

TRUST AND FORMALISATION OF THE INDUSTRIAL RELATIONS STRUCTURE WITH REFERENCE TO PURCELL'S MODEL OF INDUSTRIAL RELATIONS PATTERNS

J KRITZINGER

G G CILLIÉ

*Department of Industrial Psychology
University of Stellenbosch*

OPSOMMING

Vertroue en formalisering van arbeidsverhoudingestruktuur met verwysing na Purcell se model van arbeidsverhoudingepatrone. Purcell (1984) stel dit dat die vertroue tussen bestuur en vakbond asook die formalisering van die arbeidsverhoudingestruktuur twee kritiese dimensies is in die daarstelling van effektiewe arbeidsverhoudinge. Die doel van hierdie studie is om empiries vas te stel of Purcell (1984) se model in die Suid-Afrikaanse arbeidsverhoudingestelsel van toepassing is. 'n Vraelys wat op die teoretiese bespreking en gestelde navorsingshipoteses gebaseer is, is ontwikkel. Die resultate van hierdie studie bevestig die bestaan van beduidende verbande tussen die twee dimensies en 'n indeks van arbeidsverhoudinge-effektiwiteit.

ABSTRACT

Purcell (1984) argues that the level of trust between management and union and the formalisation of the industrial relations structure, are two dimensions that will result in more effective industrial relations. The aim of this study is to establish empirically to what extent the model of Purcell (1984) is applicable to the South-African industrial relations system. A questionnaire that has bearing on the theoretical discussion and research hypotheses, has been developed. The overall results confirm that there are significant relationships between the two dimensions and an index of industrial relations effectiveness.

Traditionally the regulation of the collective relationship between employers and employees is an area that is rife with antagonism and conflict. Academics and managers therefore frequently ask how industrial relations can be conducted in order to maintain industrial peace and how management and union can embark on a mutually beneficial relationship that is characterised by industrial peace. Purcell's (1984) model postulates that the formalisation of the company's industrial relations structure and the level of trust between management and union, are critical determinants of industrial relations effectiveness in the company.

This study adapts the basic assumptions of Purcell's (1984) model and extends it to South Africa's industrial relations circumstances (Kritzinger, 1993). Two variables which serve as extraneous criteria for the validation of the assumptions of Purcell's (1984) model, have been included in this study. These two variables are the industrial relations perspective of management and an index of industrial relations effectiveness.

The purpose of this study is to establish the extent to which Purcell's (1984) model of industrial relations patterns is valid for South African industrial relations.

INDUSTRIAL RELATIONS PERSPECTIVES

Industrial relations perspectives are generally regarded as the building blocks of the relationship between management and union (Kelly & Nicholson, 1980). This study postulates that the parties' perspectives on industrial relations will strongly influence their behaviour towards each other, especially regarding the level of trust and the extent to which they are prepared to formalise the company's industrial relations structure.

In the industrial relations literature, three industrial relations perspectives i.e. the unitary, pluralist and radical perspec-

tives can be distinguished. The unitary and pluralist perspectives are discussed here as they have particular bearing on management's orientation towards industrial relations.

THE UNITARY PERSPECTIVE

The unitary perspective reflects the traditional values and attitudes of management (Salamon, 1987). It holds that the company is an integrated and harmonious whole where everybody shares the same values, interests and goals; a central and unified structure of authority, leadership and loyalty exists; all employees are part of a "winning-team"; and only irrational and radical agitators will question or oppose the prerogatives of management (Fox, 1974; Salamon, 1987; Slabbert & Matthews, 1990; Farnham & Pimlott, 1990). Incompatible personalities, insufficient communication of management's policies, and employees inability to recognise the good intentions of management are regarded as sources of conflict (Bluen, 1986; Salamon, 1987; Bendix, 1992). The union's sole purpose is to disturb the harmonious relationship between an employer and his employees and to compete with the employer for the loyalty of the employees (Fox, 1974; Bluen, 1986; Salamon, 1987).

THE PLURALIST PERSPECTIVE

The pluralist perspective holds that companies consist of various interest groups with divergent interests that are at times in conflict with each other (Bluen, 1986). Although conflict is regarded as inherently part of the relationships in a company, the pluralist perspective holds that it must be underpinned by a common understanding that the economic survival of the company is paramount (Bluen, 1986). It is accepted that sources of authority other than that of management can co-exist in the company. Unions are regarded as truly representative bodies of employees' interests, goals and aspirations.

In terms of Purcell's (1984) model, it is postulated that pluralist managers will be more inclined than unitarian managers to formalise the industrial relations structure and initiate a collective relationship with the union that is characterised by a high level of trust.

PURCELL'S MODEL

During the late sixties the Donovan Commission recommended that structural reforms at company level hold the key to a more effective British industrial relations system. These recommendations proved to be unsuccessful (Purcell, 1984). Purcell's (1984) model serves both as a critique and an extension of Donovan's propositions. Purcell (1984) agrees with Donovan that the industrial relations structure in an organisation is important, but adds that there are processes that are prerequisites for effective industrial relations.

The first process, according to Purcell (1984), relates to the creation of a joint negotiating forum that consists of representatives of all the interest groups in the organisation. The joint negotiating forum must be credited with the necessary authority in order to negotiate procedures and rules that are binding on everybody in the organisation. Furthermore, industrial relations decisions must be centralised through a joint negotiating forum, by giving the parties' representatives the necessary authority to negotiate rules and procedures that will govern the organisation's industrial relations. Authority is centralised when management's prerogative to unilateral industrial relations decision making is curtailed and rerouted through the joint negotiating forum; senior management's involvement with industrial relations is increased through negotiations in good faith about a wide range of issues; management must accept conflict as being inherently part of the collective relationship, and accept unions as permanent phenomenon in the organisation.

For the purpose of this study the comprehensiveness of the procedures and rules in the recognition agreement, as well as the level of centralisation of authority in the joint negotiating forum, serve as indicators of the level of formalisation of the organisation's industrial relations structure.

The second important process that will ensure industrial relations effectiveness, is that all members of the organisation are normatively bound by decisions taken on the joint negotiating forum. This will only take place if the decisions taken on the joint negotiating forum are the result of a proper mandate given to the parties' representatives. If employees and management alike do not agree normatively to the decisions taken on the joint negotiating forum, they will attempt to bypass, ignore or unilaterally change decisions taken by this forum (Purcell, 1984).

The normative acquiescence in the rules and regulations emanating from the joint negotiating forum is not included in this study.

The third process according to Purcell (1984) that will result in more effective industrial relations, is the level of trust between management and union on the negotiating forum. The importance of trust in industrial relations is well established in industrial relations research and literature (Walton & McKersie, 1965; Flanders, 1973; Fox, 1974; Butler, 1983; Purcell, 1984; Taylor, 1989).

In this study, trust between management and union is discussed by referring to the parties' behaviour during collective bargaining, as well as the level of union involvement with worker participation schemes. This study postulates that if the parties' behaviour during collective bargaining reflects a high level of trust that is complemented by worker participation schemes with a high level of union involvement, the overall relationship between management and union will be characterised by a high level of trust.

Examples of management distrust towards the union during collective bargaining include attempts to restrict issues to those on the bargaining agenda; distortion of information given to the union; undermining the union's legitimacy by approaching the employees directly; and disregarding and ignoring previous agreements with the union (Purcell, 1979; 1984).

Union distrust towards management will manifest in continuous strikes, or threats thereof; unilateral changes to agreements; overloading the company's grievance procedure with trivial issues; and an obsession of the union with the solidarity of its members (Purcell, 1979; 1984). Distrust is also manifested when the parties try to restrict their adversary's actions by means of prescriptive rules; refusal to participate in joint problem solving without explicit guarantees of the other party's collaboration; a "win-loose" or "zero-sum" approach to collective bargaining; and an antagonistic attitude towards the other party's ideas, interests and goals.

Walton & McKersie (1965, p. 188) state that a high level of trust between management and union will result in a co-operative relationship pattern that is characterised by joint problem solving; recognising and promoting the legitimacy of each other; and frank discussions about issues on the bargaining agenda. The parties regard productivity, work security, technological changes, employment practices and changes in organisational strategy as issues of mutual concern. The parties recognise the mutual benefit derived from management's concern with issues held dear by the union and the union's efforts to create a stable working environment. The organisational respect the parties have towards each other is complemented by interpersonal trust and co-operation.

Some writers state that there is a relation between management-union trust relations and worker participation (Marchington, 1988; Anstey, 1990; Torres, 1991). Although the causality of the relation between trust and worker participation is not clear, this study postulates that the quality of the relationship between the parties on the negotiating forum will strongly determine the extent of union involvement in worker participation schemes in the organisation.

Salamon, (1987, p. 296) defines worker participation as "... a philosophy or style of organisational management which recognises both the need and right of employees, individually or collectively, to be involved with management in areas of the organisation's decision making beyond that normally covered by collective bargaining." From Salamon's (1987) definition the deduction can be made that a management philosophy or style that recognises employees' individual and collective needs and rights, and allows employee involvement in decision making beyond traditional employment practices or the bargaining agenda, must be underpinned by a relationship built on mutual trust. Torres (1991) distinguishes three levels of worker participation: top management where long term, strategic planning regarding company plans, goals and policy is conducted between management and union; an intermediary level; and plant level where individual workers take part in decision making regarding their immediate work environment. Bendix (1992) states that worker participation at top management level will tend to be power-centred, while worker participation on plant level will tend to be task-centred. It is thus postulated in this study that worker participation schemes that allow the union to exert its power in joint decision making regarding the long term future of the company, must be, in combination with a trusting relationship during collective bargaining, strong indicators of a high over-all level of trust between management and union.

Purcell's (1984) model of industrial relations patterns consists of a juxtaposition of the formalisation of the company's industrial relations structure dimension and the trust dimension between management and union. In Purcell's (1984) model that is schematically presented in Figure 1, the following four ideal abstractions or patterns can be distinguished:

"Adaptive Co-operation" that is characterised by a high level of trust and a low level of formalised industrial relations structure.

"Uninhibited Antagonism" that is characterised by a combination of distrust between management and union as well as a low level of formalised industrial relations structure

"Antagonistic Constitutionalism" is characterised by a combination of distrust between management and union as well as highly formalised industrial relations structure.

"Co-operative Constitutionalism" is characterised by a high level of trust between management and union as well as a high level of formalised industrial relations structure.

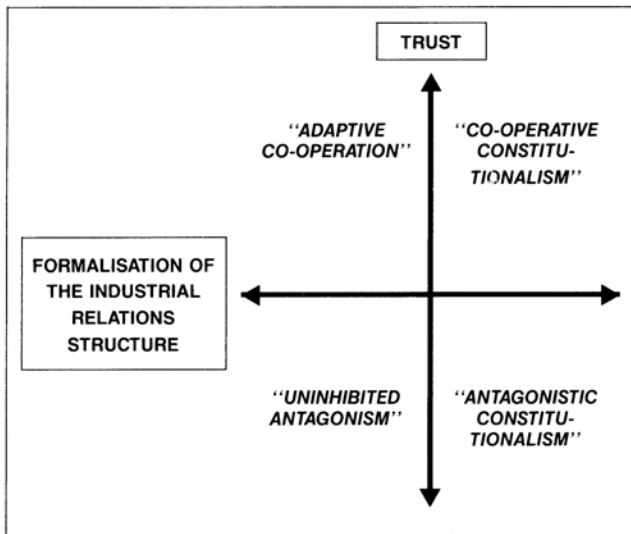


Figure 1. Purcell's model of industrial relations patterns (Purcell, 1984, p. 61).

HYPOTHESES

The over-all aim of this study is to establish to what extent Purcell's (1984) model of industrial relations patterns is valid for South Africa's industrial relations circumstances. The following research hypotheses that are based on the interpretation of Purcell's (1984) model, have been formulated for this study.

Hypothesis 1: The industrial relations structure in a company will be formalised if (a) a comprehensive recognition agreement has been negotiated; (b) the recognition agreement is regarded as an important mechanism to regulate industrial relations; (c) management has a positive attitude towards the recognition agreement; (d) a negotiating forum exists; (e) the negotiating forum has a high level of authority; (f) management perceives the negotiating forum as being advantageous to industrial relations in the company.

Hypothesis 2: A trusting relationship between management and the union will exist if the collective bargaining process is characterised by a high level of trust, that is supported by a high level of joint involvement with worker participation schemes in the company.

Hypothesis 3: A company's industrial relations will be effective if the industrial relations structure is highly formalised in combination with a high level of trust between management and union.

Hypothesis 4: Companies where management holds a pluralistic industrial relations perspective, will be characterised by a formalised industrial relations structure.

Hypothesis 5: Companies where management holds a pluralistic industrial relations perspective, will be characterised by a high trust relationship between management and union.

Hypothesis 6: Companies where management holds a pluralistic industrial relations perspective, will be characterised by a formalised industrial relations structure as well as a high trust relationship between management and union.

Hypothesis 7: Companies where management holds a pluralistic industrial relations perspective, will be characterised by effective industrial relations.

RESEARCH METHODOLOGY

Design

A non-experimental research design has been used for this study. Cognisance of the inherent weaknesses of this design has been taken during the interpretation of the research results, as well as the validity of conclusions drawn from the research results.

Sample

The unit of analysis that is used consists of companies in the Western Cape and Boland areas with at least one recognised union and where the recognition agreement is the primary means of regulating the company's industrial relations. Companies with the above-mentioned qualities were selected with the assistance of unions and human resource consultants.

One-hundred-and-eighty-four (184) questionnaires were mailed of which seventy-five (75) were returned, representing a response rate of 41%.

Measuring instrument

A self-administered questionnaire consisting of seven sub-sections and 280 items in total was mailed to the respondents. The items consist of statements with a five-point Likert scale response format, upon which the respondent had to indicate his/her agreement with the statements. The sub-sections of the questionnaire and items are based on the stated research hypotheses.

DATA ANALYSIS

Item analysis

Although the main objective of this study is to explore Purcell's (1984) model conceptually, it was nevertheless decided to further analyse the available data. Due cognisance is taken of the fact that the ideal ratio of sample size to questionnaire items, is five to ten respondents per item (Nunnally, 1978). Therefore any conclusions drawn from the results obtained, should take into account that the respondent-item ratio falls short of the ideal ratio. The reliability coefficients of the sub-sections are reported in Table 1.

TABLE 1
ITEM ANALYSIS OF SUB-SECTIONS OF QUESTIONNAIRE

Sub-sections of questionnaire	Item-total correlations (α)	Number of items after final elimination
Authority of negotiating forum	0,91*	12
Management's attitude towards the recognition agreement	0,87*	5
Advantages of a negotiating forum	0,76	4
Level of trust between management and union during collective bargaining	0,94*	30
Reason for embarking on worker participation schemes	0,68	5
Level of union involvement in worker participation schemes	0,88*	17
Management's industrial relations perspective	0,84*	24
Industrial relations effectiveness	0,94*	33

* $\alpha \geq 0,80$

For the item analysis exercise, a reliability coefficient of $\alpha \geq 0,80$ was set beforehand. After a number of iterations during which the items with low item-total correlations were deleted, one-hundred-and-thirty (130) items were retained for further statistical analysis.

Sub-scales

Correlation coefficients, of which the results are reported in Table 2, were calculated for the questionnaire sub-sections. In order to analyse the constructs in the formulated research hypotheses, composite variables were created by combining the questionnaire sub-sections that are highly correlated.

TABLE 2
INTERCORRELATION MATRIX FOR THE SCORES OF THE QUESTIONNAIRE SUB-SECTIONS

QUESTIONNAIRE SUB-SECTIONS	Comprehensiveness of the recognition agreement	Importance of the recognition agreement	Management's attitude towards the recognition agreement	Existence of a negotiating forum in the company	Authority of the negotiating forum	Advantages of the negotiating forum	Level of trust between management and union during collective bargaining	Reason for embarking on worker participation schemes	Level of union involvement in worker participation schemes
Comprehensiveness of the recognition agreement	1,00								
Importance of the recognition agreement	0,57*	1,00							
Management's attitude towards the recognition agreement	0,30*	0,04	1,00						
Existence of a negotiating forum in the company	0,14	0,02	0,01	1,00					
Authority of the negotiating forum	0,48*	0,06	0,68*	0,07	1,00				
Advantages of the negotiating forum	0,25*	-0,11	0,14	0,17	0,24*	1,00			
Level of trust between management and union during collective bargaining	0,37	0,11	0,05	0,22	-0,04	0,04	1,00		
Reason for embarking on worker participation schemes	-0,28	0,03	0,10	-0,04	-0,04	-0,12	0,12	1,00	
Level of union involvement in worker participation schemes	0,43	0,01	-0,20	-0,11	0,17	-0,14	0,57*	0,08	1,00

* $p \leq 0,05$

Two new sub-scales, namely the formalisation of the industrial relations structure and the level of trust in the management-union relationship were created. The two sub-scales were correlated with two extraneous variables, namely the industrial relations perspective of management variable and the industrial relations effectiveness variable. The correlation coefficients that were obtained are reported in Table 3.

TABLE 3
INTERCORRELATION MATRIX OF THE SUB-SCALES

SUB-SCALES	Formalisation of industrial relations structure	Level of trust between management and union	Management's industrial relations perspective	Industrial relations effectiveness
Formalisation of industrial relations structure	1,00			
Level of trust between management and union	0,03	1,00		
Management's industrial relations perspective	0,24*	0,60*	1,00	
Industrial relations effectiveness	0,09	0,48*	0,39*	1,00

* $p \leq 0,05$

DISCUSSION OF RESULTS

Correlation coefficients that are reported in the following discussion are to be found in Table 3, unless otherwise indicated.

Formalisation of the industrial relations structure

The results of the first hypothesis show that at the majority of respondent companies (82%), industrial relations is conducted by means of a recognition agreement. No significant difference could be found between companies where a comprehensive agreement, as opposed to a skeletal agreement, regulates industrial relations. Companies that have a recognition agreement, also regard it as an important mechanism to regulate industrial relations ($r_{(73)} = 0,57$; $p \leq 0,05$) and also hold a positive attitude towards the recognition agreement ($r_{(73)} = 0,30$; $p \leq 0,05$) (see Table 2).

The majority of respondent companies (88%) conduct their collective bargaining through a joint negotiating forum. However no significant relation could be found between the existence of a negotiating forum and the level of authority that management assign to such a forum. One possible conclusion drawn from this finding is that the mere existence of a negotiating forum in the company, does not necessarily imply that it will automatically be entrusted with a high level of authority. This finding is also consistent with Purcell's (1984) point of view that, although industrial relations in a company is highly structured, it can still be entrusted with relative low powers of authority. Furthermore companies that regulate their industrial relations by means of a recognition agreement, are more inclined to perceive the joint negotiating forum as beneficial to industrial relations ($r_{(73)} = 0,25$;

$p \leq 0,05$) and entrust a high level of authority to the functioning of the forum ($r_{(73)} = 0,48$; $p \leq 0,05$) (see Table 2).

The level of trust between management and union

The second hypotheses wants to explain the multi-dimensional construct of trust between management and union. A significant correlation between the level of management-union trust during the collective bargaining process, and the level of union involvement with worker participation schemes in the company, has been found ($r_{(73)} = 0,57$; $p \leq 0,05$) (see Table 2). This finding is compatible with the proposition that companies where industrial relations are characterised by an over-all relationship of high management-union trust, are more inclined to have a high-trust relationship during the collective bargaining process, which is supported by worker participation schemes with a high level of union involvement.

Although it is not stated as an *a-priori* hypothesis, a significant relation was found between the level of trust during the collective bargaining process and industrial relations effectiveness ($r_{(73)} = 0,48$; $p \leq 0,05$). This finding is consistent with the point of view of various researchers that stress the importance of trust in industrial relations (Walton & McKersie, 1965; Fox, 1974; Purcell, 1984; Butler, 1983; Taylor, 1989).

Trust and the formalisation of the industrial relations structure

Purcell (1984) states that the formalisation of a company's industrial relations structure and the level of trust between management and union are two separate constructs that, in combination with each other, will result in more effective industrial relations. To gain confirmation of this hypothesis, the formalisation of industrial relations structure variable, and the management-union trust variable, must correlate insignificantly with each other, but significantly with the industrial relations effectiveness variable.

No underlying interrelationship could be found between the two variables ($r_{(73)} = 0,03$; $p < 0,05$).

Industrial relations perspectives and the formalisation of the industrial relations structure

The results of this hypothesis show a significant but weak correlation between management's industrial relations perspective and the formalisation of the industrial relations structure ($r_{(73)} = 0,24$; $p \leq 0,05$). This indicates that pluralist managers are more inclined to use a comprehensive recognition agreement to regulate industrial relations in the company and to assign a high level of authority to the negotiating forum, than managers that hold a unitary perspective on industrial relations.

Industrial relations perspective and trust

The results of this hypothesis show that there is a strong, significant correlation between management's industrial relations perspective and the level of trust in the management-union relationship ($r_{(73)} = 0,60$; $p \leq 0,05$). This means that a collective relationship between management and union that is characterised by a high level of inter-personal trust, as well as worker participation schemes that allow the union a high level of joint involvement, is more compatible with management that holds a pluralist perspective on industrial relations, than management that holds an unitary perspective.

Industrial relations perspective, trust and the formalisation of the industrial relations structure

No confirmation could be found that there is a significant relationship between the trust variable in combination with the formalisation of the industrial relations structure variable and the industrial relations perspective variable.

Industrial relations perspective and industrial relations effectiveness

A significant, but moderate, correlation exists between the industrial relations perspective of management and industrial

relations effectiveness in the company ($r_{(73)} = 0,39$; $p \leq 0,05$). Thus, companies where management holds a pluralistic industrial relations perspective are more likely to experience industrial relations effectiveness than companies where management holds a unitary industrial relations perspective.

CONCLUSION

Companies that experience more effective industrial relations possess distinct characteristics that are compatible with the basic propositions of Purcell's (1984) model. These characteristics include a pluralistic management perspective on industrial relations; comprehensive and formalised structures that take cognisance of the unique industrial relations circumstances of the company; the centralisation of industrial relations authority and decision making in a joint negotiating forum; a high level of management-union trust during collective bargaining; and a high level of union involvement and joint decision making in worker participation schemes.

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