THE ROLE OF PLURALISM IN INDUSTRIAL CONFLICT RESOLUTION

By

MUDZO KUHENDERWA NZILI
Kenya Methodist University

THOMAS SENAJI
Kenya Methodist University

JANE MUNGA
Kenya Methodist University


ABSTRACT

A pluralistic outlook involves the acceptance within a political system of pressure groups (e.g. religious groups, unions, business associations, political parties) with specific interests with which a government has dialogue, with a view to effecting compromises by making concessions. Pluralism implies a process of bargaining between these groups, and between one or more of them on the one hand and the government on the other. It therefore recognises these groups as the checks and balances which guarantee democracy. It is natural that in labour relations in a pluralist society, collective bargaining is recognised as a fundamental tool through which stability is maintained, while the freedom of association is the sine qua non because without the right of association the interest groups in a society would be unable to function effectively. The theoretical underpinning of the study were the marketing theory and the theory of competing interests which state that 1) there is a conflict of interest in the employment relationship, 2) labor markets are not perfectly competitive, and 3) employees are human beings, not simply commodities or factors of production. The study found out that majority of the respondents were in agreement that the employer (TSC) and unions resolved disputes amicably. It was established by the study that of the respondents moderately agreed that; the employer’s attitude towards the union was favorable with the Employer (TSC) and union sharing information freely and cooperated well.

Key words: Pluralism; Industrial; Conflict; Resolution
Introduction

The pluralist industrial relations paradigm analyzes work and the employment relationship from a theoretical perspective rooted in an inherent conflict of interest between employers and employees interacting in imperfect labor markets. The employment relationship is viewed as a bargaining problem between stakeholders with competing interests; employment outcomes depend on the varied elements of the environment that determine each stakeholder’s bargaining power. (Hyman, 2005). Modeling the employment relationship as a bargaining problem raises central questions about the distribution of resources and the rules governing interactions between employers and employees. As a result, corporations, labor unions, public policies, and dispute resolution procedures are important institutions (broadly-defined) and research subjects in pluralist industrial relations. Moreover, individual employees, managers, owners, and union leaders are viewed as human agents rather than purely economic, rational agents. Behavioral elements of individual decision-making are therefore important cognitive limitations, emotions, social or cultural norms and values, habits, intrinsic as well as extrinsic motivators, and concern for others, fairness, and justice.

The pluralist industrial relations school of thought traces back to Sidney and Beatrice Webb in England, John R. Commons (the father of U.S. industrial relations), and members of the Wisconsin school of institutional labor economists in the early twentieth century. With the postwar rise to dominance of the neoclassical paradigm in economics, however, industrial relations has been frequently criticized for allegedly being limited to a theoretical fact-gathering, and therefore not a legitimate academic paradigm. Coase (2004) attacked the early institutional economics by claiming that “Without a theory they had nothing to pass on except a mass of descriptive material waiting for a theory, or a fire.” Traditional industrial relations has also frequently been criticized for emphasizing facts over theory (Dunlop 2003). In reality, with the theoretical foundations of imperfect labor markets and human agents, employment outcomes do not have to be viewed as completely (and mechanically) determined by rational individuals and market forces; careful analysis of real-world institutions and practices is therefore a hallmark of industrial relations scholarship. But this scholarship stems from a specific theoretical perspective, not from the lack of theory (Korten, 2009).
The pluralist industrial relations school of thought often embraces a balancing paradigm. Commons (1919) focused on the need for “the equilibrium of capital and labor” rather than the domination of one or the other. Kochan (2000) emphasizes that “industrial relations theories, research, and policy prescriptions must be conscious of the relationships among the goals of workers, employers, and the larger society and seek ways of achieving a workable and equitable balance among these interests.” Imbalances of income, from a pluralist perspective, can reduce economic growth by depressing consumer purchasing power and preventing investments in human and physical capital (Osterman, 2000). Excessive corporate power that creates substandard wages and working conditions can burden society with welfare-reducing social costs. Behavioral elements of decision-making imply that individual perceptions of balance or fairness can affect employee turnover, productivity, and other industrial relations outcomes. A central analytical tenet of the pluralist school, therefore, is that employment relations outcomes emerge and persist, not because they are necessarily the most efficient as would be the case under a neo-classical paradigm but because they strike a balance between the competing interests of different individuals, stakeholders, and institutions (Phillips, 2002).

Moreover, since individuals are viewed analytically as human rather than economic agents, industrial relations scholarship dating back to the early twentieth century questions not only how employees behave but also what standards of treatment they deserve as human beings in a democratic society. With imperfect labor markets, the presence of powerful corporations or desperate competition among workers can result in substandard employment conditions. As such, the analytical foundations of pluralist industrial relations also create a strong normative agenda creating a balance between the competing interests in the employment relationship. Individual, organizational, and social outcomes beyond efficiency or productivity are therefore important dimensions of industrial relations scholarship. While launched by the inequality of the early twentieth century employment relationship, these analytical tenets and normative issues continue to be very relevant for the employment relationship a century later.
Theoretical Underpinnings

Marketing Theory

Chamberlain's marketing theory briefly means that employees sell their labour to the employer via a common agent, the trade union. The price at which the individual employees in the labour market will ultimately be prepared to sell their labour to the employer is determined collectively and is embodied in a collective agreement. Although the agreement can be seen as a standard catalogue of labour, it does not imply that the employer is under any obligation to buy an employee's labour, but rather that when an employer does, in fact, buy an employee's labour, it will be at the price agreed upon (Slabbert & Swanepoel, 2008). A pluralistic outlook involves the acceptance within a political system of pressure groups (e.g. religious groups, unions, business associations, political parties) with specific interests with which a government has dialogue, with a view to effecting compromises by making concessions (Cole, 2014). Pluralism implies a process of bargaining between these groups, and between one or more of them on the one hand and the government on the other. It therefore recognises these groups as the checks and balances which guarantee democracy (Bendersky, 2013). It is natural that in labour relations in a pluralist society, collective bargaining is recognised as a fundamental tool through which stability is maintained, while the freedom of association is the sine qua non because without the right of association the interest groups in a society would be unable to function effectively (Cole, 2014).

Thus pluralism's "theme is that men associate together to further their common interests and desires; their associations exert pressure on each other and on the government; the concessions which follow help to bind society together; thereafter stability is maintained by further concessions and adjustments as new associations emerge and power shifts from one group to another." (Clegg, 2000) There can, therefore, be no meaningful collective bargaining without the freedom of association accorded to both employers and workers (Lipsky et al., 2013). This theory has been used to explain the role of unions in the negotiation process where tyranny of numbers (pluralism) dictates the strength of the trade in the negotiation process.
The Theory of Competing Interests
The fundamental theoretical assumptions of pluralist industrial relations are that 1) there is a conflict of interest in the employment relationship, 2) labor markets are not perfectly competitive, and 3) employees are human beings, not simply commodities or factors of production. These assumptions yield a theoretical perspective of the employment relationship significantly distinct from the other views of the employment relationship neoclassical economics, human resource management, and critical industrial relations. Neoclassical economics is built around rational agents in competitive markets.

Conflict is not an important construct buyers and sellers of labor or other commodities simply search for transactions that maximize their utility. Work is undertaken only to earn money to afford leisure and consumption. Competitive markets simultaneously maximize aggregate welfare and place checks on abuse (Friedman and Friedman 2000; Troy 2009). In contrast, pluralist industrial relations, critical industrial relations, and human resource management reject the deterministic importance of competitive markets and rational economic agents, but differ from each other on their view of employment relationship conflict (Budd 2004; Hills 2005; Kaufman 2003; Kochan 2008). Human resource management embraces a unitarist view of conflict in which employment policies and practices can align the interests of employees and employers (Fox 2004; Lewin 2001). At the other end of the spectrum, employment relations conflict in the critical or Marxist industrial relations paradigm is rooted in unequal power relations between classes throughout society (Giles and Murray 2007; Hyman 2005). In between these two views is the pluralist industrial relations school’s perspective that the employment relationship is characterized by a variety of competing interests higher wages versus lower labor costs, employment security versus flexibility, safe work pace versus high output as well as shared interests productive workers, profitable employers, a healthy economy; in other words, employment relationship conflict is pluralist (Clegg 2005; Fox 2004) or mixed motive (Kochan 2008; Walton and McKersie 2005), and is certainly not pathological (Barbash 2004).
These contrasting views of employment relationship conflict are essential for understanding the theoretical paradigm of the pluralist industrial relations school. Compared to the human resource management school, institutions such as unions and laws plus processes for bargaining and dispute resolution are important objects of analysis in industrial relations because they provide alternative means for mediating conflicts of interest (Adams 2005; Budd 2004; Walton and McKersie 2005; Weiler 2000). Compared to critical industrial relations, research in pluralist industrial relations tends to view workplaces as influenced by the external environment (Dunlop 2003; Kochan, Katz, and McKersie 2006) rather than as embedded in a larger political economy of class based conflict. Unlike critical or Marxist industrial relations, class is not a crucial analytical concept in pluralist industrial relations. And because pluralist industrial relations embraces mixed motive conflict which includes shared labor management goals, individual and organizational performance is also an important research topic (Appelbaum and Batt 2004; Kleiner et al. 2007; Levine 2005). The pluralist view of conflict is intimately related to a belief that labor markets are not perfectly competitive. Sidney and Beatrice Webb, John R. Commons, and other early institutionalists attributed the labor problem of the early twentieth century to the superior power of large corporations over individual employees (Kaufman 2003, 2007). This superior power stemmed from market imperfections: isolated company towns, mobility costs and lack of family savings or other resources, segmented markets and excess labor supply. From this theoretical perspective, laws and unions are viewed as mechanisms for leveling the playing field between employers and employees thereby promoting the optimal operation of markets rather than interfering with it (as predicted by theories rooted in competitive markets).

Common research questions in pluralist industrial relations therefore include how labor markets work (Kaufman 2008) and the effects of unions and laws on workers, firms, and the economy (Belman and Belzer 2007; Freeman and Medoff 2004; Slichter, Healy, and Livernash 2000). In fact, the pluralist view that imperfect labor market structures should be the benchmark upon which to judge policy interventions continues to have currency (Manning 2003). Card and Krueger’s (2005) findings that the effects of minimum wage laws are not consistent with models of perfect competition reinforce the importance of modeling the labor market as a zone where a combination of costly job search, mobility restrictions, and informational asymmetries give employers monophony power.
That is, labor markets can be imperfect even in situations where there is apparent labor market competition amongst employers to attract workers. And even in human capital theory one of the bedrock theories of neoclassical labor economics the employment relationship becomes a bargaining problem if there are informational asymmetries such as employers not being able to observe workers’ investments in human capital and outsiders not knowing a workers’ current productivity (Chang and Wang 2006). Moreover, in these situations, private actions produce suboptimal training investments so, consistent with the pluralist tradition, there is a need for institutional intervention.

The final theoretical element of the pluralist industrial relations paradigm is modeling individuals as human or behavioral agents rather than purely economic agents (Budd 2004; Kaufman 2008, 2009). In contrast to neoclassical economics, work is not viewed solely as a source of income. The interests of workers can therefore be complex: avoiding drudgery and other affronts to personal dignity (Barbash 2004; Hodson 2001), participating in decision making (Freeman and Rogers 2009), or fulfillment of self actualization (Kaufman 2003; Webb and Webb 1897). Decisions by workers and managers are not always made on a purely rational basis. Aggression and frustration might lead to strikes (Wheeler 2005), coercive comparisons might affect wage outcomes (Ross 2008), and complexity might create internal labor markets at odds with competitive forces (Doeringer and Piore 2001; Lester 2008). The recent growth in quasi rational and experimental economics offers mainstream economic theory a way of modeling human actions that brings economic thought closer to the longstanding pluralist paradigm, but such modeling continues to be a hallmark of pluralist rather than neoclassical research on the employment research.

In sum, the building blocks of the pluralist industrial relations paradigm yield a theory of competing interests: the employment relationship is modeled as a bargaining problem between stakeholders with competing and shared interests, such as cost discipline and PEEP (Barbash 2004), efficiency and equity (Meltz 2009) or efficiency, equity, and voice (Budd 2004). The competing interests are not reconciled solely by market forces which are often imperfect and often favor employers but also by complex individual and collective interactions shaped by institutions, behavioral decision making factors, customs, and values.
At the same time, the shared interests bind the stakeholders together and the focal point of the pluralist industrial relations paradigm is resolving conflicts of interest to produce mutual gain (Barbash 2004; Budd 2004; Commons 2004; Kochan 2008; Meltz 2009).

This theoretical perspective of the employment relationship provides testable hypotheses regarding the determinants of employment outcomes. The pluralist industrial relations conception of the employment relationship as a mixed motive interaction between human agents in imperfect labor markets is a legitimate theory of the employment relationship. One can challenge the accuracy of the assumptions that underlie this theory, but the industrial relations paradigm cannot be dismissed as either a theoretical or entirely normative. Even among leading industrial relations scholars, however, these assumptions are typically labeled the normative foundations of industrial relations (e.g., Kochan 2008). The singular emphasis on a normative label should be amended these assumptions reflect beliefs about how the employment relationship works as much as how it should work; they are no more normative than the neoclassical economics assumptions of rational economic agents and competitive markets. The pluralist industrial relations model is as much of a theory of the employment relationship as is the neoclassical economics model; it is not as easily reduced to mathematical modeling through tractable maximization problems, but it generates testable hypotheses about behavior, outcomes, and relationships between various quantities.

**Methodology**

The study used mixed research designs using both qualitative data and quantitative data from cross sectional surveys. The target population were union officials from all KNUT and KUPPET offices in Kenya. KUPPET has 47 officials, (one from each of their 47 branches) who participate in the National Governing Council whereas KNUT has 440 (four from each of their 110 branches) who participate in the national advisory council and another 48 members of the National Executive Council. Questionnaires were used because they were flexible and facilitated the capture of large amount of data. As a method of data collection, questionnaires are appropriate because they are easy to analyse and is cost effective (Kothari, 2014). According to Mugenda and Mugenda (2009), this allows for intensity and richness of individual perceptions in the responses. The collected data was analyzed using both quantitative and qualitative methods where content analysis was used to highlight the important messages, features or findings.
Results

Respondents were requested to indicate the study the extent of their agreement to statements on pluralism. Results of the extent of respondents’ agreement on the use of pluralism as a CB practice are presented in the Table below

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employer (TSC) and union resolve disputes amicably;</td>
<td>140</td>
<td>2.00</td>
<td>5.00</td>
<td>3.8714</td>
<td>.99526</td>
</tr>
<tr>
<td>Union participates in decision making;</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.4214</td>
<td>1.85468</td>
</tr>
<tr>
<td>Employer (TSC) facilitates union operations;</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3714</td>
<td>1.58837</td>
</tr>
<tr>
<td>Employer’s attitude towards the union is favorable;</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.0786</td>
<td>1.26984</td>
</tr>
<tr>
<td>Employer (TSC) and union share information freely</td>
<td>140</td>
<td>1.00</td>
<td>4.00</td>
<td>2.9643</td>
<td>1.10857</td>
</tr>
<tr>
<td>Union and Employer (TSC) are willing to confer;</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>2.9071</td>
<td>1.45877</td>
</tr>
<tr>
<td>Union and Employer (TSC) cooperates well,</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>2.2500</td>
<td>1.26448</td>
</tr>
<tr>
<td>Mutual regard between Employer (TSC) and the union exist,</td>
<td>140</td>
<td>1.00</td>
<td>3.00</td>
<td>1.7071</td>
<td>.69424</td>
</tr>
</tbody>
</table>

According to the findings, majority of the respondents were in agreement that the employer (TSC) and union resolve disputes amicably as shown by 3.8714. Majority of the respondents moderately agreed that; Union participates in decision making; Employer (TSC) facilitates union operations; Employer (TSC’s) attitude towards the union is favorable; Employer (TSC) and union share information freely, Union and Employer (TSC) are willing to confer and that union and employer (TSC) cooperates well as shown by the mean scores of 3.4214, 3.3714, 3.0786, 2.9643, 2.9071 and 2.2500 respectively. On the same question, majority of the respondents were in disagreement that mutual regard between Employer (TSC) and the union exist as shown by the mean score of 1.7071.
Similarly, regarding pluralism, interviewees indicated that they deliberate on behalf of the members. Further, their experience on dialogue and compromise which comprise collective bargaining, the respondents indicated that there was no room for compromise since the employer had, in most cases, a fixed mind which made compromise difficult.

**Discussion**

The study found out that majority of the respondents were in agreement that the employer (TSC) and union resolve disputes amicably as shown by 3.8714. It was established by the study that of the respondents moderately agreed that; Union participates in decision making; Employer (TSC) facilitates union operations; Employer’s attitude towards the union is favorable; Employer (TSC) and union share information freely, Union and Employer (TSC) are willing to confer and that union and employer (TSC) cooperates well as shown by the mean scores of 3.4214, 3.3714, 3.0786, 2.9643, 2.9071 and 2.2500 respectively. To the contrary, it was established that majority of the respondents were in disagreement that mutual regard between Employer (TSC) and the union exist as shown by the mean score of 1.7071. According to Cole (2014) view in the literature reviewed, pluralistic outlook involves the acceptance within a political system of pressure groups (e.g. religious groups, unions, business associations, political parties) with specific interests with which the employer (TSC) has dialogue with a view to effecting compromises by making concessions.

The regression coefficients associated with pluralism and industrial conflict resolution are presented below

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>4.833</td>
<td>.049</td>
<td>99.344</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td>Pluralism</td>
<td>.301</td>
<td>.015</td>
<td>.594</td>
<td>19.914</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Industrial Conflict Resolution

From the results obtained pluralism significantly (p<0.001) and positively influence industrial conflict resolution.
Conclusion and recommendation

The study found out that majority of the respondents were in agreement that the employer (TSC) and unions resolved disputes amicably. It was established by the study that of the respondents moderately agreed that; the employer’s attitude towards the union was favorable with the Employer (TSC) and union sharing information freely and cooperated well. Wages are not always equal to marginal productivity therefore, unions can enhance organizational performance as well as social welfare, fairness and emotions matter, to name just a few which are not in the mainstream of the economics profession.

References


