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## Reconciling the Conflicting Views between Human Resource Management and Industrial Relations: Critical Perspective

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**Abstract:** This study is primarily designed to shed light on the conflicting views between the human resource management (HRM) and industrial relations (IR) and how these two concepts can be reconciled through providing evidences and literatures. Further, it also discusses the critical points and arguments that support the claim that these two terms are separate and independently applied in business context but at the same time can be combined to attain higher rate of success. To achieve the research objective, this study made use of secondary data to gather information from books and articles and to lay out the arguments supported with appropriate theories and literatures. The findings revealed that indeed there is difference in the concept between HRM and IR as well as its applicability although these two terms are both used in businesses. However; it is suggested that extensive studies can be conducted to gather more evidences to link these two concepts and considering that arguments were mainly interpreted by the author, different perspectives are welcomed to evaluate further its relevance especially in Sultanate of Oman where IR is perceived to be in infancy stage.

**Keywords:** Unionism; Human resource management; Industrial relations; Gap; Perspective.

### 1. Introduction

Perhaps one of the topics of increasing attention nowadays evolves around human resource management (HRM) and industrial relations (IR). However; few studies have examined the difference and interconnectedness between these two terms although lots of researches have taken into consideration emphasizing HRM practices and its value to individual and organizational performance. Beardwell and Claydon (2010) had established a concrete justification on the perceived difference between HRM and IR by carefully defining HRM as a concept that emphasizes the management of human capital or resources through dealing with the functions of recruiting employees, selection processes, performance appraisal, training and motivation and other related activities while IR deals mainly on employee empowerment through establishment of union as means to conflict resolution and dispute settlement between the employees and the top management (employers) in a collective and pluralistic view. In other words, human resource management deals with practices and strategies to maximize the utilization of the human resources to produce better outcomes and performance while industrial relation focuses more on work relationships as a way for a better performance through representation and remediation processes. Many studies have in fact affirmed the assumption that, there is positive relationship between unionism and organizational outcomes with emphasis on employee voice in communicating their various concerns to the top management (Butler, 2009; Heery, 2010). Anchored on these two concepts, this study is conducted with the view that there is remarkable difference of these two as used in business and supported with relevant theories. It also critically analyze the applicability of both concepts to organizations in various capacities and finally, offer suggestions leading to conflict resolution with appropriate models and theories thereby justifying its solution.

### 2. The Conflicting Views of HRM and IR

The fundamental role of HRM is undeniable as it centers on the effectiveness of the utilization of human resources who are also known as company's valued assets. It is an underlying assumption for HRM that to achieve the corporate or organizational goals and objectives is to maximize the employment of human capital in both individual and organizational capacities (Armstrong, 2006). How to make use of the limited human resources to meet the targets and performance levels in a business sense resembles a good application of HRM and its practices (Hartel, 2007). Specifically, attaining a desirable adaptation and application of HRM practices enhance organizational levels of success in terms of organizational integration, employee commitment, flexibility and quality of work (Combs and Skill, 2003; Gratton and Ghoshal, 2003; Jalagat, 2016). The management's vital role in implementing HRM is to enhance the employees' capability and ability to be effective within their line of specialization that is believed to contribute largely in the company's rate of business success. Furthermore, Tan and

Nasuridin (2010) ironed out that the emphasis of HRM stems mainly on the four central areas of consideration: employee selection, appraisal, rewards, and development where a complete sets of rules, guidelines and policies to promote employee commitment, organizational integration, quality of work and flexibility. This means that HRM is applicable into greater extent the unitarist view which addresses the commonality of interest between the employee and the employer through individual and team relationships that both promotes individual and team performance leading to organizational performance. Cooperative teamwork and employee commitment are also evident like for example in activities such as quality circles. This holds the fact that, it opposes the pluralistic view which is the focal point of industrial relations.

Contrary to the concept of HRM is the IR where the focus is on the degree of relationship established between the top management and the employees being perceived as two contracting parties that is primarily built on the idea of “unionism” or the essence of collective bargaining agreement. This collective agreement as bargaining between the management and the employees basically lies on the policies, laws and contracts that clearly stipulates an agreement between the two parties such as for example through bipartite process. The distinguishing line between HRM and IR is ironed out by Denton (2006) by defining IR as collectively addressing and resolving issues and problems confronting both the employees and employers which is central to the establishment of IR as a concept or idea. While HRM promotes the employer-employee relationships through best utilization of the workforce, IR is best used in promoting collective bargaining agreement as main consideration in reaching a mutual understanding between the employer and employees on issues and concerns facing the organization. According to Redman and Wilkinson (2008), it is clearly observable that HRM and IR significantly differs with respect to the purpose and objectives of the firm and the workers. As evidence for instance, HRM takes into consideration merits according to employees’ skills, knowledge, attitude and performance in relation to rewards (monetary) through skills-based pay system or even non-monetary rewards but IR mostly links with the extent of salary standardization across the business sector based on internal equity and distributive justice such that the reward system related to salaries and wages shall be collectively achieved. Moreover, perception of conflict and disagreement is a vital reason for the existence of IR who assumed that employees’ interest is different from the management’s interest that will enable the employees to express their concerns and issues in a collective manner and that is through unionism, one voice and one sentiment. Organizers of unionism believed that the only logical and practical way to be heard by the top management is through a collective effort and representations of addressing employer-employee conflicts in different ways and choices such as collective bargaining agreement, joint consultation, dispute settlement, and remediation to be participated by both the employees and the employer as far as the national level in the form of labor courts, arbitration, and conciliation.

Secondly, observable difference between HRM and IR generally stems from the intention and purpose of adapting the concept. HRM promotes the employer-employee relationship that eventually leads to competitiveness and competitive advantage while IR is fundamentally built on the notion that there should be employee representation and voice to the management decision making. According to Burke (2005), the critical aspect of HRM is to achieve competitive advantage that is reflective of how the employees’ knowledge will be improved, motivated, committed and enhanced synergies. Hence, HRM is a network of varied activities that involved primarily on managing human capital through human inventory management that will be directed to such actions as developing the employees to be more productive, enhancing their skills, making them relevant in the marketplace through assessment and evaluation and with job pricing as well as appraising their performance. Maximizing their skills, knowledge and abilities at the optimum level by bridging the gap through seminars and advancement trainings for example are HRM activities that are not evident in IR. The underlying assumption of IR is to look into the ability to negotiate that focuses on the areas of employee tenure and security, increases in salaries and wages and resolution to conflicts between the employer and employee that has preference on salary issues, resolutions on disagreement between the two parties, problems relative to employee health and safety, representations of employees and others.

Applying the concept of IR in Sultanate of Oman, the study of Ghailani and Khan (2004) revealed that about 10% of the businesses operating as private companies through their employees have intensified their intension to create a union to express their sentiments, the conflicting views between them and the top management that they wanted to iron out and be given due consideration by shareholders. The employees firmly believed that, the essence of cooperative spirit and representations will provide a strong voice to the management and at the same time counter the possible fear of losing their jobs when done on individual capacities. Even though the laws and provision regarding establishment of unionism as a legal act was imposed in the Sultanate only in 2006, many companies have discovered from their own experiences the potential benefits of developing and maintaining unionism that encompasses both the mutual benefits between the management and the employees. Considering the fact that the concept of unionism is a new endeavor in the country, provisions and policies relative to compliance require closer examination in lieu of the clause and precautions that may impact directly to the companies and their workforce. But the essence of liberating the employees to voice out their grievances and concerns is a welcome development to the country where companies have conventionally follows the autocratic leadership and management style prevalent to these companies. Thoroughly analyzing the extent in the application of unionism showed both the positive and negative implications to businesses however; there seems to be reliable evidence that positive impacts outweighs the negative ones and has been rationalized by these respondent companies as good avenues for a balanced management

where the concept of win-win situation will be taken due consideration by the top management. This means that the top management has no option but to neutralize their management's functions in a manner that every decisions will be beneficial between them and the employees. The significance of the employees' role of being the eye and ear of the management is something that can lessen the incidence of abuses of power by top management and shareholders.

The third demarcation line between HRM and IR underlies the fact that HRM promotes employee welfare and development in a non-unionized manner while IR is a consultative action based on perceived unresolved issues. HRM functions as part of the organization's operation and in many cases served as a separate department internally operating as an agent of productivity, performance and appraisal with the aim of employee development while IR raises more concerns relative to salaries and wages. HRM operates because of the need to function effectively in return for better performance in both individual and organizational level hence; it works whether or not there is conflict between the employer and the employee which renders it a continuous activity while IR basically resumes when the conflict arise between the employer and the employee. In other words, for organizations where the working relationships are good or acceptable might not consider establishing a union because an evidence of harmony and smooth relationship is widely experienced.

Another conflicting views that distinct between HRM and IR can be derived from its theoretical foundation where HRM utilizes the unitarist theory compared to the pluralistic theory of IR. Aligning the HRM practices to achieve the corporate goals and objectives serve as fundamental consideration that also justifies the significance of HRM existence. It is perceived to have a supporting role to the organization's strategic plan and objectives. In the study of [Dessler \(2005\)](#), it has been pointed out that the human resources should attain the desirable blending of education, knowledge, training, expertise and skills that employees possess with reference to his job and in meeting the expectations and performance required for the work. The idea of promoting employee welfare individually and in larger extent the organizational welfare is the paramount consideration. Successful implementation of HRM therefore will enable companies and their workforce to avoid the possibilities of creating unions. As an example, in the aspect of company's policies and procedures regarding increases in salaries, implementing an effective policy of determining pay raises can lessen the instances of disagreements between the management and the employees. But any flaws that can be observed on its implementation will likely rise to problems or gaps that creates conflict between the two parties which may promote the unionism. This would entail the importance of building a good HRM practices and strategy as a union avoidance strategy. Another classic demonstration of applying good HRM strategy is in the tenure and security function where those in authority as well as those HR practitioners may offer attractive retirement packages and retirement plans as motivation and encouragement of the employees to perform beyond expectations, enhance employee loyalty and reduce cases of employee turnovers. Well-placed HRM strategy may mean less likelihood of unionism. Conversely, IR used the pluralistic approach that mainly tackles conflict resolution by unanimously agreeing with one voice to represent the majority in the workforce to the top management. For instance, the organization of union as a legitimate organization of the whole workforce in an organization is designed for employees as an expression of their bargaining power in any decisions that the top management would make that directly or indirectly affect the employees well-being having above all else decisions that largely concerns salary standardizations, rights and privileges of the employees and the benefits that are likely favorable to them. In other words, individual perspectives and viewpoint do not work in IR.

### **3. Bridging the Gap between HRM and IR**

While HRM and IR are two separate terms, there are observable commonalities between the two in various respects. For one, both of these concepts consider the assumption that, meeting the objective of being fair and equitable on the part of employees is favorably designed to the best interest of the employees while in part, leveraging the human resources of companies and businesses. The blending of HRM and IR for instance works in Japanese companies as their practices that highlights the inclusion of unionism in any HRM initiatives being most evident in large-scale enterprises and whereby, union system served as complementary to HRM by mostly applying the joint consultative system ([Aycan, 2007](#)). The same views were noted of companies in UK through dual agreement in utilizing both the HRM and IR concepts whereby IR has become a good alternative to HRM in most cases. The reconcilable tendencies between HRM and IR therefore a good indication of considering the proper blending of HRM and IR to higher potentials for business success. To demonstrate, a study taken by [Al-Hamadi et al. \(2007\)](#) posits that, exercising unionism has contributed to fairness and positively impacts the HRM practices to identified companies in Oman and has proven that these two concepts complements with each other. They further added that, since the inception of the unionism in July 9, 2006 by virtue of Royal Decree in consonance with US-Oman Free Trade Agreements (FTA), amendments with the labor laws were made to give way for the implementation of laws that promotes job tenure and job security, justice, fairness, and equality in the salary distribution, workplace health and safety and other related activities. Henceforth, the infancy stage of IR positively allows employees to exercise their rights and privileges as employees and confident enough to voice out their concerns which cannot be done individually but collectively. Employees are empowered to express themselves which can be considered as totally new perspective in many workplaces in Sultanate of Oman. While HRM started to progress in Oman, IR is still a concept to reckon with. But this that does not mean that, companies who have HRM practices will in no way can welcome IR because when there is cooperative climate and spirit in the working

environment, it is likely that the combination of both HRM and IR will work better than applying the concept individually. This is affirmed by Barney (2006) who concluded that, fully realizing and achieving loyalty permits the mixture of HRM and IR working together to come up with the so called “Cooperative IR System” for dual loyalty. Thus, the importance of having cooperative working environment or cooperative climate defines the effectiveness of blending the concept of HRM and IR for successful implementation to companies and businesses. However; realizations may be reached that companies have their lay way to their best advantage whether to adapt HRM, IR or both which will depend on situations, business conditions, and the management's ability to adapt and manage such preference or choices.

#### 4. Conclusion

This research has clearly provided a critical argument on the distinguishing mark between HRM and IR in different theoretical and business context. Theories and evidences have in one way or the other supports the claim that these two terms although can be combined are two separate and distinct concepts that works independently. The HRM is anchored on unitarist theory while IR depends on pluralist theory. Moreover; HRM focuses on employee welfare and development as it considers employer-employee relationship in the areas of recruitment, selection, promotion, employee appraisal and development, etc. while IR emphasized collective efforts through conflict resolutions highlighting the concept of unionism. The fundamental premise of HRM is to achieve the corporate goals and objectives and gain competitive advantage in the sense that it forms part of internal operations while IR exist primarily because of the recognition of conflict thereby giving way to employees' decision to make representations to the management. HRM works with or without conflict which is contrary to IR. However; these two concepts can be blended together such that applying these two concepts to businesses are workable and effective as evidenced by literatures affirming its rate of successes. But the combination of both is not absolute and hence; dependent on the ability of the company to adapt and manage in such a way that it will be effectively employed. In conclusion, companies are given options to utilize HRM, IR or both depending on situations, business conditions, and the ability of these companies to adapt and how they perceived it to their advantage.

#### Recommendation for Further Studies

This research highlights the conflicting views between HRM and IR in the context of the author's perspectives and viewpoints. Although relevant sources and literatures were robustly applied, critical arguments were limited to the author's conceptualization of the content. Moreover; limited studies have been conducted to assess the relationship between HRM and IR that may call for extensive studies in either qualitative and quantitative researches and since the concept of IR is relatively new concept in Oman, the need for wider studies to assess in higher pedigree the relevance of IR in Oman or at the national level and in different places where applicable in particular.

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