one tailed

a = unstandardized coefficients for innovations

r = squared correlation between expected and observed value

characteristics alone in only the training and development, rewards and appraisal regressions.

The results also provide strong support for the argument that traditional industrial relations practices and innovations tend to run parallel with each other. Canadian industry appears to have been lukewarm towards participation programs such as quality circles, semi-autonomous work groups and related worker involvement initiatives. Instead of participation, the adversarial approach is espoused, acknowledging that union and management roles are fundamentally different, with collective bargaining on a year-round basis and related labour-management problem-solving committees favoured. The parties appear to be convinced that given the history of mutual distrust and suspicion, workplace innovations have to be incremental, evolutionary and within a dual bargaining context. Thus, the question of the relationship between new initiatives and traditional industrial relations practices has been avoided by one running parallel with the other. This is evident by the existence of collective bargaining and new approaches and initiatives in different forums. Within this "dualism", innovations such as practices to improve flexibility and quality of work exist alongside the contract negotiation process. This implies acceptance of an essentially pluralist system in which collective bargaining continues to play a central role.

It is instructive to compare this experience with developments in the USA where a collective bargaining approach has also been characteristic, yet where human resource management initiatives have taken root to a far greater extent. So what is the key to these developments? The analysis of Kochan, Katz and McKersie (1986) operates at three levels: the workplace; collective bargaining and collective policies; and business strategy. The notable contrast with the developing form of industrial relations in Canada is at the level of business strategy. Whereas in Canada the marked ambivalence towards the unions has perpetuated an arm's-length posture at this level, in America, much of the building of new relations has actually started at the top. Significantly, in the light of dualism in the survey, Kochan and his colleagues observed that in the United States in the 1970s the worker involvement program and collective bargaining were kept separate. But in the early 1980s, when labour and management looked to co-operative programs as a response to economic pressures, this separation between co-operation and industrial relations activities became artificial. To date, profound differences in levels of unionization in Canada and the United States, together with uncertainties within Canadian management about the link between industrial relations and human resource management, suggest that the "new industrial relations" model may be hard to transplant to Canada.

## CONCLUSIONS AND IMPLICATIONS

Against the background of an uncertain and changing environment and divergent priorities and approaches, labour-management relations in Canada are in a state of flux. While in some industries and firms mutual distrust and confrontation still dominate the relationship, elsewhere there is a growing desire, on the part of both unions and management, to meet the adversities of the environment.

The important question is how much of this change is transitory. Is it a short-term temporary adjustment to the current difficult and complex economic environment facing unions and management? Or does it point towards a fundamental change in Canadian industrial relations: from an adversarial approach to a more co-operative relationship based on mutual trust and recognition of each others' needs and priorities?

Long-term reformists may argue that labour will need to become more of a champion of innovation and adjustment at the workplace, and play a broader role in management and government of the enterprise. Management in turn will need to accept an extended role of workers and their representatives in return for the changes in human resources policies and practices it needs to compete in contemporary markets.

Scenarios reflecting the traditional adversarial labour-management relationship can rivet attention on polarization and a desperate scramble for survival caused by these new competitive pressures. Unions will continue to resist changes implemented by their United States counterparts such as concessionary bargaining and profit sharing in an attempt to preserve their gains. More strikes and lay-offs will be brought on by the very competitive pressures that make change imperative.

While confrontation and adversarial relationships are still strongly entrenched, there have been an increasing number of pragmatic initiatives to adopt practices to improve flexibility, quality of work and employee commitment, and some subtle changes in approaches that have fostered improved communications and greater worker involvement. On the basis of this research, the conclusion reached about changes in Canadian industrial relations over the past decade is that a variety of initiatives seem to exist alongside existing industrial relations arrangements. Reflecting these changes, a third scenario of gradual transformation for the rest of this decade is probably the most reliable.

This suggests that unions and management should strive for greater co-operation in the future. While this seems laudable there are at least two competing perspectives on what co-operation may entail. For Riddell (1986) labour-management co-operation can benefit employers and workers by producing both higher profits and job satisfaction and wages, as well as more employment opportunities. This perspective implies that common interests between labour and management do exist. Intensified competition and economic crisis may well continue to put unions on the defensive and allow employers to initiate labour-management co-operative schemes. But the idea that a decline in adversarial industrial relations is synonymous with, or indicative of, a growth in co-operation can be strongly criticized. For it can just as easily represent compliance by one party with the demands of the other.

There is, of course, a potential overlapping of interests between labour and management on which innovations aimed at increasing commitment can build and indeed foster, especially in times of economic crisis. There are, however, several reasons for doubting that a new mutuality of interests is emerging. First, mutual dependency is different from common interests. Second, a different perspective on labour-management co-operation acknowledges that management wants workers to co-operate on its terms and often substitutes this for tangible improvements in working conditions. Co-operation is therefore defined by management as a way of improving competitiveness and efficiency and lowering costs, rather than as a way of balancing legitimate worker concerns with the objective of improving production. It is not that unions dismiss the importance of productivity, competitiveness and organizational flexibility. They want, however, greater information sharing by management on financial

operations and organizational development plans, a commitment to improve working conditions and less rigid adherence to management rights (Kumar and Ryan 1988).

This argument can be taken one stage further. For while this paper has shown that, in Canada, the link between initiatives and industrial relations relates to dualism, it has presented the view that there is an incompatibility between the essentially unitarist human resource management and pluralist tradition of industrial relations. The evidence shows that there has been no collapse of industrial relations institutions. It is true, however, that there have been initiatives in many companies to take steps on the path towards human resource management. Given the assumed incompatibility of these approaches, how can this be explained? One obvious answer is that the underlying assumption of incompatibility is wrong (see Guest 1991). This is essentially the view of Kochan, Katz and McKersie (1986). In the USA, attempts have been made to integrate individual and collective policies. In particular, there has been a trend towards the greater involvement of trade unions in the process of change. However, Kochan and his colleagues did not consider a sufficiently long time scale to analyze the possibility that the unions may be colluding in their own gradual demise.

A second possibility is that initiatives which appear impressive when described in the company head offices become heavily diluted in practice. For example, in this author's recently completed case studies middle managers were opposed to workers' participation and saw little benefit to themselves in initiatives such as joint consultation and quality circles (Smith, forthcoming). This type of detailed evidence suggests that claims made by managers about the initiatives they are taking must be treated with caution. There is often a lack of "strategic integration", in that those middle managers who are responsible for making the innovations succeed lack either the ability or the commitment to ensure their success.

A third and overlapping possibility is that top management has failed to adopt a strategic view of human resource management and industrial relations. (An alternative argument is that managers do have a strategy which centres around the belief that they should not confront the existing industrial relations institutions. This may be an operational policy rather than an espoused strategy). However, there is evidence that senior managers are increasingly thinking strategically about human resources (Thompson and Foley 1991). The problem arises at the point of implementation. Here the approach appears to be essentially opportunistic. Consequently, human resource management initiatives are rarely pursued to the point where industrial relations practices are seriously challenged.



A final possibility, and one for which there is evidence in the survey data presented in this paper, is that the two systems can coexist. Essentially, what this means is that it is possible to make some progress towards human resource management through initiatives in areas such as involvement and training without posing any challenge to industrial relations. At some point, however, any company pursuing human resource management will confront the industrial relations institutions in areas such as flexibility, job design and reward systems.

Thus it can be suggested that human resource management, just as much as traditional labour-management relations, is confronted by the problem of mediating the contradictions of capitalism which were outlined earlier. But the logic of human resource management has a different approach from industrial relations. The management of industrial relations emerged at a time when most direct labour was treated as a variable rather than fixed cost. The consequent frequent hiring and firing not only made it sensible to have a specialist function perform this and related "terms and conditions of employment" activities but, by doing so, enabled a dissociation between the sale of labour power and the performance of the labour process, thereby obscuring the commodity status of labour. Apart from performing this function, industrial relations specialists also had to cope with and ameliorate the consequences of coercive direct control, often employing the masking activities of "welfare" to disguise the application of other rational techniques. Not surprisingly, then, the industrial relations specialist traditionally has been identified as a buffer and potential scapegoat for the actions of the rest of management.

Human resource management, insofar as it advocates the treating of labour as a fixed cost, has less need to separate the sale of labour power from its application in production into different management activities. Instead "terms and conditions of employment" can be linked to work organization as part of an integrated management responsibility. For, in emphasizing the importance of quality (skills), flexibility (with its potential implications for the need to exercise discretion) and commitment in employees, it has opted to obscure the commodity status of labour by adopting strategies of co-optation through the development of "responsible autonomy" rather than attempting to exercise "direct control" (Friedman 1977).

Furthermore, in its emphasis on "corporate culture", in theory human resource management is able to achieve a cohesive workforce but without the attendant dilemma of creating dysfunctional solidarity. For "corporate culture" is aimed at uniting employees through a shared set of managerially sanctioned values (quality, service, innovation, and so on), that assume an identification of employee and employer interests. Such co-optation reinforces the intention that autonomy will be exercised "responsibly"; that is, in manage-

ment's interests. (Differences between personnel management and human resource management assessed by Legge (1991) have been adapted here to analyze differences between industrial relations and human resource management).

If human resource management was applied consistently, it might well be argued that it mediates the contradictions of capitalism more effectively than traditional labour-management relations, as the implied rejection of "direct control" strategies allows a more complete "securing and obscuring of the commodity status of labour" (Hyman 1987:42). But, as argued earlier, if human resource management, in theory, demands the integration of employment policies with business strategy and hence, in some circumstances, to treat labour as a variable input, consistent adherence to it will come under pressure as "employers require workers to be *both* dependable *and* disposable" (Hyman 1987:42).

In conclusion, the pragmatic initiatives at the firm-level point towards a change, though far short of a transformation, in Canadian industrial relations. To the extent that the empirical research and analytical discussion presented in this paper are correct, then there are important implications both for public policy and the practice of industrial relations. At the policy level, they suggest that current institutional arrangements remain largely entrenched because the parties continue to adhere to their traditional adversarial roles. Hence, systematically altering these arrangements may be, in the long term, more rational. If public policy is to play an effective role in a restructuring process, the challenge here is to move away from traditional interventions towards more innovative arrangements to share power and responsibility for economic performance. But as Godard (1991:395) argued, "if proponents are serious about enhancing the level of labour-management co-operation, then they should...actively promote *legal* rights and protections capable of fostering genuine [worker] participation in areas traditionally considered solely within the domain of management".

For on a more immediate, practical level, the analysis suggests that the parallel traditional industrial relations practices and new initiatives cannot deal with the fundamentally long term problem for the unions of encroaching into the managerial prerogative. It is unlikely that extensions of bargaining structures and procedures can adequately deal with pressures from a rapidly changing environment. Effective negotiation for unions over the form of new technology, for example, will require full knowledge of company plans and the technical options available to management. There is little chance that this information can be secured without legislation on an extension of worker participation. This will require a further shift in emphasis on the part of unions away from a defensive, reactive role towards a more positive, innovative one.

Doing so would not eliminate underlying sources of conflict, but it could help to reduce the tension and mutual mistrust arising out of contemporary industrial relations in Canada.

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## *Le régime canadien de relations industrielles en transition*

La concurrence internationale accrue a suscité de nouvelles approches en relations industrielles. Une enquête récente de l'auteur auprès d'environ 1 000 entreprises syndiquées au Canada révèle que les nouvelles initiatives se développent souvent en parallèle avec les pratiques plus traditionnelles. À partir des résultats de cette enquête, l'article fait ressortir les principales caractéristiques de cette évolution. Il insiste de façon particulière sur le lien entre les relations du travail et la gestion des ressources humaines. La discussion cherche aussi à préciser dans quelle mesure les changements observés dans l'entreprise représentent une transformation du régime canadien de relations industrielles.

La première partie du texte porte sur les débats théoriques relatifs aux changements en cours et distingue trois approches poursuivies par les employeurs. La première s'oppose farouchement à la syndicalisation dans un contexte de restructuration économique. La deuxième approche consiste à réaffirmer les prérogatives patronales dans les entreprises syndiquées. Une troisième approche, mise en lumière de façon particulière dans ce texte, cherche à concilier les innovations dans la gestion du travail et les mécanismes traditionnels en matière de relations patronales-syndicales. L'auteur soutient que la gestion des ressources humaines, tout comme les approches fondées sur la négociation collective, est confrontée avec les contradictions inhérentes à la relation d'emploi dans une économie capitaliste.

La deuxième partie de l'article présente les résultats de l'enquête et cherche à préciser dans quelle mesure la régime canadien fait l'objet d'une transformation, passant de la négociation et de l'application de règles à une gestion plus efficiente de la force de travail. Les données indiquent plutôt que les innovations en matière d'organisation du travail coexistent avec la négociation collective. L'auteur observe donc une forme de dualisme par lequel les nouvelles pratiques de gestion se développent de façon parallèle à la convention collective.

La conclusion porte sur les contradictions mentionnées plus haut et fait valoir l'idée que la gestion des ressources humaines ne peut résoudre les problèmes fondamentaux associés à la relation d'emploi. Notamment, elle insiste sur le fait que les employeurs ne peuvent viser à la fois la flexibilité fonctionnelle et la flexibilité numérique, ou en d'autres mots, l'implication des salariés et l'insécurité d'emploi. L'auteur avance l'hypothèse que la concurrence vive et la récession pourraient continuer à placer les syndicats sur la défensive et ainsi ouvrir la voie aux nouvelles initiatives patronales. Il critique par ailleurs l'idée selon laquelle le déclin de l'approche conflictuelle correspond nécessairement à une plus grande coopération. Cela pourrait aussi signifier qu'une partie est de plus en plus soumise aux exigences de l'autre.