A Critique of the Systems Theory of J. T. Dunlop

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Abstract

Every theoretical proposition has underpinning logic that seeks to match the premises with the conclusions. Theory has dynamic interference with time and space. The time dimensionality of a theory does not set absolute boundary on the variables under consideration. One variable A may be held constant against another variable B to produce C. The extent to which the third variable continues to hold true will be determined to a large extent by the degree with which either of A and B or both can be held constant over time and space. Viewing Dunlop’s theory which essential proposition is that Industrial Relations is composed of three actors which operate in contexts that is dependent on the ideological milieu and a binding set of rules, it may be argued that the three-actor component of this theory can be subject to further analysis in view of the changing nature of industries and organisations that the theory may be deemed to apply. This paper is an attempt at reexamining Dunlop’s view of the workplace as it has evolved and is evolving into the 21st century. This work shows that there are indeed many more actors in the workplace and that the contextual factors have changed considerably since the theory was proposed. So also are the ground rules of engagement among the many actors.

Keywords: Theory, systems theory.

Introduction

That every theory has intrinsic fallacy is well known. Also true is the fact that some theories have such intuitive appeal and rather strong face validity that it often take more than a second look to detect any form of shortcoming. The inherent appeal of Dunlop’s systems theory is almost innate. There are many such theories in existence in Management and Social Sciences.
Freud’s psychoanalytic theory is one of such theory. It has an appealing explanatory power that has continued to tickle intellectual fancy for ages. Yet most of the constructs such as id, ego and super ego which has taken firm position and use in ordinary language not only has surplus meaning, but are largely not measurable, nor easily verifiable. Equally, the theory had enjoyed little empirical support. Another popular theory with little empirical support is Maslow’s hierarchy of needs theory. Dunlop assumed a three-actor stage for industrial relations and diminishing the crucial roles of several component entities that cooperate to bring the stage to reality. Before the stage is set in theatre, there are several background activities and activists. Some of these are the script writer, producer, director, engineers, costumers, prompters, players and so forth. Actors in reality only assume the roles that are prescribed for them which in many instances are contrived roles. However, one cannot deny that performance of and in the roles depends on the personality, perception or interpretation of roles and experience of the actors. Also the context (the architectural infrastructure, the stage and spectatorship) are also important. The roles of actors in industrial relations can be said to be impacted upon by sundry other factors other than what has been acknowledged in literature.

**Aims and objectives**

The aims and objectives of this critical essay is to examine the systems theory of J. T. Dunlop using ideas from earlier critics as a starting point and from the perspectives of recent developments that have global impacts and those that are native to the Nigerian industrial relations system. Some of these developments call for a modification of crucial aspects of the theory.

**What a theory is**

A theory is an objective proposition consisting of a logically coherent statement(s) that serves as a guide for understanding of a phenomenon. According to Kerlinger (1973) a theory is a set of interrelated constructs (concepts), definitions, and propositions that present a systematic view of phenomena by specifying relations among variables, with the purpose of explaining and predicting the phenomena. Viewing the system’s theory from these perspectives one could say that attempt was made by Dunlop to provide a coherent body of statements that aims not only at explaining certain crucial variables in industrial relations and also predicting them.

**Aims and objectives of good theory**

A good theory serves at least five objectives which can serve as ground rules for its criticism. These objectives are

1. Must set out the relationships among variables
2. Set out the nature and direction of relationships
3. Provide a clear framework for understanding the relationships and
4. Serve as a guide to prediction.
5. Have empirical validity.
The extent to which Dunlop’s theory has succeeded on these scores has been underscored in the various criticisms that it has attracted. Some of these will be highlighted. Specific focus will be on the proposition of a three-actor situation, which neglects the dynamic nature of such actors in terms of their personality and psycho-social variables underlining their behaviour within the bounds of the context, ideology and rules delineating their actions. It will be interesting to ask, perhaps a belated question, is industrial relations indeed a system? It will also be of theoretical, as well as practical question, to ask whether there are indeed only three set of actors in the industrial relations system.

Dunlop’s theoretical propositions

Dunlop essentially views the industrial relations system as a sub system of the wider social system, similar to the economic and political sub systems. According to Dunlop (1958), industrial relations at any time in its development involves certain actors, contexts, the ideologies that hold the system together and the body of rules created to govern the actors at the place of work and work community.

The actors according to him are: a hierarchy of managers and their representatives, a hierarchy of non-managerial workers and their spokespersons, and specialized governmental agencies. The actors operate within the constraint, and is influenced and limited by the technology of the workplace and work community, the market and budgetary constraints, a complex web of rules, and the locus and distribution of power in the larger society.

Earlier Criticisms of Dunlop

Richard Hyman’s Criticism. Hyman (1975) views Dunlop’s approach to be explicitly “Marxist”, he respected Dunlop’s and Flanders’ analyses very much. Nevertheless he argued that their definitions of industrial relations are too much restrictive. This narrowness has the undesirable implication that industrial relations is all about is the maintenance of stability and containment of conflict in industry. The focus of Dunlop and Flanders according to Hyman is on how any conflict is contained and controlled rather than on the process through which disagreement and disputes are generated. Hyman argues that a conservative tendency is reinforced by the suggestion that the process of an industrial relation system are naturally at work to maintain stability and equilibrium. That the various institutions and procedures are compactible and well integrated and that conflict is necessarily self-correcting; a view that is reflected in Talcott Parson’s society as a self-regulating and self-maintaining unit.

Hyman thought that the concept of industrial relations system should incorporate the contradictory processes in the capitalist system. Furthermore, instability and stability should be considered of equal importance as outputs of the industrial relation systems. He emphasized that the definition of job regulation as positively by Flanders has broadened to include sources of conflict. This leads him to define industrial relations as the study of processes of control over work relations in which processes involving collective actions of worker organizations are of particular concern.
Equally, Hyman argues that by accepting the processes of industrial relations as maintaining stability and equilibrium, the systems theory seems to dismiss the inevitability of conflict implicit in the existing structure of ownership, and control in industry. Therefore he argues that the systems theory is one-sided and inadequate. To him, industrial relations go beyond the recognition of formal institutions but it is necessary that personal and unstructured relationships as well as informal relationship are usually important in an industrial relations system. Hyman goes beyond job regulation in terms of command and authority and power in organizations. He justified the position of trade unions as a balance of power and argues for its sustenance as a weak union could be marginalized by the management.

Allan Flanders Modification of J.T. Dunlop System Approach. Allan Flanders (1965) wrote that as for the substance of an industrial relations system, not all the relations associated with the organization of industry are relevant. No one takes it to include the relations which they have with their customers or the community at large. The only aspect of business enterprise with which industrial relations is concerned is the employment aspect, the relations between the enterprise and its employees and among these employees themselves. The study of the institutions of job regulations he argues is a system of rules. These rules appear in different guises; in legislation and in statutory orders, trade union regulations, collective agreements, and arbitration awards. Equally in social conventions, managerial decision; and accepted “custom and practice”. This list is by no means exhaustive, but “rule” is the only generic description that can be given to these various instruments of regulations. In other words the subject of industrial relations deals with certain regulated or institutionalized relationship in the industry. However, the rules in question, like all rules, are of two kinds; they are either procedural or substantive. The distinction can be observed in the clauses of collective agreements, which are mainly composed of a body of rules. The procedural clauses of these agreements deal with such matters as the methods to be used with such matters and the stages to be followed in the settlement of disputes, or perhaps the facilities and standing to be accorded to representatives of parties to the agreement. The substantive clauses, on the other hands, refers to the rate of wages and working hours or the other job terms and conditions in the segment of employment covered by the agreement. The first kind of rules regulates the behaviour of parties to the collective agreement whereas the second kind regulates the behaviour of employees and employers as parties to individual contracts of employment.

Flanders concludes that “a system of industrial relations is a system of rules”. This stems from the fact that rules of various kind clearly do persuade the world of work and employment and the institutions which device and implement this network of rules are of central importance for the study of industrial relations.

Wood (1975) criticism. Wood et al (1975) highlighted the degree to which Dunlop misunderstood the objective and structure of Talcott Parsons systems paradigm, but their reconstruction of theory severely restricted the definition of “rule making” system. For example, custom and practice that Dunlop, Flanders and Clegg admitted in social convention as elements of “job regulations” were rejected by wood et al. They argued that only when custom and practice, as work norms, become part of the institutional rule making process can it enter
the domain of industrial relations. At this juncture it suffice to mention that further attempts have been made by scholars like Schienstock (1981), Miliband (1969), Clarke (1982) and Max Weber towards a conceptual crisis free theory of industrial relations but then none of these reformulations of industrial relations “theory” achieved this desire.

Criticisms of Bain and Gennard (1970). They criticized Dunlop’s system approach for failing to give an analysis of the process which are behavioural dynamics of industrial relations system and then incorporated the “process” variable into a system approach. Their model recognized that a system could experience instability as well as stability depending on the nature and form of process adopted. These could include among others strike actions, legislation, and peaceful bargaining embarked upon by the actors.

Environmental variable as they affect the IRS. Many aspects of the environment were highlighted as having influence on the IRS. In his view, these environmental variables have constraining influence. This view, simple as it is expressed, has far reaching influence on the outcome produced by the system. The environment in reality may be both constraining and facilitating of the IRS. In today’s industrial system, technology as a factor has been most facilitating of business and indeed the web of interactions existing in the work place. Typical example is the telephone and the internet which can moderate considerably the background to as well as the outcome of collective bargaining.

Alton Craig (1975). He refined the Dunlopian framework in at least three major ways by introducing the withinputs which included the goals, values and power of the actors in industrial relations. Also by showing that outputs of the industrial relations system have impact on the environmental inputs through the feedback mechanism and instead of the technological, market and budgetary context, he defined the societal environment in terms of economic, social, political, and legal inputs into the industrial relations system. The context of IRS in this view is broader and more encompassing than as conceived by Dunlop, though psychological dimension is also noticeably neglected.

Criticisms of Hameed (1982). In line with Gerald Somers’ thinking, Hammed combined Dulop’s functional structuralism with behaviourism, thereby absorbing the all-important personality (i.e. psychological) dimension into the conception. Essentially, industrial relations was viewed as a multidisciplinary endeavor which in developing a theory must unite theory, research and experiences from economics and lawyers, which Somer classified as externalists and from sociology and psychology (classified as internalists). Hameed’s proposition is integrative of many inputs combining personality-behavioural elements with environmental inputs. He developed the following four equations which constituted a conceptual framework applicable to economic, social, political, and legal systems in any society:

\[ I_1 = f(P) \]
\[ C = f(I_1, I_2, I_3, E) \]
\[ E = f(I_1, I_2, I_3) \]
\[ O = f(I_1, I_2, I_3, E, C, F^*) \]
Where P = personality factors like attitude, cognitions, IQ, emotions and response set of actors; also including their knowledge, education and past experiences;

\[ I_1 = \text{inputs relating to participation of individuals;} \]
\[ I_2 = \text{inputs from other systems in the society, like other referent unions, economic, social, political, and legal;} \]
\[ I_3 = \text{inputs from outside the society;} \]
\[ C = \text{conversion mechanism} \]
\[ E = \text{internal environmental of the industrial relations;} \]
\[ O = \text{output of the industrial relations.} \]
\[ F^* = \text{the feedback mechanism which will include impression of actors about faith in negotiation and implementation of agreement, process of evaluating past experiences and assessment of gains and losses.} \]

*The feedback component was added to Hameed’s formulation as an essential aspect of an input output system.*

On the overall, Dunlop’s theory is well acclaimed and fulfilled most of the criteria of a good theory by setting out the relationships among variables, providing for the nature and direction of relationships, also setting clear framework for understanding the relationships. The empirical validity and the extent to which the theory serve as a guide to prediction is however debatable. The strength as well as weakness of the theory is reflected in the Pluralist assumptions and according to Hameed, other crucial issues that could be raised are:

i. The error that all actors necessarily share similar ideology or that the ideology is sufficiently consistent. This is in view of the fact that values differ in many aspects; especially as related to distribution of income and power

ii. Inability of the systems theory to deal with issues of conflict and change, a weakness from the Parsonian analysis which did not deal adequately with conflict. Inability to deal with conflict and change has continued to make the theory conservative and biased towards stability rather than change.

iii. The systems approach is also weak because of apparent lack of personality-behavioural dimension. The theory therefore cannot account for the behaviour of the actors. The interpretation of motives and interactions in both structured and unstructured work environment is lost in the preoccupation with structural determinism (Walton and McKersie, 1965).

iv. The system approach is not predictive by saying very little about the future of industrial relations, the theory is therefore more of a heuristic than operational theory.

**Our criticisms**

Many of the reviewed criticisms had helped substantially to accentuate the history as well as progression in theory formulation and research in the field of industrial relations. Indeed, experts in the field had over the last decade assumed the position of insouciance, as not much
development in theoretical formulations is noticeable. Though one could say, as it also applies in several other fields of study and disciplines, that universally applicable theories are hard to find, the field of Industrial or labour relations is still evolving and needs concerted efforts at evolving dynamic and predictive theories. A way forward is to regenerate lively discussions by way of review and criticisms of existing theories with a view to evolving more holistic theory of industrial relations. Our criticisms focused on many aspects of the systems theory with the Nigerian industrial relations system as a context for analysis.

**Industrial Relations as a system.** A system essentially presents many aspects or parts that make up the whole. Influenced by the functionalism of Pareto and structuralism of Parson, Dunlop's view of industrial relations as a sub-system of the socio-political order has been used as a framework for analyzing the industrial relations situation in many countries. Systems invariably subsist on the principle of differentiation (functional autonomy) and interdependence. The industrial relations system (IRS) is sustained in the overlap that exists among entities like the workers, management and government. As Dunlop noticed, in spite of the clear difference among the entities in terms of ideologies and operational context, equilibrium is preserved because of an assumed pursuit of a common goal. In reality, the goals of the federating units that make up the IRS are hardly similar as noted by Hameed (1982). Indeed, they are inherently at variant. According to Fajana (2000) conflict orientations within the work setting centre basically on the opposed nature of interests of employers and workers. It is however noteworthy that the concept of ‘system’ as used by Dunlop is loosely applied to individuals, individual firms, industrial branches, workers, workers union, management and so forth (Blain and Gennard, 1974). Other requirements for a system are inputs, transformational process, output, and the feedback procedure. A system also essentially operates within an enveloping environment, if it is not a closed system. There are indeed two types of system; closed and open system. A closed system is independent of the environment. Dunlop, to all intent and purposes, meant that the IRS is an open system. To what extent does the IRS meet the requirements of a system?

**The many ‘parts’ of a sub-system**

There are several levels and types of interaction such as; worker-worker, worker-union, union-management, management-leadership, worker (union)-owner’s, worker-customer, management-customer, worker-societal (host community), management-societal, owners-societal, superior-subordinate. Equally some interactions are gender specific, ethnic specific, and age specific. Also important is the leadership/management, management/union negotiators. In the era of alternative dispute resolution, some neutral third-parties such as arbitrators, conciliators and board of enquiry are introduced into the system. The exhibit below gives indication of the complex dimensions and web of interactions of the subparts that make up the IR subsystem.
Global environment

Owner                government
Management
Employer’s association
Employer’s association
gender
Employer’s association
Union
Employer’s association

Individual worker

negotiator (other third parties)

Ethnic/racial affiliation

customers

It is indeed a complex web of interactions serving as both input and feedback mechanism for the strategic management of the business as well as industrial relations system. On the whole, the global environment has such an impact on all the stakeholders to the industrial relations system. In view of the many network of relationships, interactions and interfaces, it is perhaps no longer admissible to talk of a three-actor industrial relations system. The flip side is the latest attempt at strategic human resource management, which partially modeled the pluralist thinking and conception of industrial relations. Pluralism as a political theory or theory of politics envisages a multitude of pressure groups. As an economic theory, pluralism envisaged a struggle for supremacy between diversity and uniformity. There is therefore a deliberate underplaying of the Marxian conflict and conflictual interests among major entities like management and union (Kerr et al., 1960). This approach has led to the declining popularity of unionism. For instance, the trend of de-unionism has been noticed in the Nigerian industrial sector (Fajana, 2000). The emerging communication, educational (private primary, secondary and tertiary), service and financial sectors are de-emphasizing unionism. The three-actor model appears only as best reflecting public sector dominated industrial/economic system.

Budgetary constraint. Budgetary constraint affects the amount of labour that could be hired and at what rate (Fajana, 2000). The Nigerian environment is largely dependent on government budget. This probably has to do with the dominant influence of government. In a planned economy, the state budgets for the entire economy and as such, Dunlop’s view is most appropriate. In a fully capitalized economy, governmental policies, more than the budget should have the more impact. Nigerian economy is pseudo-capitalism, with governmental budget still presenting important indices for the development of the labour market and industrial relations. It is important to the extent that the private sector relies to a greater degree on patronage of the public sector. In the era of economic melt-down, issues of firm or tight macro-economic and fiscal control have further brought the private sector to the apron string of government. Organisations experiencing dwindling fortunes like the financial and insurance sector, textile industries, real estate and so forth had looked up to government for
bail outs. It is also important to contextualize budgetary constraint by distinguishing between governmental and organizational constraints. Government budgetary and fiscal policies though have widespread impact on the economy, the level of industrial governance, fiscal discipline in the choice of investment and application of fund is important determinant of the industrial relations atmosphere of any organisation.

The labour market. In any economy, the labour market trend is dictated by certain dynamics, one of which is the underlining employment/unemployment situation; that is, the labour participation rate. Also here, the rate at which wage is hired is an important determinant of supply and demand. This macroeconomic variable i.e. unemployment, has taken such a dimension that wage rate is depressed to the extent that labour is ready to be hired at any rate and for any purpose, disregarding skill and specialization – the case of Dangote Groups of Companies interviewing M.Sc and PhDs for a driver’s job is a case in point. Also see Jayeoba (2013) for some of the reasons for perennial low wages in the Nigerian labour market. To the extent that unemployment has worsened significantly since Dunlop wrote, the constraining effects of the labour market cannot be overemphasized.

Rules of industrial relations. It is perhaps more probable to talk about ‘rule’ than ‘complex rules’. Workplace rules can be complex, though unnecessarily so, in their both substantive and procedural applications. Technology had to a large extent, simplified rules and made it more available to all and sundry. There are diverse mode and sources of rule in the workplace; they range from the popular employee handbook to, rule of collective bargaining and rules that are derivable from new mode of job designs, organizational structure and so forth. For instance, complex rules are more amenable to tall bureaucratic organisations. In flat, virtual and boundariless organisations, individual initiative and expertise is fast replacing long, tedious rule and procedures.

Locus and distribution of power. Locus of power as well as distribution of power is an issue that exists both within the organization and the larger society. Both loci of power have significant influence on the IRS. Dunlop appears to put his emphasis on the locus of power in the society. Jayeoba (2008) noted the significant implication of locus of power on the IRS. For instance, the most traditional locus of power and authority in most organizations is management. Power to make decisions, set the rules of work, determine reward is skewed in favor of management. Industrial democracy is not an attempt at parity of power, but a mode of load shedding part of the traditional power and prerogatives of management to generate greater inclusiveness. Such inclusiveness has been shown to bring about greater job satisfaction, job commitment, job involvement and by implication higher productivity.

Conclusion

Hameed (1982) had commented on the absence of personality-behavioural dimension as well as lack of predictive validity. This second point has been shown, by using information from the Nigerian industrial relations system, to be so because of the dynamic nature of the industrial relations environment; this also being as a result of rapid global changes and changing nature of
organisation and knowledge base of workers, owing to changes in technology. It is also seen that the three-actor model of industrial relations is hardly tenable in the midst of several stakeholders that are part of important input into the system. Also noted is the declining popularity of unionism as pluralism appears to be taking ascendancy in the ambit of strategic human resource management.

References

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