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THE SOCIAL SCIENTIST AS CHANGE AGENT:

Elliott Jaques and the Individualist Imperative

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The Australian mining industry has increasingly become an incubating ground for the resurgence in managerial militancy, attacking the idea that unions have a legitimate role as the representative of workers' interests. These attacks have centred on removing union recognition rights and union security arrangements. What is driving employer actions? The answer partly lies in competitive pressures that compels employers to focus on cost minimisation strategies, but also a growing interest by employers in individualist human resource practices.

This focus has coincided with a political context that has increasingly favoured more-market oriented and increasingly individualistic outcomes as the target of economic policies. Labour flexibility and institutional deregulation are seen as prerequisites for the release of market-force dynamics that in turn are believed to generate greater efficiencies in international competition. At a policy level, Australia has, since the early 1990's, pursued labour market deregulation and a commensurate reduction in the role of labour market institutions such as the Australian Industrial Relations Commission (AIRC), including the paring back of awards in favour of enterprise agreements as well as the introduction of non-union agreements. This has reduced the representative role of trade

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unions. The BHP Pilbara iron ore mining and Maritime Union of Australia (MUA) disputes illustrate the increasing militancy of some employers, seeking to side step collectivist employee relations in the pursuit of greater efficiency. Whilst the attempt by Patrick Stevedores to oust the MUA in favour of a contract workforce was an important milestone in labour struggles, the Rio Tinto dispute (now RTZ, but for convenience referred to here by its former name Rio Tinto) remains the most problematic for trade unions as the dispute was not just about union recognition rights but a battle over ideas and the 'hearts and minds of union members' and their commitment to collectivism in the face of a determined employer push for de-unionisation.

It was in the context of a confrontation over union recognition rights in the Rio Tinto dispute that the ideas of Elliott Jaques acquired a degree of notoriety. Rio Tinto's strategy was largely derived from the ideas of Jaques about organisational design and authority structures. The methods of Jaques at the time attracted considerable scrutiny and a number of Australian unions called for a greater examination of his work. At an academic level, Jaques remains an enigma. Except for a few researchers in organisational psychology, his work remains largely unknown in Australia, yet his writings have influenced large companies such as Rio Tinto in their attack on collectivism. Understanding the work of Jaques in this context is important because his theories place managerial prerogative at the centre of employment relations. Jaques claims that his model of organisational restructuring and the new employment relationship that is formed can increase employee productivity between 50-100%. His methods and generalisations have been criticised as unitarist (see Botsman, 1996a, 1996b).

The actions of Rio Tinto have given the work of Jaques certain notoriety, yet his work is not synonymous with individualism (for example, he does even use the term). What he does provide through his writings is a methodology about changing workplace relations; and his conceptions about power relationships and control structures at work have been seized upon by some who see his ideas as having a strategic fit with New Right theories of human resource management, suiting a particular agenda associated with de-collectivising employment relations. For this reason, the ideas of Jaques are worthy of examination. The first part of

this article examines management theories and the growth of individualism. The second part discusses Jacques' theories of organisational change. The final part discusses the implications of his ideas on collective labour.

Management Theorists and Workplace Change

Understanding managerial theories such as those proposed by Elliott Jaques, and their practical application to business strategy, remains an important yet neglected area of research. The work of Locke *et al* (1995) and others such as Sisson (1993), Guest (1989), Kessler and Purcell (1992) highlight the growing impact of business profit strategies on human resources management (HRM) and collective bargaining systems. It has been argued that greater competition increases the likelihood of union avoidance strategies and the adoption of individualist HRM practices targeted at the level of each employee, especially in the area of pay and performance. In the Australian context, a number of researchers have begun to assess the role of managerial ideas on business strategies. Sheldon and Thornthwaite (1993) have examined the impact of employer associations on industrial relations policy, focusing on the role of the Business Council of Australia (BCA) in promoting a more unitarist approach to industrial relations. Wright (1995) has examined the theoretical underpinnings of managerial policy arguing that Australian management has adopted a cyclical rather than an evolutionary or developmental approach to labour management in which both high trust and low trust strategies have 'coexisted over time' and the extent to which either are used is dependant upon a range of factors, such as employment size, product markets, and patterns of labour relations (1995: 214-215). Bennett (1998) has argued that a rise in employer militancy is often related to periods of structural change and state intervention in reducing the role of labour market institutions.

The social sciences literature is rich in ideas about organisational change and work reorganisation. In order to locate the work of Jaques in this maelstrom of ideas, it is useful to briefly give an overview of the literature dealing with organisational change. Notwithstanding the numerous variations in national and corporate settings, a number of

common factors can be identified. First, there are the *bureaucratic* and *re-engineering* approaches to organisational restructuring. The writings of Weber have shaped the way in which organisations adopt bureaucratic structures. The ideas of Taylor have influenced organisational design by suggesting ways in which work can be re-engineered by flattening the task structure and controlling each step of the production process through a complex hierarchy of control. Whilst Taylor's ideas were not always adopted by management, they have become synonymous with the concept of 'Taylorism' that has embodied both ideological and engineering approaches to work organisation. Second, there are the *emotional/behavioural* approaches to understanding organisational change that attempt to identify key process that facilitate the production of common or shared sets of beliefs, attitudes, behaviours and corporate culture that will increase productivity and efficiency (Handy, 1985, and Schein, 1992). Whereas Taylorism focused on re-engineering and de-skilling, the dominant theme in this latter part of the literature is that successful enterprises in the new competitive environment are shifting from low-trust to high-trust systems of work organisation and labour deployment to support the introduction of new technologies, to promote commitment to organisational goals, innovation and productivity as a basis for long-term prosperity. This type of dichotomy between low trust and high trust labour policies has a long intellectual pedigree (Fox, 1966) and has been variously labelled responsible autonomy versus direct control (Friedman, 1977); Theory X versus Theory Y (McGregor, 1960); control versus commitment or compliance versus commitment (Goodman, 1986); autonomous and semi-autonomous work teams (Jenkins, 1994), and 'old' as against 'new' models of employment relations (Streek, 1987).

A final trend in the organisational change literature involves *psychoanalytic* approaches to understanding human behaviour and organisational change. These trace much of their intellectual origins to the work of the Tavistock Institute. The Institute consisted of a group of researchers in the 1940's and 1950's who were concerned with understanding the psychoanalytic aspects of organisational behaviour, group dynamics and personality theory. Writers in this vein broadly fall into two categories. First, there are those researchers that seek to understand the emotional effects of organisations as social institutions on

individuals (Fromm, 1941; Baum, 1990). Second, there are those who focus on issues such as leadership, group processes, decision-making, conflict resolution and anxiety/stress management as a means of understanding organisational behaviour (Diamond, 1988; Hirschhorn, 1988). What the above researchers all have in common is that they are imbued with an optimistic vision of organisational life and ability to construct more fulfilling and productive futures. Where they differ is in the extent to which they explore and challenge the nature of power, conflict and the legitimacy of authority in organisations.

The work of Jaques does not fall neatly into any one theoretical category. Whilst his work has intellectual origins in psychoanalytic approaches, his work spans issues such as motivation, decision-making, reporting structures, conflict resolution and leadership. What is unique about Jaques is his *activism*. In the clinical tradition of Freud and Mayo, Jaques sees his role very much as 'hands on'. His writings are targeted at CEO's rather than an academic audience. He approaches organisational reform with a systematic approach to data collection and analysis with the aim of passing on to workplace practitioners a set of competencies, experiences and assumptions for dealing with a fast changing business environment. In effect, the ideas of the scientist thereby become 'knowledge for use', equipping management with all the necessary conceptual 'tools' to reshape and restructure employee relations along a more productive path, one which has no need for third parties in the employment relationship. His approach to organisational restructuring not only places power in the hands of management, but encourages management to introduce grievance procedures, performance pay systems and individual reporting structures that substitute third party dispute mediation with a company controlled system of conflict management. What makes his model of organisational change antithetical to collectivist employment relations is the idea that through the application of his scientific principles, conflict in the workplace can be replaced by equity and high trust relationships between employers and workers.

Individualism and the Role of HRM

The work of Jaques needs to be located in context. In Australia, like NZ, the US and the UK, over the past decade, globalisation and restructuring have resulted in a weakening of the institutions of labour market regulation. Along the way, there has also been an on-going reappraisal of collectivism and the representative role of trade unions. Managerial decisions to adopt individual employment outcomes (eg. individual employment contracts) are founded on a number of assumptions about the employer-employee relationship. Individualism is usually premised on the notion that the interests of employers and employees intersect and that there are common bonds and values that foster 'high trust' workplace relations (Fox, 1966). In addition, it is also assumed that individualism encourages an organisational culture based on co-operation and a belief that fairness will govern the treatment of the individual by the company. This is seen as encouraging individual self interest in the context of a growing bond between employer and employee, making employees more accepting of workplace change and thereby enhancing the capacity of companies to respond to competitive forces. The adoption of individualist employment arrangements places HRM strategies at the forefront of employee relations. HRM has been defined by Storey as encompassing:

“... a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed capable workforce, using an integrated array of cultural, structural and personnel techniques” (Storey, 1995: 5).

According to Boxal, employers' competitive business strategies involve responding to more contestable product markets whereby employee relations practices see to 'to link the pay and conditions of the workforce more tangibly to the needs of the business' (1993: 150). According to Legge (1989), HRM comes in both 'hard' and 'soft' models. Legge suggests that differences between the two are largely incremental. The 'soft' model of HRM is seen as a form of 'developmental humanism' where employees are considered as 'assets' whose intellectual and creative skills contribute to a competitive advantage. This model is

associated with HRM practices that are values-based and built on co-operation, consensus and mutual trust (Legge, 1995: 66). The 'hard' version of HRM is seen as 'utilitarian humanism' where employees are considered costs of production (Legge, 1995: 66). Union relations under these two HRM models range from 'sophisticated' (union inclusion or incorporation) to 'macho' style union exclusion strategies associated with companies such as Patricks' on the waterfront. A number of writers suggest that both 'hard' and 'soft' HRM models are antithetical to union collectivism because both approaches ultimately reduce the power of unions in the workplace (Beaumont, 1995; Legge, 1995; Taylor and Ramsay, 1999). The results are either direct managerial attacks on unions, or more subtler forms such as sidelining unions through employee incorporation with the aims of the company (1996: 44-45).

HRM has both a collectivist and individualistic persona. At a corporate level, there is often a strong emphasis on collective goals and a strong corporate culture, whereas at workplace level there may be an emphasis on individual responsibility, accountability and productivity (Guest, 1989). The ideas of Jaques are founded on the notion of a strong corporate culture and a defined system of authority. Individual accountability is set within this culture rather than being mediated by external factors.

A number of researchers have expressed concern that individualist employment arrangements are more likely to be dominated by 'hard' HRM practices. Generally, under individualism, employer strategy is associated with attempts to either bypass or exclude trade unions and deal directly with employees (Bacon and Storey, 1993; Storey and Sisson, 1993). Over the past decade, employers have sought to exercise managerial prerogative on a range of matters that were once the subject of collective negotiation. Research in the UK suggests little evidence linking individualised non-union working arrangements with high trust HRM strategies. For example, Sisson (1993) has labelled workplaces in the UK in the individualised non-union sector as 'bleak houses' that were characterised as having poor employee consultation practices with little or no employee involvement, higher incidences of 'unorganised conflict' (such as employee turnover and absenteeism), and a higher level of dismissals or enforced redundancies. Sisson also argues that these firms

were also less likely to have implemented HRM/employment policies or grievance mechanisms and experienced a higher level of accidents brought about by a greater failure to comply with OHS requirements. These companies were also more likely to regularly use temporal and flexible forms of labour (Sisson, 1993, based on the third UK Workplace Industrial Relations Survey, 1990). Evans and Hudson (1994) found that individual contracts often have little to do with 'genuine' individual bargaining and are essentially standardised contracts used to by-pass third party intervention in order to secure changes in work practices via unilateral managerial decision-making. Ackers *et al.* (1996) found that the introduction of new HRM practices that might lead to de-unionisation are often more confined to larger unionised work places. They suggest that the relationship between HRM and individualism is more about breaking down collectivist labour regulation than the emergence of a 'new' employee relations model of the type suggested by 'soft' HRM.

According to Legge, this new found interest in HRM is more akin to 'managerial triumphalism' than managers 'seeing the light' in humanely treating their employees (Legge, 1995: 55). Similarly, Keenoy observes that what allegedly passes for increased attention on human resource practices is little more than a 'unitarist renaissance' at the expense of existing and pluralist system of co-joint workplace regulation (1990: 375). Guest and Conway (1999) conclude that the presence or absence of a collectivist framework does not necessarily lead to a 'fairer' workplace'; what is important are the emotional bonds formed between employees and management. Their study highlights the link between employee satisfaction/commitment to the organisation and the perceived fairness by management in dealing with employee grievances (p.386). Their study reaffirms the importance of HRM strategies and employee incorporation at workplace level and it is where the ideas of Jaques become important. His work rejects a confrontationalist approach, preferring a managed process of employee incorporation and commitment. The danger for trade unions is that, in the absence a clear class enemy, union recruitment and organising strategies often founder.

A Demise of Collectivist Employment Relations?

The impact of management theorists such as Jaques needs to be considered in context. For example, there has been a major shift towards the de-collectivisation of employment relations in Australia, both in terms of the labour law and management strategy (Callus, 1997). This is illustrated along a number of dimensions. For example, the legislative underpinning of collectivism has gradually been fractured over the past decade. Under the Federal Labor government (until 1996), the traditional system of conciliation and arbitration represented by the Australian Industrial Relations Commission (AIRC) was progressively deregulated and decentralised, mostly with the support of the Australian Council of Trade Unions (ACTU). The award system was gradually replaced by a two-tier system of union (certified agreements or CA's) and non-union agreements (Enterprise Flexibility Agreements or EFA's) with a strengthening of the award system as a safety net underpinning workplace bargaining.

With the election of a conservative Federal Coalition government in 1996, there was a more fundamental shift towards individualism with the introduction of the Workplace Relations Act 1996 (or WRA). WRA introduced a range of options for making workplace agreements such as union or non-union certified agreements (CA's) and the introduction of non-union employment contracts known as Australian Workplace Agreements (AWA's). These can be either individual or collective agreements and are approved by the Office of Employment Advocate (OEA). Awards are retained for providing a safety net, but are stripped back to only twenty 'core or allowable' matters. These include such matters as wage rates, allowances and hours of work, whereas clauses relating to training, union consultation, union training and union preference clauses are excluded. Whilst WRA aims to encourage greater workplace co-operation, the strategy underpinning the Act involves a number of anti-union elements that include a greater emphasis on 'freedom of association' as a means of de-collectivising employment relations, removing union preference [under awards and agreements], reducing the role of the AIRC in dispute settlement, making it easier for employers to resist unionism and de-collectivise employment relations through 'freedom of association' actions; encouraging fragmentation

through disamalgamation and the establishment of enterprise unions, reducing award conditions that have become 'non-allowable, and threatening the financial viability of unions by opening up large areas where employers can seek damages and fines against union actions in the Federal or Supreme Courts.

There has also been a steady decline in the award coverage of employees with a rise in the use of informal workplace agreements or common law contracts, particularly in high growth areas such as tourism, property, finance and business services. In addition, up to a third of employees in these areas were found to be award free (Buchanan *et al.* 1997). The Australian Workplace Industrial Relations Survey (AWIRS, 1995) found that 26 per cent of workplaces had non-managerial employees on some form of individual contract (Morehead *et al.* 1997: 205-206). The number of AWA's approved by the Employment Advocate has grown considerably, from less than 5,000 in December 1997 to over 120,000 by June 2000 (OEA, personal communication). There has been a steady decline in union membership. According to AWIRS, the proportion of workplaces with at least one union member has declined from 80% in 1990 to 74% in 1995, with the decline most notable in smaller workplaces (20 to 49 employees) where the proportion of workplaces with at least one union member fell from 73% to 64%. AWIRS found that 57% of workplaces with five or more employees were non-union (Morehead *et al.* 1997: 356). Most of the decline was in the private sector (Morehead, *et al.* 1977: 139-140). AWIRS data also confirms the continuing decline in union membership. In the private sector, less than a quarter of the workforce remains unionised. This decline is attributable to structural changes in industry such as a decline in traditional manufacturing, the growth in services, and an increase in the use of various forms of precarious employment (such as casual, temporary or seasonal and contract jobs). This shift is compounded by the perceived structural weakness of union representational structures at workplace level able to resist de-unionisation (Peetz, 1998).

Legislative changes and the gradual deregulation of the labour market over the past decade have provided Australian employers with a wider range of options as to how they wish to manage employment relations. Increasingly management is opting to deal directly with employees rather

than through collective processes involving trade unions. There has been a greater use of performance-based pay and individual appraisal systems and the wider utilisation of direct communication systems with the employees (Morehead *et al.* 1997: 243-245). There has also been a marked increase in the use of a range of employee monitoring devices. These include employee attitude surveys and customer/client feedback programs, and the monitoring of customer service and satisfaction linked to employee performance and productivity. This trend is often accompanied by a decline in joint decision-making or joint regulatory structures at workplace level (Morehead *et al.* 1997; Deery and Walsh, 1998). In some cases the ability of employers to introduce these practices reflects the weakness or absence of workplace union representational structures allowing employers greater freedom to deal directly with employees (Morehead *et al.*, 1997: 335). In other cases, employers are adopting deliberate strategies to bypass trade unions altogether. These range from the use of sophisticated HRM strategies to de-unionise workplaces such as at Rio Tinto (Timo, 1997), preventing unionisation on greenfield sites (van den Broek, 1997) or adopting a 'macho' style management approach of union-busting in the case of the Australian waterfront (Svensen, 1998).

Jaques as an Agent of Change

The work of Jaques has its origins in the Tavistock Institute of Human Relations, which was a product of the Second World War. The Institute was originally set up under the auspices of the British War Office with the purpose of bringing together a 'diverse group of skills, techniques and new procedures for the selection of both officers and men, battle training and tactics, new methods in psychological warfare and techniques for solving problems and maintenance of morale and discipline' in order to better achieve the allied war aims against the Axis powers (Jaques 1947a: 4). The Tavistock Institute sought psychoanalytical solutions to understanding collective human behaviour. The work of the Institute was especially important in laying the groundwork for understanding the emotional aspects of individuals in organisations. This involved analysing leadership styles, group

processes, teams, decision-making, conflict resolution, team working and participative job design (Hollway, 1991).

Prompted by his growing interest in the structuring of relations of authority, equity and accountability within organisations, Jaques left the Tavistock Institute in the late 1950's and later took up a research/consulting position with the Brunel Institute of Organisation and Social Studies (BIOSS). Whilst his psychoanalytical work was focused on industry, he also saw opportunities to identify what he saw as common human behavioural traits that, once understood, could be used to find solutions to broader problems of society such as strikes, unemployment and anomie (Jaques, 1947a: 7). Unlike the scientific model of research that assumes anonymity and impartiality, Jaques saw his role as dynamic and interventionist. Following the examples of Freud and Mayo, he used field research within a clinical setting in order to test hypotheses and develop models of human behaviour. The general object of such an interventionist approach was not less than 'the changing of human behaviours' (*ibid*, 1947a: 60). His interventionist research approach not only sought to develop and apply new psychoanalytical ideas about human behaviour, but also to adopt the lessons of earlier Hawthorne experiments whereby the act of research could in itself become a tool of change since desired 'social change can be accomplished only as rapidly as resistance is overcome and removed' (Jaques, 1947b: 65). His ideas were given practical expression in his long-standing consultancy with Glacier Metal, which proved a fertile ground for testing and refining his ideas. He came to reject the socio-technical approach and its preoccupation with group normative behaviour because, in his judgement, without active managerial guidance, groups left to their own devices would inevitably lead to chaos.

Jaques and Organisational Change

According to Jaques, an organisation is essentially 'an interconnected system of roles with explicit or implicit mutual accountabilities and authorities', a system which, if well managed, should lead to improved organisational efficiency and employee productivity and the avoidance of pathological psychological factors that mitigate against organisational

effectiveness (1995a). The experience at Glacier Metal reinforced his belief that the key to understanding organisational functioning and dysfunction lay in removing conflicts and uncertainties about who has authority and accountability to whom to do what, as a means of structuring group dynamic processes towards more efficient outcomes (1995b). According to Jaques, organisational structures and processes need to be 'requisitely' established and articulated, and the 'people concerned informed of their accountabilities and authority and trained in applying them' (Jaques, 1998: 255). In order to structure the relations of authority and accountability within organisations, Jaques believed that human behaviour and acceptance of authority and accountability could be explained by two key principles: time span of discretion (the temporal characteristics of decisions and accountabilities, such as the length of time that a particular decision takes to affect some part of the organisation) and individual responsibility (the discretion that a person has to complete a particular task in an organisation). For convenience, the application of these ideas can be described as the Jaques 'model'.

In *Requisite Organisation* (1989) Jaques proposed an organisational structure capable, as he saw it, of matching the capacity and tasks of its workforce from the CEO down to the shopfloor. Each layer in an organisation should be set by the time span involved in decision-making, so that each layer would have a defined set of 'requisites' that would match task and discretion that, in turn, are linked to a set of accountabilities. These 'accountable hierarchies' or systems of control could then be linked to payment systems based on the requirements of each layer. Pay relativities would be set according to the requirements of each layer. In addition, authority structures would be more direct whereby each employee would report "one on one" to a senior manager, usually at least two levels in the hierarchy above the employee (and the employee's immediate supervisor). According to Jaques, this has the effect of promoting the perception of equity in management dealings with employee grievances, thereby reinforcing the notion of individual accountability as opposed to collective accountability under union collective bargaining.

Jaques's model suggests that organisations can be divided into eight natural layers of accountability and time span and discretion: one day,

three months, twelve months, two years, five years, ten years, twenty years, and possibly up to fifty years (1982: 78). Each level corresponds with particular characteristics. The complexity of level one involves a continuous flow of basic tasks involving a very short time span. Each stratum above level one is defined in terms of those undertaking work in longer time frames, analysing and directing the efforts of those in the layers below. The second level is associated with diagnostic functions involving a time-span of twelve months or more. In practice, most employees would fall in these two lower layers, whereas senior managers would occupy the higher levels. Level three is associated with complexity and the ability to develop a logical path that may consist of many steps. Level four involves the capacity to choose from an array of different choices with possible conflicting information, in order to develop an end objective. Level five involves bottom-line forms of time-span such as accountability of running a business. Levels six and above refer to decision-making of top organisational managers responsible for corporate decisions.

Locating employees according to the requirements or 'requisites' of each layer, according to Jaques, would involve breaking down the specific tasks and accountabilities for each job and ascertaining the cognitive capacity required by the employee to complete the job successfully. Employee cognitive capacity could be scientifically measured using the time-span of discretion of each job. Simple tasks often have a short time span: a repetitive assembly line job may have a time span of less than a minute; while a CEO might be expected to produce long term corporate plans. Each strata is based on the complexity and time it takes to complete an organisational task with levels of pay and pay differences determined according to time span and organisational function. The way to progress in a bureaucracy structured in this way is for an employee to prove to a superior that he or she can handle more complex tasks involving not only greater difficulty, but also increased time span (Jaques, 1982: 68). Each organisational layer would have a predetermined number of tasks, functions and accountabilities or 'requisites'. These, in turn are linked to a particular payment level and accountability structure. The differences and tasks allocated between layers is never made clear; rather the model is based on a set of assumptions that are universally applied to all organisations irrespective

of the function or context. In addition, his model assumes the existence of a universal pattern of organisational layering for managerial and supervisory hierarchies, including universal perceptions of fair pay.

Restructuring the Psychological Contract of Work

Jaques's ideas involve a complex intertwining of psychoanalysis, social and behavioural psychology. Whilst Jaques does not use the term 'the psychological contract', his work is founded on the creation and manipulation of the emotional and psychological contract between the individual and the organisation. The aim is to achieve what he describes as the 'transference' of ego involvement so that an employee's value or belief system becomes congruent with that of the dominant corporate culture. This psychological contract is defined as a set of beliefs and expectations held by the individual of the organisation that, when satisfied, will ensure that the individual will expend unrestrained energy, skill and talent towards achieving the goals of the organisation. Similarly, the organisation fosters a set of expectations of the individual in terms of rewards and punishments. Organisational effectiveness is maximised when the psychological contract between the organisation and the employee are in balance through this process of transference (Jaques, 1989; 1991). The outcome is to generate what Fox (1966) termed high trust relations. In high trust organisations, employees lay their faith and trust in the organisation treating them equitably, rather than a reliance on third party collective employment security. Jaques' approach involves two key dimensions: pay setting and control structures.

In relation to pay setting, Jaques rejects collective bargaining, which he sees as collusive, the ultimate effect being to devalue of the labours of talented and gifted individual employees in favour of collective outcomes. According to Jaques, the collective approach of unions would never let 'clever' employees rise above their peers (1982). Jaques objects to what he sees as the 'coercive nature of bargaining' whereby wage outcomes are determined according to the 'relative bargaining power of each group rather than the intellectual capabilities of the individual' (Jaques, 1982: xix). Collective bargaining according to Jaques is

dysfunctional'...independence of action is a fiction; the extant situation is the employer is not free to negotiate any conditions with one group which might be unacceptable to others' thereby forcing unsatisfactory conditions on everyone (Jaques, 1976: 197). Under his model, wage relativities would be set scientifically and not by 'how clever...employers are in bargaining down the rates of pay of their employees' (Jaques, 1982: 94). Rather than relying upon the negotiation skills of third parties or market forces, his model sets wage relativities according to individual capacity, skill and responsibility. Individual reward would then be matched by the individual's ability to progress, thus reducing stress and anxiety and organisational dysfunction, thereby ensuring equity for all.

Wage relativities would be set according to an assessment of the contribution made by each individual at each level. However, his model borrows from traditional principles of comparative wage justice. According to Jaques 'so long as the pay relativities are felt by employees to be spread [fairly]...the general level of pay attaching to the grades can be raised or lowered depending upon economic circumstances, while retaining intact the differential spread and thus everyone's sense of being differentially fairly treated. Everyone gains or loses together...' (Jaques, 1982: xix). The difference is that management sets the height of the bar. Jaques model serves to reinforce the positive aspects of a strong corporate culture mainstreaming employee beliefs and values with the aims and objectives of the company:

... the immediacy of relationship makes it possible for all employees to feel and indeed to be in contact with the objectives of the enterprise... The clients or customers can be seen by all, and may be dealt with directly by all. Every employee is in direct contact with the significance of his work for the whole. It is this awareness of the entrepreneurial activity, and the likelihood of involvement in it, which helps to give to such institutions the tone of quality ... (Jaques, 1976: 309).

In relation to control structures, management plays a key role as facilitator by not only being held accountable for their own work but also the work of their subordinates. The importance of Jaques's approach is that his model is based on strong managerial leadership. It justifies the

elimination of craft barriers and occupational skill domains and third party setting of wage relativities. By building trust in one's employer, traditional trade union security arrangements such as craft consciousness, collective voice, membership organising and union wages strategies become weakened.

The Impact of Jaques on the Collectivist Ideal

To date no systematic analysis has been conducted to assess the outcomes of his model on organisational change. His ideas have found ready converts amongst companies such as Rio Tinto that have adopted his model as an integral part of broader business and profit strategies. His approach to employee governance challenges the collectivist approach. By deconstructing collectivist employment structures and reconstituting a structure firmly in the hands of management, his model delivers to management unprecedented prerogative. The decision to adopt, implement, monitor, and assess the role of the individual in the 'requisite' organisational model is firmly in the hands of management. A strong corporate culture ensures that employees have limited choices: they are either 'in or out'. The most common vehicle for introducing Jaques's model is through individual staff contracts. Such contracts often include performance pay systems, termination clauses as well as internal company based grievance procedures. Such contracts make winning the 'hearts and minds' of employees unnecessary. Once signed by employees, they have cogent reasons to align their goals with those of the employer.

Whilst the model is dressed up in the language of equity and individual enhancement, it offers no choice as to the direction of organisational change and there is no appeal against the model itself. The model is monolithic and employer sponsored. As Legge observes, the pursuit by employers of the 'soft' normative or developmental model of HRM [may end up] nothing more than a mirage, retreating into a receding horizon' (Legge, 1995: 339). In addition, according to Amado, there is lack of empirical evidence to support the model, and what evidence exists supporting the models derives from Jaques' own work. The model appears to be a 'one size fits all' approach to organisational change and development (1995: 352-353).

The inherent assumptions Jaques makes about the benign role of management and the unproblematic nature of power and control deflects attention from the questions associated with the legitimacy of power and authority in organisations. There is no room in his theorising for examining the processes by which power and authority are challenged. However, it is his ideas about the legitimacy of power, authority and accountability that provide the clearest evidence about the impact of his ideas on collectivism. Under his model, the individual's relationship with his or her immediate supervisor becomes the most important element of the employment relationship. For unions, collectivism defines their relationship with the individual as a collective outcome. Jaques's model of organisational change substitutes a third party arbitral system of regulation with an internal, company based system of employer monitoring and control. For unions, the problem of Jaques is that his ideas usurp the collectivist ideal, substituting it by 'benevolent' management. A wolf with a penchant for cross-dressing still remains a wolf. The challenge for unions is to resist both at the level of ideas and on front line in the workplace. The model of organisational change set out by Jaques removes the basic ingredient of collectivism such as mutual protection, assurance and representation by setting up organisational structures that, on the surface, appear to provide a structure for mediating conflict, anxiety and uncertainty.

However, his work is never located in a neutral setting. According to Bennett (1998), the rise in managerial activism often coincides with periods of structural change and active state intervention in deregulating the labour market and this was true in the case of Rio Tinto. The adoption by Rio Tinto of the ideas of Jaques was essentially opportunistic and provided the necessary methodology for Rio Tinto to abandon collective workplace regulation. Rio Tinto (then CRA) first tested its de-unionisation plans through its subsidiary, New Zealand Aluminium Smelters (NZAS) in New Zealand (where the ruling National Party had already passed legislation introducing individual contracts) and only transferred the plan to Australia when the legislative conditions in Australia at a federal level were right (Timo, 1997). Despite setbacks in decisions by the AIRC in Australia, Rio Tinto continued its push for individualised contracts, ultimately using the threat of job losses as a means of persuading employees to accept individualised contracts,

resulting in the elimination of the distinctions between 'white' and 'blue' collar work, introduction of a single status workforce (eg. the introduction of a company uniform), introduction of greater labour flexibility and annualised salaries, greater employer discretion over work allocation, promotions and performance evaluation, and introduction of company specific grievance procedures (see Timo, 1997). Clearly, despite the appeal of his theories, social and legal contexts remain important factors in shaping company business and employee relations strategies in practice.

Writers from the Webbs (1902) to Phelps Brown (1988) have argued that the basic reason for having unions is to provide mutual protection for workers from the unfeeling impact of market forces. This line of argument falls into the 'defensive' theories of the labour movement, where trade unionism is seen as representing the development of groups for advancing and protecting the collective interests of labour under industrialism. Acceptance of a role for unions in collective bargaining remains built upon notions of the need for equity and equality in the work relationship, manifested in collective representation and responsibility (Frazer, 1995: 54-5).

Whether unions should co-operate with HRM models such as those proposed by Jaques remains a vexed question. Writers such as Bacon and Storey argue that the real challenge for trade unions is to grasp the 'nettle of individualism and separate out those aspects which are not acceptable' (1996: 70). Accordingly, unions need to develop a more sophisticated understanding of the differential impact of individualism. Under this approach, the assumption is made that employees are capable of displaying a dual commitment to both the company and the union. However, Taylor and Ramsay (1999) argue that union collectivity will always be compromised by HRM. Using examples drawn from the UK, they reject the notion that the rise of union-employer partnership agreements heralds a new dawn of in employer-union co-operation, because these agreements 'are typically imbued with the vocabulary of co-operation and mutual trust' yet afford little real power of veto [to unions] over the exercise of managerial prerogative' (1999: 137). In the case of Rio Tinto, Jaques ideas were used to camouflage a de-unionisation policy where individualism became a 'closed bargaining

process'. In the long run, unions may well find their role diminishing as management adopts a frame of reference unacceptable to them.

At the core of the problem is the nature of waged labour. As Kelly (1996) argues, those that advocate moderation may have 'seriously underestimated the antagonism of employers to the presence of unions and collective bargaining' and can seriously weaken union workplace organisation and leave them 'vulnerable to employers' attacks, because they erode both the willingness and capacity of members to resist and to challenge employer demands' (p. 101). By contrast, militant unionism does not depend on employers or the state for survival, embodying instead a recognition of the 'antagonism of interest between workers and employers' and builds on the only reliable foundation, namely its membership and their willingness to take collective action' (p.102). Whilst Kelly goes on to argue that 'militant unionism does not preclude collective bargaining relations with employers' (p.102), it is pertinent to recognise that, in practice, union attitudes and responses to new managerial practices are both complex and multi-layered (Martinez Lucio and Weston, 1992). If an imaginary line in the sand is to be drawn, two pertinent questions are raised. First, where should the line be drawn, that is, at what point do unions decide to bargain with management? Second, once the line is drawn, what issues should unions be prepared to bargain about? Whatever the answers, the maintenance of collectivist approaches to collective bargaining remains a core feature of a successful union membership strategy.

Conclusion

This article has attempted to fill a gap in the literature concerning the role of management theories in shaping broader business and HRM strategies by focusing on the ideas of the management theorist Elliott Jaques. According to Jaques, human behaviour in organisations must be understood in the context of the authority and accountability structures within organisations. The key to understanding organisational function and dysfunction lies, according to Jaques, in understanding the conflicts and role ambiguities of the tasks and accountabilities of each employee. Jaques argues that organisations should be designed 'requisitely' in terms

of patterns of authority and accountability, ideas that he subsequently formulated into a distinctive organisational design based on layers of authority and structures of accountability. According to Jaques, this way of analysing and designing organisations ensures that the exercise of power and authority becomes clear, orderly, efficient and humane.

However, his approach assumes that managerial power is 'all things good' and deflects attention from wider questions such as the legitimacy of power and authority and the way in which authority and power are challenged. His model simply assumes the legitimacy of managerial power and authority without acknowledging the role of third parties in moderating the employment relationship. Companies such as Rio Tinto have used his ideas as part of a broader business and de-unionisation strategy. The conclusion points to the need for unions to understand the different dimensions of managerial theories in order to formulate appropriate strategies to maintain workplace representational rights.

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