



## *Management styles & strategies*

- ✦ Assumptions and ideologies underlying employer expectations about protection of their interest, the legitimacy of these expectations & employer strategies
  - ❖ Justifications of the managerial prerogative
  - ❖ From frames of reference to models of management styles
    - The rise in HRM & its impact on employment
  - ❖ Employer strategies & organisations
    - NZ employer organisations & their impact

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“The assumptions and ideologies which underlie employer expectations about protection of their interests, and the legitimacy accorded to employee claims will be examined. Then the question of how these ideologies affect employer strategies in the conduct of the employment relationship will be considered.”  
(p. 293)

While the rise of human resource management (HRM) has created a major literature over the last 3 decades, there has been less research in the areas of New Zealand employer organisations and employer strategies. This is surprising since employers have had a major influence on the employment relations agenda of the 3 decades. Even the bargaining structures under the Employment Relations Act 2000 have aligned with employer preferences for individualised and/or workplace based bargaining.



## *Shifting sand of ideology*

- ✦ The 'ideology of no ideology'
  - ✦ Cognitive dissonance & ER strategies
  - ✦ "owners of businesses have the right to determine how these are run" (p. 294)
  - ✦ "There can be, therefore, substantial differences between management styles and action in different organisations - and in different countries – as well as towards different groups within an organisation." (p. 294)
- ✦ The assumption of managers' 'right to manage' is a fundamental attitudinal feature

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Prior to 1984, there was an 'ideology of no ideology' which tended to mask that both employers, unions and employees had certain beliefs and assumptions about the nature and proper conduct of ER. "In the past, there was a pretence that ideology was of little importance in the day-to-day practice of employment relations." (p. 293).

This changed when ER became a political issue in the 1980s (see chapters 3 & 4)

There was always an issue of 'cognitive dissonance' (see p. 30) between personnel/employee relations managers and other managers with the reigning pluralist approach to ER being uncomfortable for other managers.

Although the chapter points to less importance of the legal justification, the legal justification is still very important. The right of owners to run their own businesses as they see fit is still an important political rallying point.

While we discuss the 'managerial prerogative' and management styles in general, this is a theoretical generalisation and there are many variations in reality, as mentioned above.



## *Managerial prerogative*

- ⊕ Legal & functional justification
- ⊕ Legal: ownership rights
  - ⊞ Transferred to managers
  - ⊞ Agency issues: how to control managers
    - Compatible & implicit contracts
    - NZ public sector and 'new public management'
  - ⊞ Stakeholder capitalism: partly incompatible with legal justification of prerogative

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Our understanding of the managerial prerogative is based on the historical development of modern capitalism with two key sources for employment law: contract law & the law of master and servant.

“The basis for managerial prerogative arises, therefore, from the vestiges of notions which were appropriate in an earlier historical epoch.” (p. 295).

Since Chamberlain formulated the two justifications there have been many significant changes to the managerial prerogative and employee rights. Thus, both the legal and functional justifications have to be understood in a different context; particularly in terms of individual employment rights and, in Europe, in terms of employee influence.

Agency issues are still important. Despite the extensive reporting requirements for Anglo-American shareholding companies, there are still examples of uncontrolled managers (eg recent management scandals & financial fall-outs in the USA) and managers' salaries are growing much faster than other employee groups.

For overview discussions of agency theory – see Boston et al 1991 & 1996.



## *Managerial prerogative - II*

- ✦ Has the appeal to legal rights become increasingly unacceptable & unrealistic?
- ✦ Functional justification: all organisations need to be managed (role of managers)
  - ✦ Generic managers: can manage different types of organisation, across different types of industries
    - In this thinking, professional, generic managers are replacing specialist managers (who know the business)
    - Generic managers often became unstuck in the NZ health sector in the 1990s

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The functional justification is a much weaker assertion of managerial prerogative (than the legal one). However, it is built on a modern view of what an organisation is (that is, the historical roots of employment law is not as prevalent).

The functional justification also allows for a more pragmatic approach to employee rights which opens for continuous adjustments. This is important as there have been several changes to individual employee rights in New Zealand in the two decades (see chp. 8). Under the ERA 2000, there have also been many enhancements of employee rights. This includes statutory employee influence in the OHS area (see chp. 7).

The notion of the 'generic manager' is associated with the rise in business schools and management education. There is also the tendency to managers being educated in more than one management discipline. For example, HR managers are recommended to understand financial management and/or marketing.



## *From Fox to Purcell*

- ✦ After the pluralist & unitarist frames of reference, Fox developed six patterns of behaviour (management styles)
  - ✦ See the six patterns on p. 298
- ✦ Critique of Fox's patterns
  - ✦ Time-specific, based on the UK in the 1970s
  - ✦ Each manager can apply several styles
  - ✦ Doesn't incorporate HRM: little emphasis on direct ER relationship & a more strategic approach

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Fox' typology was concerned with: first, do managers and employees accept the legitimacy of the other side's position? Second, do managers accommodate the interests/demands of employees or is there a unilateral/unitarist pursuit of managerial interests?

Management styles can be seen as similar to McGregor's 'Theory X and Theory Y': it creates black-&-white images (ideal types) but these are good tools to think about people's/organisational behaviour.



## *Dimensions of managers' styles?*

### ✦ Fig 11.1: Individualism & collectivism

- ✦ Development of 'ideal types'
- ✦ Individualism: credence to feelings & sentiments of each employee & develop their capacity of role at work.
- ✦ Collectivism: extent to which employee rights to participate in management decisions concern them and their work is recognised and supported.

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Fig. 11.1 raises several questions: why these dimensions and what other dimensions could be used?

It is also problematic that there is sometimes assumed a link between beliefs & actual behaviour as we tend to look at statements & behaviour. This overlooks that beliefs might not be embodied in 'philosophies and policies'.

“Although models of management styles were quite fashionable for a while, they seem to have been of less interest in an era where collectivism has been in decline in Anglo-American countries.” (p. 300). It can be found, however, in a different form in International HRM where the notions of national culture and organisational culture can clash. It is also embedded in the attitudes that managers from different national backgrounds have in respect of workplace arrangements and employee influence (see chapters 16 & 17).



## *Relevance of models in NZ?*

- ✦ Problems with models
  - ✦ Developed in UK, a particular ER system
  - ✦ Pragmatic reactive responses may fit NZ firms
- ✦ Models: thinking about ER styles in NZ
  - ✦ While contest of individualism & collectivism is alive; models have probably less relevance
  - ✦ There has been a move from stereotypical models to more in-depth analysis of management strategic decisions: influence on ER

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The key question is whether this is really correct?:

“While these ‘ideal types’ may not always describe the reality of individual firms, the model does point out some of the main trends in management approaches to employment relations.” (p. 300).

Is our attempt to place NZ organisations within the Purcell types really an attempt to fit reality/practices to theory instead of the other way around?

There appears to be too much emphasis on formalised style (“Pragmatic, reactive responses to labour problems cannot be classified as management style”). This is probably not the case in most NZ organisations since they tend to be more pragmatic. “Even where employers and managers do not have a consistent and integrated set of beliefs about how they should behave, their underlying assumptions about workers’ motivation and management prerogative will have an influence anyway.” (p. 300).

In New Zealand, there have been surveys of employer attitudes to collective bargaining and these surveys have revealed that most employers have a clear preference for individualised forms of bargaining (see pp. 144-6).





## *ER strategies*

- ✦ Relatively new (# systems & conflict theories)
- ✦ Braverman & labour process theory (chp. 16)
- ✦ Strategic choice theory
  - ✦ Necessitate decision discretion ('decision room')
  - ✦ Focus on major decisions/changes
  - ✦ Management as a pro-active actor
  - ✦ Problems: what about short-term & 'down-stream decision-taker'; what about impact of contingencies or constraining factors?

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The general ER theories have little about strategy (for example: “The systems theory approach assumed that employers only pursued employment relations ‘strategies’ to a limited extent.” (p. 301). This is probably why HRM has made such an impact as it tries to develop strategies and guidelines.

ER decisions are normal ‘second or third-order decisions’. Thus, other strategic business decisions drive ER approaches (this makes a mockery of many claims about Strategic HRM and indicates why this is often a normative approach). The link from corporate decisions to actual workplace decisions and behaviours is often a moot point and more empirical research is necessary, particular when it comes to New Zealand organisations

Strategic choice theory is important because it has informed a lot of comparative analyses; for a short overview, see Bamber & Lansbury (1998: 25-31) .

There is a short reference to labour process theory and a short discussion of labour process theory & Braverman in chp. 16 (see pp 471-2). This could be developed more. Thus, please consult other texts which deals with labour process theory or consult papers from the annual labour process conference.





## *Employer organisations*

- ✦ Why do (NZ) employers organise?
  - ▣ 'contervailing power' & public policy role
    - Shifts as ER framework has changed over time
    - Roles: bargaining, voice of employers, ER services
    - Have structures followed shifts in functions?
- ✦ Employers have faced a difficult environment post-1999: Labour governments & tight I.m.
- ✦ Why has Business Roundtable lost ground?
  - ▣ Was it too model-driven, did it covering too wide a field, or has it just been too successful?

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The strong influence of the IC&A Act sets the framework for early employer organisations where the high level of institutional regulations of collective bargaining was a particular NZ (& Australian) phenomenon.

Employer organisations have often criticised the extension of employment regulations & normally oppose state intervention in ER matters.

Labour-led government takes a totally different position on ER policies and new policies – often criticised by employer organisations – are instituted (see chp. 6). However, the expected upswing in collectivism didn't happen.

The Business Roundtable is an 'by-invitation-only club' of major organisations. This pressure group had a huge impact in the 1984-1993 period. In particular the ER impact was significant with many features of the ECA associated with policy platform of BRT (see chapters 3 & 4). Still, the Business Roundtable claimed that 'deregulation' had not gone far enough as the Employment Institutions, minima & personal grievance right were still intact under the ECA.

The Business Roundtable has had less importance since early 1990s. What are the reasons?



## *The public employer*

- ✦ Public sector reforms, post 1984:
  - ✦ Radical changes – see chp. 3, 8 & 9
- ✦ Have reforms improved public sect. ER?
  - ✦ Yes & No!
  - ✦ Promised modern staff approach collided with financial constraints and strategic rigidities
  - ✦ A number ER problems over the 2 last decades
- ✦ Labour governments tried to promote more collaborative ER & national bargaining

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Public sector organisations employ a considerable part of the New Zealand workforce. Often these employees are highly educated – doctors, nurses, university staff, civil servants – which are in demand amongst overseas employers. Many public sector employees also work in large workplace which make collective action more feasible.

The government as employer underwent major changes in the 1980s – see re: SOE Act 1986 & State Sector Act 1988 in chp. 3. Then, the public sector leads trend towards decentralised, workplace bargaining. However, the public sector has also been at the forefront of EEO and modern employment practices (see chp. 8).

There has been a major rise in public sector union density in the new millennium as private sector union density as fallen. However, there are several signs that this may change: there is more financial pressure on public sector expenditures after the 2008 financial crisis, there has recently (post 2006) been a fall in public sector unionism and it is unclear whether the previous approach to workplace partnership will continue (see chp 16).