

# Canadian Labour and Employment Relations

### Chapter Overview

In some ways the introductory chapter of any textbook is perhaps the most important for students. Typically, this is where authors orient students and prepare them for what is to come. To some extent this text is no exception. The vignette serves to humanize, or make practical, the field of industrial relations for readers. What student cannot identify with holding down, for lack of a better word, a lousy job with low pay, no benefits, and less than ideal working conditions? Such a less than pleasant, hopefully temporary employment situation typifies what industrial relations is about; namely, all aspects of the employment relationship.

Some important developments in industrial relations are highlighted, including the growing diversity of the Canadian labour force. The 2007 decision of the Supreme Court of Canada illustrates how the legal view of industrial relations has evolved within the context of the *Charter of Rights and Freedoms*.

After some basic terminology is addressed, the dominant approaches, or “schools,” in Canadian industrial relations are explained and expanded upon. The first is the systems theory perspective with its model of industrial relations and the second is the political economy approach. The basic tenets and criticisms of each approach are highlighted.

The field of human resources management (HRM) is introduced and compared with that of industrial relations. The similarities and four main differences are discussed in order to give students a stronger conceptual grasp of the diversity of perspectives that are found in industrial relations. Often, the solutions proposed by various stakeholders to resolve workplace issues or problems are the direct result of their respective perspectives, or underlying ideologies, about what the employment relationship means to them. Conceptually-speaking, we can think of these stakeholders as belonging to distinctive ideological “camps” within the industrial relations system.

To further strengthen students’ understanding, they are introduced to the critical ingredients of Canadian industrial relations such as decentralization, our distinctive values, multi-party system, and the significant contributions of Mackenzie King. The influence of United States and the differences between the two countries are highlighted.

The chapter ends with important points about the changing nature of the workplace and the resulting effects on individual workers in Canada, as well as a summary of three major challenges facing Canadian industrial relations.

# Lecture Outline and PowerPoint Slides<sup>®</sup>

## What's Industrial Relations?

Slide 1.1



### It's an interdisciplinary field of study

- The field benefits from the contribution of experts from diverse fields such as law, economics, psychology, sociology, etc.
- This also means that no one group of experts dominates or "owns" industrial relations.

### Industrial relations (IR) encompasses all aspect of the employment relationship

- It not only deals with unionized work environments, but also those that are non-unionized, whether in the private or public sector.

## What's Labour Relations?

Slide 1.2



### Labour relations (LR) is a subset of industrial relations

- Labour relations is a field of study concerned with organized labour (unions) and management.
- As such, its focus is narrower than IR.
- Labour relations looks at the employment relationship within a collective bargaining regime.

## What's Employment Relations?

Slide 1.3



- Employment relations is a field of study concerned with the relationship between an individual employee and an employer.
- The relationship exists in a non-union environment.

# Human Resources Management

Slide 1.4



## Human resources management (HRM) is a subset of IR

- The field of human resources management evolved from personnel management.
- HRM is concerned with the how the firm manages and relates to its employees.
- In most firms, HRM would include functions like payroll, recruitment and selection, training and organizational development, health and safety, and compensation.

NOTE: Students may confuse the distinctions being made between IR, LR, and HRM based on common corporate departmentalization practices. For example, in some companies the responsibilities for labour relations reside within HR departments. In others, labour relations may be placed in its own department.

## Putting It All in Context

### Industrial relations encompasses both the fields of HRM and LR

- Industrial relations as a field of study has a broader focus than either LR or HRM.

## Differences Between IR and HRM (refer to Table 1.1 on page 10)

Slide 1.5

IR	HRM
• Accepts inherent conflict between workers & managers	• Focus on shared interests of employees and management
• Employee interests are different from those of management (pluralist)	• Interest of employees should be same as management
• Focuses on regulating the employment relationship	• Focus is on employee motivation, loyalty, efficiency
• Concerned with groups of employees (collectivist)	• Concerned with individual employees, and teams

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- HRM has become an integral part of most business and management faculties. This follows the trend of many organizations as they shift management focus to “people” and how the firm’s success is enabled through its employees. HRM often regards unions as unnecessary given their view that what’s good for the firm is also good for employees.
- IR is often seen by HRM as a necessary only to the extent that IR can help HRM translate and negotiate employee initiatives with unions.

# The Two Dominant Approaches, or “Schools,” in Canadian IR

Slide 1.6

Two Dominant Canadian IR "Schools"	
Systems Theory	Political Economy
<ul style="list-style-type: none"><li>• Systems model used to study and learn IR</li><li>• Accept that inherent conflict exists between workers and management</li><li>• Shared assumptions of actors "binds" system together</li><li>• Rely too much on consensus and stability</li></ul>	<ul style="list-style-type: none"><li>• Concerned with social relations of production</li><li>• Focus on power imbalance between workers and management</li><li>• Exaggerate role of conflict and emphasize exploitative nature of employment relationships</li></ul>

## The Political Economy approach has roots in Marxism

- Concentrates on the inequities of the employment relationship.
- Contends that the industrial relations system is skewed in favour of management at the expense of labour (workers).
- They view the interests of labour as fundamentally and for the most part diametrically opposed to management.
- Labour unions are seen as a way of addressing this imbalance. Other means include changing labour laws and developing better social policies.

## Systems Theory is centrist in orientation

- It is also referred to as the institutional approach.
- Moderate view, which relies on the model of industrial relations to study and explain the employment relationship.
- Arguably the most objective of all approaches.
- Collective bargaining and negotiation are seen as the primary devices for mitigating, if not resolving, conflicts between management and labour.

## Both approaches have significantly enriched our understanding of IR

- Both approaches can be thought of as existing on a continuum from left to right, although they are not polar opposites.
- A less dominant approach or “school” is neoclassical, which is the polar opposite of the political economy approach.
- The neoclassical approach has roots in Adam Smith’s brand of economics, which espouses the virtues of the free market. Not unexpectedly, this approach holds a dim view of labour unions and their effect on the “equilibrium wage.”

## The Uniqueness of Canadian Industrial Relations

Slide 1.7

Industrial Relations In Canada	
Unique Characteristics	
<ul style="list-style-type: none"><li>• Highly decentralized and diverse</li><li>• High union density compared to US</li><li>• NDP as “labour party”</li></ul>	<ul style="list-style-type: none"><li>• Mackenzie King’s contribution</li><li>• American influence</li><li>• Multi-party democracy</li><li>• Social values</li></ul>

## Decentralized and diverse

- The Canadian industrial relations system mirrors our decentralized form of government.
- While about 10% of the workforce is employed in the federally regulated sector and is governed by federal labour and employment laws, the remaining 90% of Canadian workers are governed by different employment and labour laws based on the province in which they reside.
- The union density in Canada is generally accepted to be slightly over 30%, while in the US it is under 14%.
- Unlike the US, Canada has a dedicated labour party.
- Many of the present day features found in various conversion mechanisms are the result of the efforts and vision of Mackenzie King.
- In the present as in the past the Canadian industrial relations system continues to be shaped to

some degree by socio-political and economic pressures originating in the in the United States. The economies of both countries are so intertwined as to make this inevitable. Yet, Canadians remain different in many respects.

- Canadians benefit from a diversity of political ideologies, which is only possible in a multi-party democracy.
- There is a distinct Canadian value system that promotes, or is at least more tolerant of, socialist ideals. This is reflected in our social policies and labour laws.

## The Changing Workplace

Slide 1.8



- The rate of unionization in Canada is currently about 30% of the paid workforce and trending downward.
  - A number of employees have access to “union-like” arrangements, such as joint councils and access to adjudication of wrongful/unjust dismissal claims.
  - Loss of traditional manufacturing unionized jobs.
  - Intergenerational differences are challenging employers to consider work–life balance.
  - The participation rate of women and new immigrants in the workforce continues to grow.
- Compared to Baby Boomers, Gen X and Y workers are much more likely to change jobs frequently.
  - Gen Y employees tend to prefer team concepts in the workplace more than previous generations (Gen X and Baby Boomers).
  - Labour shortages in many fields and industries have forced employers and unions to rethink long-standing practices and rules to attract and retain employees.

# Test Items and Class Activities

Suggested answers and/or page references are italicized below each question.

## Within-the-text questions

1. Define the following terms:
  - a) Labour relations (*p. 5*)
  - b) Industrial relations (*p. 5*)
  - c) Human resources management (HRM) (*p. 10*)
2. What was the importance of the Supreme Court of Canada's ruling in Health Sciences and Support Bargaining Assoc. v. British Columbia? *Collective bargaining is protected under the Charter's right of freedom of association*
3. What are the two dominant approaches or "schools" in Canadian industrial relations? *Systems Theory (p. 6); Political Economy (p. 6)*
4. As in all fields of study there exists a healthy debate about the merits of one approach compared to another.
  - a) Summarize the main criticism against the system theory approach. (*p. 7*)
  - b) Summarize the main criticism against the political economy approach. (*p. 7*)
5. What are the four fundamental differences between HRM and IR?
  - *HRM focuses on shared interests, while IR assumes inherent conflict exists. (p. 10)*
  - *HRM is unitarist, whereas IR is pluralist. (p. 10)*
  - *HRM develops and administers policies to achieve organizational/corporate (management) goals. On the other hand, IR focuses on policies, including collective agreements, that regulate the rights and obligations of the various parties. (p. 11)*
  - *HRM examines and is concerned with the employment relationship on an individual level, while IR does the same but on a collectivist level. (p. 11)*
6. What percentage of the Canadian workforce is governed by federal labour and employment law?  
*About 8.4% (p. 12)*
7. One of the more glaring differences between the state of industrial relations in Canada and the US is illustrated by union density.
  - a) What is the union density in Canada?  
*Slightly more than 30% (p. 17)*
  - b) What is the union density in the US?  
*Less than 14% (p. 18)*
8. Why do the authors recommend that all students be taught industrial relations? Do you agree? Why or why not?  
*Some of that answer can be found on pages 9 and 19. However, students should be expected to "connect the dots," as it were, by referring to the importance of the effects/outcomes of industrial relations in their own lives and in Canadian society as a whole.*

9. According to the authors, no single Canadian was as influential in shaping our present day industrial relations system as Mackenzie King. What were his most significant contributions? (*p. 16*)

### **Beyond-the-text questions**

10. Many people have strong opinions about the benefits or disadvantages of unions. What are unions, and what do they do?
11. Explain what a collective agreement is.
12. In what way(s) is the process of collective bargaining similar, yet different from, individual negotiations between one manager and his/her employee?
13. Often, workers complain about having to pay union dues. What are union dues, and what are they used for?
14. Arbitration is one of the mechanisms available for converting the inputs to outputs. What is the difference between rights and interest arbitration?

### **Class Activity**

#### **Purpose**

This exercise encourages students to apply a stakeholder perspective with respect to debates/issues that come up in industrial relations. It requires them to demonstrate their understanding of the different focus and ideologies by playing out the roles of union representatives and HR managers. This exercise also provides an opportunity for instructors to guide the discussion and point out differences between the various stakeholders when faced with a typical IR issue.

#### **Suggestion for instructors**

Divide the class into several groups representing management (HR) and labour (union). Allow each group 10–15 minutes to meet and develop convincing arguments consistent with their assigned roles.

#### **Instruction to students**

With your team members, prepare to present a cogent argument to support the following statement attributed to Barbash on page 11 of your text: “It is the labour problem which creates unions, not unions which create labour problems.” Remember to assume the role you have been assigned.