CHAPTER II

A REAPPRAISAL OF SYSTEMS APPROACH

Jackson (1973: 3) rightly points out that the reason why systems theory, despite the defects noted by commentators, has remained so influential. The answer seems to be that it held out the prospect of academic respectability. It could provide industrial relations with a central body of theory, to a certain extent both with its own language and with an air of scientific precision. This has been the goal of industrial relations writers for many years, and Dunlop explicitly recognised the contribution that he believed systems theory could make to its achievement.

Gill (1969: 270) in an article (in British Journal of Industrial relations) entitled 'One approach to teaching Industrial relations', has pointed out how industrial relations teaching might be developed around the notion of industrial relations systems to enable the student to reach a deeper understanding of the subject.
Succinctly stated in Dunlop's (1958 : 7) own words, "An industrial relations system at any one time in its development is regarded as comprised of certain actors, certain contexts, an ideology which binds industrial relations system together and a body of rules created to govern the actors at the workplace and work community".

Described as theory, model, as well as the framework for comparisons, Dunlop's systems theory of industrial relations professes to provide tools of analysis to interpret and gain understanding of the widest possible range of industrial relations facts and practices.

Dunlop's work has had a tremendous impact. It has dominated industrial relations literature for the past three decades, and has been used as a starting point by most influential commentators. It is not difficult to appreciate its attraction. It provided a way of broadening the subject area previously considered by industrial relations writers; in particular enabling them to move away from a narrow concentration on collective bargaining and directly related questions.

Dunlop's system framework has become almost mandatory for examining industrial relations concepts. Much academic effort has gone into refining the systems concept of industrial relations. However, the interest generated by Dunlop's (1958:6) model has been mainly confined to conceptual refinement and academic debates. This is somewhat at variance with Dunlop's
(1958) own conviction that:

"the test of this concept of industrial relations systems is to be found not primarily in its elegance (or lack of it) or even in its internal consistency, but rather in the process of making detailed studies of industrial relations systems among countries, on a country wide basis and within a single country among different sectors........................
The test of a model is in its use".

Systems writers like Wood in an article captioned "Industrial relation system concept as a basis for theory in industrial relations" published in British journal of Industrial Relations (1975 : 291) emphasise that Dunlop's model represents 'a useful point of departure'. However the question raised by Honour and Mainwaring (1982 : 173) is "Departure for where"?

Observes Subbiah Kannappan (1968 : 34) "so far we have made no advance over Dunlop's formulations, but it is imperative that we should. Our key concern is the purpose of the industrial relations systems. What is the output of the system? What are the actors doing? What should they be doing? Approaches to generalisation flounder at this point for a variety of reasons".
The strength and weakness of Systems model is that it is an explanatory model. "A model (theory) is not supposed to tell independent variables what to do: For example a theory of suicide focusses on who commits suicide and under what conditions. The model (theory) provides information to those who want to prevent suicide or how to establish conditions that would reduce the incidence of suicide".

The Systems theory in fact does not provide a framework for analysing the actual processes and dynamics of industrial relations decision making.

Gill (1969 : 270) would concede that Dunlop's system provides only a useful classifying device and at a maximum level of analysis which may claim to be predictive of resistance to change. Eldridge (1968 : 22) despite many reservations concedes that the systems model can be useful in analysing industrial conflict because it reminds the practitioner of the whole range of factors that have to be considered to explain strikes.

Bain and Clegg (1974 : 92) in an article entitled 'A strategy for industrial relations research' published by British Journal of Industrial Relations argue that the notion of system needs to be used as a 'heuristic device' rather than as a theory of social action. Thus an industrial relations system should be regarded as a model within which facts may be organised and must not be misunderstood as having predictive value in itself.
In a personal letter dated 7th February 1989, Dr. Baldev R. Sharma, Professor of Industrial Relations, Shri Ram Centre for Industrial Relations and Human Resources, New Delhi had pointed out "Dunlop's systems model (like Parson's model of a Social system) does not really lend itself to empirical testing. This is because such models are basically conceptual frameworks at a very high level of abstraction. The utility of such models is largely heuristic, that is, they help us "see" relationships between and among different sets of phenomena. For example, Parson's Model shows how different sub-systems like culture, structure and personality are interconnected in the structure and functioning of a social system or society. To the best of my knowledge, there is no research work done in India using Dunlop's model."

Dunlop's thesis does not lend itself to empirical refutation. It is significant that there have been relatively few attempts to use the concept of industrial relations systems as basis for empirical studies.

Reported research studies involving Dunlop's systems model are:


The outcome of the few attempts have been generally disappointing and have illustrated the difficulties of operationalising such concepts as 'ideology', 'contexts', 'rules', 'power relations' etc. Dunlop's portrayal is a freeze snapshot of dynamic process. Dunlop is of no practical help to the researcher as his concept of system is extremely vague and defies attempt at empirical testing. Dunlop does not himself provide a clear definition of what he means by the concept of a system. He also offers no clear cut hypothesis or scientific propositions, capable of being tested. In his systems model, Dunlop merely links certain factors, but does not indicate how the application of any particular inputs mix, could produce, specified outputs. He does not give any clue in managing interactions at the work place, or in dealing with mechanisms of internal plant behaviour. Empirical verification of the validity of Dunlop's theoretical model therefore becomes almost impossible. Apart from cataloguing certain elements in industrial relations situations and classifying them, Dunlop's systems model is not powerful analytically. Though Dunlop's model is conceptually an elegant model there is nothing in it, by way of predictions or guidance, to the practitioners. Dunlop has nothing to offer by way of technique to the participants in the industrial relations system. He makes no provision for system disorder, instability or crisis or upheaval.
Acceptance of Dunlop model is implicit acceptance of the capitalist economy and inequalities that it generates. Dunlop's model is a product of a particular country of full employment, of economic prosperity, and of political consensus. In an effort to project industrial relations in its own right, Dunlop separated it, too far and too severely, from Economics and Politics. This he could do in U.S.A. Academic separation of industrial relations from economics, and politics may not work in practice in the case of a number of countries. Also a clear, dominant national ideology which binds the industrial relations system together, is not available in all countries. U.S.A., U.S.S.R., China, and other communist countries could boast of a dominant ideology, but not other countries.

Dunlop had chosen to ignore Marx and he has no answer to class conflict ideology. Marxist theory sets its goal in the overthrow of capitalism. Nevertheless, until that happens, industrial relations are crucially affected by the conflict between capital and labour. Dunlop's emphasis on binding ideology implies that industrial relations systems is by nature stable and integrative. In making such prophesies Dunlop has proved himself to be no more a success than his opponent Marx.

Thomason observes (1984 : 30) that the two central problems of both the subject and the practice of industrial relations remain unresolved. They are the problems of securing sufficient worker commitment to work and co-operation in
complex work organisations; and the problems of distributing the product of work activity amongst those who engage in it with all that this implies for status.

The particular forms which industrial relations took in Britain by World War I, came to be regarded as a manifestation of a universal model of 'industrial relations system' through which the commitment and distribution problems could be resolved efficiently (and democratically). They were used as a basis for theorizing about the institutions of industrial relations, and the notion of a stable system was applied and developed.

In his recently published book 'History and Heritage', Fox (1985: 368) records that until 1960, British industrial relations was considered as the 'mature case'. "It was argued that America was following in Britain's footsteps, 'with a couple of decades lag' of the assumed pattern of evolution in labour relations".

By the 1960s, however, so many problems had appeared in Britain that doubts arose about whether there was a system (or even two systems) at all. But even if there was (or were) the main indices by which performance might be measured seemed to point to the fact that it (or they) were now performing most inefficiently in securing commitment or distribution in acceptable terms (Thomason: 1984: 30).
Thomason further reports that Developments since the Donovan Commission made its report on the state of industrial relations and its recommendations for remedial action suggest that at the level of national policy, different governments have chosen to wander widely over the meander plain. At the level of decision by the other two actors (whom Dunlop identifies) the suggestion is that pragmatism rules, while undertakings in diverse circumstances move in their different directions. All the main actors have taken some action, but it is difficult to see this adding up to a coherent pattern or system concept which has much similarity with the traditional model.

Thomason (1984: 14) argues that the system was regarded as successful only for so long as the decentralized arrangements performed in the traditional manner. In the period following World War II, the realisation grew, gradually during the 1950s and explosively in the early 1960s, that the system was no longer working efficiently (in terms of its yield) or smoothly (in effecting decisions in an ordered fashion).

Efficiency in this context focuses mainly upon the benefits which the system distributed and the costs which it incurred in the process. Essentially, it was to be regarded as efficient if it continued to allow profits, wages and other incomes to be attained which satisfied the aspirations of the people concerned, and saddled them with costs which could be accepted as reasonable. On all these counts, the system seemed to be less than satisfactory during the post-war years (Thomason: 1984: 14).
Eldridge (1968) Bain and Clegg (1974), Banks (1974) and Hymen (1975) have argued that although there is considerable merit in Dunlop's work, it is deficient in certain respects and would need modifications. The objections Bain and Clegg (1974) raised are:

1. The concept of system of Dunlop is ambiguous and has conservative implications;

2. Behavioural variables such as human motivations, perceptions, attitudes are omitted from the purview.

Eldridge (1968 : 92) maintains that the sources of conflict, and co-operation, order and instability must have equally valid claim to problem status.

Banks (1974) puts forward two criticisms:

1. The owners of the industrial property are left out in the three main set of actors referred to by Dunlop;

2. Dunlop has assumed that decisions in industrial relations systems are made by managers and not owners.

Banks would argue that by adopting such an approach Dunlop has been misled. The system of property ownership according to Banks, decides who is to direct operations.

Hymen (1975) levels his criticism on the conservative nature of the work of Dunlop and Flanders. He considers Dunlop's thesis as too restrictive and having evaluative overtones. The implication is that what industrial relations is
all about is the maintenance of stability and regulations in industry! The focus is on how any conflict is contained and controlled, rather than on the process through which disagreements and disputes are generated. Hymen and Brough (1975: 229) devote a whole chapter (8) entitled 'Industrial Relations: The Dynamics of inegalitarianism' in their book 'Social values and Industrial relations'!

Dunlop's thesis has also been attacked for having failed to provide a frame work for analysing the processes and dynamics of industrial relations decision making and that it takes a static view of industrial relations.

Barret and Baison (1976: 38) succinctly summarise the plethora of criticism levelled on Dunlop's approach.

1. Dunlop's use of the concept 'system' is ambiguous; in one sense he uses it as a research tool for analysis, but in another, it is an empirical phenomenon requiring investigations and explanations. Dunlop does not himself provide a clear definition of what he means by the concept of a system and this leads to confusion.

2. Although Dunlop establishes a relationship between environmental influences and certain rules and decisions within the system, he does not explain the processes by which these environmental inputs influence the system's variables and are converted into outputs. This is because he has concentrated upon the structural elements and has given insufficient attention to behavioural aspects of the system. His treatment of the actors indicates that Dunlop perceives the actors very much in terms of organisations rather than individuals.
3. Dunlop's treatment of the actors is also unsatisfactory in that he appears to treat them as autonomous groups, when in many countries they are not, for example, the relationships between trade unions and governments in East European countries. Dunlop is also less thorough in that he fails to consider the internal dimensions that occur within the actor-organisations, even when they are actually autonomous.

4. The idea of a one way relationship from the environmental system to the industrial relations system does not stand examination. It is not true that the values of the dominant elite determine the formal structure of an industrial relations system; the resolve of some or all of the system's actors to perpetuate their own values may even change those of actors in the wider society. Society's views about worker participation in managerial decision-taking are evolving towards those advocated by trade union leaders. There is undoubtedly still considerable dispute about the forms of participation, but the principle of worker participation is clearly being conceded.

5. The emphasis on binding ideology is taken to imply that the industrial relations system is, by its nature, stable and integrative. This plays down the significance of change and conflict within industrial relations, and together with the emphasis placed upon rules, makes the model unduly favourable to those parties wishing to maintain the status quo irrespective of the nature of the status quo.

6. Although the model has a classificatory value in that it identifies types of industrial relations systems, their main components and environmental influences, it is not very powerful analytically and it offers little in the way of predictions.
7. Dunlop's approach seeks to impose an objective 'reality' on phenomena and discounts the actors' subjective views of 'reality' even though these are the 'realities' which affect the system.

Heneman (1969), Hartman (1973), Craig (1975), Blain and Ginnard (1970) have assailed Dunlop's model on various scores. Blain and Ginnard (1970: 402) argue that the focus of Dunlop is on the structure of industrial relations systems and that he ignored the processes which are the behavioural dynamics of the systems. Similarly Somers (1969: 443) points out that Dunlop's systems model may be able to show a relationship between certain types of environmental contexts and certain rules and decisions at the work place. But Dunlop's systems do not trace any sophisticated process by which inputs must result in the outputs. Somers would stress the significance of analysing interactions at the work place and also the mechanisms of internal plant behaviour. Craig (1975) makes an attempt to improve on the Dunlopian model by developing a frame work in which he incorporates specific processes such as collective bargaining, conciliation and arbitration. Lumely (1980) puts forward the plea that attitudes should be included in industrial relations study and he cautions that the study of the attitudes should be limited to those attitudes which relate basically to the goals, values and expectations of the actors which are related to the job regulations in their current work situation. He takes the view that the study of the attitudes of the actors is significant since behaviour "is seen not as a reflection of the
characteristics of a system which is external to the actors' but rather the actors' definition of reality and their goals and expectations are adopted as initial basis for explanation of their behaviour." Identifying the key variables relevant to the study of industrial relations has varying trends in social development.

Maurice, Sellier and Silvestre (1984) have recently reported as findings of an empirical study conducted by them of French and German firms, that by comparing rules in firms in which the economic and technical contexts are similar, "We shall show that there remain considerable differences between the two countries and that there is no overall tendency towards convergence". They also argue that Dunlop's characterisation of contexts, rules, and actors, breaks down, as does his attribution to the primary casual role to the contexts.

Recently in India, Nayar (1985 : 1) has attempted to develop a conceptual model of effectiveness of industrial relations at enterprise level. She comments that Dunlop model is a deterministic model in which contextual factors invariably result in certain rules and regulations; the process by which this happens and the roles of actors is not considered at all. In Nayar's improved model, the actors are dynamic entities driven by their goals and objectives to influence other sets of actors to comply with the achievement of own objectives.
In Dunlop's model, rules and regulations are considered as the output of the system; while in Nayar's model the output of the system is the achievement of the goals and objectives of all the three sets of actors and the survival of the system.

Nayar (1985 : 13) claims that "it is now possible to develop precise linkage between the variables, to develop the concept of effectiveness of the system, to assess any given system, as to its effectiveness and finally to identify some of the characteristics of the internal system variables which contribute to effectiveness".

Walker (1969 : 201) identified certain "strategic factors" and claimed that when these factors vary substantially, they produced significant changes in the industrial relations patterns. Poole (1976) claimed that the major strategic factor in the analysis of work place industrial relations is power. His focus was mainly on the power relations between the parties engaged in the bargaining. Mention must also be made of the efforts of Gill and Cancannon (1976) who evolved a scheme comprising four clusters of variables viz., (1) context; (2) industrial relations policy and features; (3) quality of industrial relations; and (4) industrial relations policy content.

Parker and Scott (1971) also proposed a model with five groups of variables claiming that they determine the quality of industrial relations. Researchers are relentlessly pursuing empirical verification of the validity of the theoretical models.
Ahiaizu (1974) empirically tested the Lumely (1980) theoretical model and has since reported his findings. He had drawn attention to certain vital strategic factors that defined the scope of work place industrial relations.

If the various modifications suggested were to be adopted it might lead one to argue that the basic concept of systems theory is so radically altered that it becomes unrecognisable. The implications of adopting what has been termed an 'open systems' approach are a useful example. Open systems theory, (as developed by writers like Katz and Kahn) discusses a system in terms of input, throughput and output. In this way the system is related to the environment because the environment provides the input (such as technology and the attitude of the actors), which is used by the system (throughput) and then fed back to the environment (output). Such a model enables systems theory to be modified to take account of the criticisms mentioned earlier; attitudes can be examined when looking at input and conflict and change can be related to environmental factors (like changing technology).

"Systems theory, or modifications of it, might provide the desired combination. Yet systems theory does not seem capable of predicting behaviour in the way that some might have hoped. Some variations of systems approach are so abstract that prediction is impossible, while others, if they are not tautological fail to supply the hoped - for degree of accuracy". Jackson (1977 : 263).
Disillusionment with (Parson's theory based, Lunlop's system approach had led some industrial sociologists to move to Weberian concepts for explanations in recent years. Akroyd (1971 : 236) in an article entitled 'Relevance of Weberian Sociology to industrial relations' argues that manifestation of this interest can be seen in the growing popularity of social action approach.

In the past few years the systems approach has come under attack and alternative theoretical approaches have been suggested. For example, the systems approach has been criticised for placing too much emphasis on the way in which social structure (defined as, 'the totality of patterns of collective human phenomenon' that cannot be explained solely on the basis of human heredity and/or the non-human environment) determined the human behaviour. This is sometimes linked with an attack on 'positivism', although as Giddens (1974) points out the term is interpreted so differently by different writers that discussion is often confused. One of the results of this criticism of the Systems approach has been the development of what has been termed a 'social action approach'. Nevertheless, it would be fair to argue that the Systems approach probably remains the most influential in industrial relations.

The social action approach is one in which 'actors' own definitions of the situations in which they are engaged are taken as an initial basis for the explanation of their social behaviour and relationships'. In contrast to approaches which begin with some general normative psychology of individual needs in work, or
with some conception of the 'needs' of an efficiently operating industrial enterprise an action frame of reference directs 'attention systematically to the variety of meanings which work may come to have for industrial employees.

The social action approach can be contrasted with the systems approach. While the systems approach 'tends to regard behaviour as a reflection of the characteristics of a social system containing a series of impersonal processes which are external to actors and constrain them', the social action approach stresses the way in which man influences the social structure and 'makes society'. The social action approach can be viewed as the opposite side of the coin to the systems approach, and it clearly deals with one of the major criticisms of the systems approach (that is, that it does not pay sufficient attention to behavioural influences).

A number of studies have claimed that they have used a social action approach in their analysis; one of the best known of such studies carried out in recent years is that of Goldthorpe and Lockwood et al.

Others would reject this stance and argue that a social action frame of reference cannot merely be based on an analysis of the meaning of reality for individuals but needs to make some kind of assumption about the nature of social structure as a starting point. Thus, Eldridge argues that social action 'cannot be understood in a totally free floating way' but needs to be grounded on some appreciation of the likely influence of social structure on behaviour.
Eldridge's approach would find sympathy with that of writers like Bendix, Banks and Hyman. Hyman for example argues that much of the social action approach is an over-reaction against positivism. Such an over-reaction creates the danger that structural influences of which the actors themselves may be unconscious, will be ignored, which means in effect, that the views and definitions of the actors may be treated as a sufficient explanation of the social situation being investigated. The challenge, if one accepts Hyman's point of view, is to find some way of showing the reciprocal nature of the relationship between social structure and behaviour.

Systems theory is an attempt to provide a general explanation of social behaviour (certain types of this theory are referred to as grand theory). The social action approach aims to show how a search for an explanation should be made. But it does not, like Systems theory, try to provide that explanation.

In reality systems theory and the social action approach are competitors; one is based on the belief that a general explanation is possible while the other stresses the importance of individual meanings, variation and the need to accept different interpretations.
Very crudely, two opposite perceptions can be noted. One is what might be termed as a structuralist perspective. At its extreme, this views, behaviour and developments as determined by forces beyond the control of individuals. Although Marxism and Systems theory differ over many issues, particularly over their view of the nature of industrial society and the distribution of power, to an extent both contain elements of a structuralist perspective. The elements of social structure that they highlight but nevertheless, at the extreme, both can be seen as suggesting that the social structure determines behaviour. The other approach (social action approach) suggests that individuals have far greater freedom and at the extreme suggests that reality can only be seen through the eyes of the participants. In this view individual beliefs and motivations assume crucial importance. The ethnomethodological and phenomenological approaches epitomise this approach (Jackson 1985 : 263).

It might be argued still that many attempts at explanation of developments in industrial relations fail to get the balance right.

It is suggested by Jackson (1985 : 263) that the most valuable approach to an explanation of industrial behaviour and the development of industrial institutions can be obtained by the use of what has been termed the 'step-by-step' or the incremental approach. This accepts that individual interpretations and motivations are important but suggests that first, in order to understand why they are held, some knowledge of the experience of individuals is important (the regularities likely to be
discovered by an outside observer might well be referred to as social structure) and, secondly that an individual may modify the structure and effect its future development but is to some extent constrained by its present form. The social structure, thus, does not determine behaviour, it is capable of change and different interpretations, but it does affect behaviour. What one is looking for is a complex inter-relationship between the individual and the social structure in which one affects and is affected by the other (Jackson 1985: 265).

Brown and Sisson (1984: 13) have argued that in industrial relations there is no model that can be used for prediction in the normal sense. First there is no simple direction of causation; while bargaining behaviour may be influenced by the level of unemployment, the government's efforts at control over that level will also be influenced by its beliefs about bargaining behaviour. Second, relatively few of the variables that might be considered relevant can be expressed in numbers. The application of exact mathematical methods to those which can is nearly always a waste of time, while in the large majority of cases it is positively misleading. Third, even, where, as in the case of strike incidence and trade union membership, quantitative models have been used to good explanatory effect, they would be of poor predictive value, being subject to intermittent structural shifts for reasons outside the models and having been developed for very different levels of inflation and unemployment from those to which we are now
accustomed. Fourth, in industrial relations, more than in most economic behaviour, past responses to a given phenomenon are a poor guide to future responses. An activity so essentially concerned with collective decision-making and institutional development involves learning and adaptation behaviour that place it beyond the reach of normal time-series modelling methods.

Behind these approaches, there are clear differences of view as to the nature of man, the nature of the relationships (or organisation) within which work is contained, and the relationship between the two, as these affect (or are expected to affect) behaviours. Which view is correct is not a question which can be answered except at the level of opinion. But some views may explain more or prove more useful in predicting and controlling industrial relations events. "Both the student and practitioner must make their own choice of perspective and approach, but may well do so selectively according to the purpose they wish to serve by the choice". (Thomason 1984: 61).

Farhham and Pimlot (1979: 61) point out that systems theory has had a major impact on industrial relations theorising and research work in the field over twenty years. "As such it should be understood by students so that they can assess its relative strengths and weaknesses for themselves".