

# Frame of reference

Business, Employment



Employment relationship is seen as the most basic relation in work. It is a relationship between employer and employee about the economic exchange (Blyton, P & Turnbull, P 2004). Frame of reference is the assumptions, values, beliefs and convictions we draw on to interpret and understand the way things are and why things happen (Balnave, N. Brown, J. Maconachie, G. and Stone, R 2007). It is important in understanding why people behave the way they do in employment relations. There are three types of frame of reference to define the nature of the employment relationship, unitarist, pluralist and radical.

Each approach has a different set of basic assumptions about the nature of the employment relationship. They are three distinct ideological perspectives with long histories. They offer very different perspectives on organizations and employment relationships. Politicians and economist especially focus on unitarist and pluralist because they are almost contrary concepts in employment relationship. Radical, who also can be called Marxist, is considering employment relationship at a radical perspective.

## Body

### \* Explanations of 3 Frames of reference

To explain these frame of reference in a nutshell.

Unitarist is the assumption that organizations and its members inherently concerned with a consensus of objectives, with no fundamental conflict of interest between labour and capital (Godard, J 2005). There are no big difference in interests between employer and employee. The task of labour is

to fit within this framework. Therefore, unitarist theorists regard conflicts as abnormal activity, which is the temporary result of a lack of communication and management between employer and employee.

With poor communication, conflict can arise from an employee's misunderstanding of the direction of employer or organization. Conflict can also arise from poor management, and merely requires management to refocus itself. Different workers have different basic needs that need to be met. A failure by management to meet and identify these demands can result in a lack of fit. For unitarist, trade unions' existing are negatively for manager dominates all activities. Trade unions will weaken the loyalty of employees. The task of labour is to fit within this framework (Smith, A 2003).

Pluralist assumes that organizations are coalition of sectional interest groups. In the traditional depiction of pluralist thought, it is assumed that each of these interest groups is equal in power to the other groups. Each group competes with each other, and no one group really dominates any other group for very long, because they are deemed to be approximately equal in power (Clegg, H. A. 1975).

This competition will result in conflict; this conflict cannot be easily avoided and is a by-product of the competition between groups with different interest. This conflict-presuming it remains within bounds-is deemed to be normal. For pluralist theorists, trade unions are one type of interest group. They are regarded as legitimate expressions of employees' interests, which mean trade unions have a right to disagree with management (Clegg, H. A. 1975). However, the state and federal government is different. They are

considered to be impartial, and a tool used by the majority to achieve the interests of the many over the interests of the few.

Central to the radical theories is the recognition of a fundamental conflict in interests with society and the workplace, between managements and labour (Killingsworth, M. R. 1983). Karl Marx, who provides great contribution in developing radical theory, believes that society is classified into two classes: 1. the bourgeoisie, who own the 'means of production'; 2. the proletariat, who possess only their labour power. These two groups are locked in a zero-sum battle; what one group wins the other loses.

While employees earn more wages, employers lose more profits. There is not only a fundamental conflict in interests between the parties, but shareholders have a far stronger power to determine the outcome of negotiations (Hyman, R 1975). Trade union, viewed from this perspective, is the mechanism used by employees to restrain the power of management, and to counteract the power of the employer. For a variety of reasons, radical theorists argue the state ultimately is concerned with maintaining the interests of the capitalist over the interests of the employee (Jahoda, M 1982).

\* The employment relationship in Australia.

Since the foundation of Australia at 1 Jan 1901, Australia is a capitalist society. The establishment of Commonwealth Government ushered in a period of prosperous developing in industry. Accompany with the expansion of industry, trade unions are also encouraged to expand (Budd, J. W. 2005).

Trade unions can argue with employer for more salaries, more holidays, better working place, and better welfare and less working hours. To participate in a trade union can benefit employee indeed due to the nature of trade union; they are mainly focus on the working condition of employees. Thus, more employees took part in trade unions for their own benefit. The number of trade unions grew in incredible rate. In ten years after the foundation of Commonwealth government, the number of trade unions grew from 198 to 573. Even though the number declined after 1911, the function of trade union is visible (Wheeler, H. N 1985). In Australian employment relationship, trade union is a major participant.

#### \* Unitarism

For unitarist theorist, trade union is unwelcomed. It assumes that there is no potential conflict between groups because every group in an organization is in accordance with each other. All conflict can be easily solved since the only way to lead a conflict is poor communication and management. While employer communicates and concerns more about employee's need, conflict is quite hard to be caused.

There is a tendency that unitarist becomes more suitable than before. There are several trends in Australia employment situation.

\* People tend to employ in casual and part-time job. This trend can decrease the potential level of conflict. If employee is not satisfied with employer, their choice would be resigning but not battling with employer.

\* More people are working with their interest. If employees work with interest, employer can communicate easily with them. Therefore, conflict is simply avoided.

\* Only 26% employees take part in trade unions. After 3 Mar 1994, individuals have rights to organize to argue with employer. In addition, some enterprises try to refuse employing trade union member. Only 10% managers would not mind where their employee is a trade union member. That's why the number declines.

\* Pluralism

Australian employment relationship is mainly focusing on pluralist due to this theory is the most suitable for Australia's employment situation. In Australian employment relationship, trade union is a major participant. Employees can come from different trade unions, or without trade unions. A trade union member has more advantage over a non-union employee in working process. In addition, in reality, conflicts are usually resolved rapidly. Australian society can be well explained by pluralist.

Since each employee or group in a company has their own interest, groups will compete with each other. For pluralist theorist, each group has same power so that no one can control another over a period (Edwards, P. K. 1986). But in reality, that is not right. Different groups always control different power. Managers can control over workers, while worker can only obey their boss's wish. A CEO can decide the direction of company's

expansion but not a dustman; their fundamental interests are different. This is a limitation of pluralist.

\* Radical/Marxist approach

Under radical theorist, the reason for conflict is more reliable. Employer and employee's basic interest is hard in harmony. Power in different group is unbalance. However, the unbalance is dealt well with the contribution of trade unions.

However, radical ignore trust and cooperation in employment relationship. Most employer trust his employee so that their can maintain high productivity. Moreover, the relationship between employer and employee is not just order, but more cooperation (Budd, J. W, 2005). In Australia, trade unions are not just a mechanism that used by employees to battle with the power of management, but a part of employment relationship (Dunlop, John T. 1958).

\* The limitation and the one preferred

Every frame of reference has its advantage and shortage. The one I prefer is unitarism. For one thing, if an employee, who is interesting computer programming, he will provide more contribution if he works in a software company rather than to be a teacher. To work with interest would not only decrease potential conflict, but also could increase productivity. This is the tendency of employment relationship nowadays.

Trade union is a time bomb. It would decline employees' loyalty to enterprise and create potential risk. To give an example, the auto producer, GM, is facing bankrupt in financial crisis in 2008. One direct reason is that GM has no enough cash to operate. The trade union has fight for great welfare, high salaries and less working hours for employers. The average cost on labour for a GM car is \$510, while the number of a Toyota car is \$90.

### Conclusion

In brief, in Australia, those three perspectives are competitors in seeking to explain the nature of employment relationship. Each approach is based on different value judgment, and each perspective emphasizes different aspect of employment relationship. Pluralist is still the most suitable approach nowadays. Groups own same power but different interest, trade unions are part of employment relationship. Conflict occurs occasionally, employer and employee deal with conflict with the help of trade union. Although unitarist is becoming popular, trade unions are still an important part in employment relationship. More groups in an organization have same interest and goal, the function of trade unions is not as important as they were. Radical is a unilateral approach and it is not matching real situation. Simply state, those three approaches all have their advantage and disadvantage, none of them can be used to explain a society individually.