Chapter 15

Individualism versus Collectivism in Industrial Relations

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Introduction
Over recent decades, the world economy has gone through radical changes in response to competitive pressures in globalising product and service markets. The removal of trade barriers has paved the way to a significant increase in international competitiveness, leading in turn to new employment relationships. There has been a proliferation of part-time work, temporary work, contract work and home working. Long, ‘just-in-case’ runs and inventories in the manufacturing sector are something of the past. And, as if this is not enough, breakthroughs in information technology have opened new horizons and ushered in new forms of employment relationships that are complex and diverse.

Unemployment worldwide has increased to relatively high percentages. Some sectors have shed more jobs than others, whilst in some sectors, specifically in information technology, new job opportunities have emerged. Employees are now more than ever exposed to the pressures of highly competitive product and labour markets. On the other hand, management strives to improve productivity, intensifying labour input and implementing cost reduction exercises.

The Maltese labour market is not spared from this evolving and constantly changing industrial scenario. Employers are taking corrective measures to minimise as much as possible the adverse
effects to their businesses that might put them out of competition in their relative field of operations. Business strategies, such as company take-overs, mergers or the transfer of operations to new pastures where operating costs are cheaper, are obliging trade unions to adopt new counter strategies which will protect the viability of firms but not at the cost of worker exploitation or their own membership decline. This scenario has given an impetus to new work ethics and working standards.

What are the implications of this dynamic to employment relations? Does it suggest that individualism is gaining ground in an environment where harsh competition between organisations obliges them more than ever to recruit and/or retain their best employees? Are attractive individual packages to prospective new entrants to the labour market and to workers in existing employment bent on doing away with trade unions? Faced with these structural changes in the labour market, management is on one hand introducing policies that make use of the collective aspects of the employment relationship, such as team working and employee participation in decision taking; but, on the other hand, also targeting the individual employee.

This tension between individualism and collectivism is the central theme of this chapter. It seeks to use the concepts of individualism and collectivism as the backdrop towards a better understanding of the changing trends in the Maltese industrial and employment relations. This sober and timely assessment should be of benefit to those involved or interested in human resource management practices.

Fieldwork data has been collected using two methods. Focused case study research has been undertaken in a foreign owned company in which the author has been employed in a senior management capacity for several years. Semi-structured interviews were then conducted with the general secretaries of major trade unions and the human resource managers of mainstream 'model organisations' (after Storey, 1992) that recognise trade unions and
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are considered to be implementing effective human resource management techniques.

Collectivism versus Individualism
In an employment relationship, one finds that both group and individual dynamics are involved. Within groups, members have an explicit or implied purpose to which they work. Group behaviour shows how workers combine and cooperate to bargain over wages and working conditions but also to control or influence the pace of work, to create meaning in otherwise alienating work processes, and to protect themselves from 'overwork' and particularly from 'unremunerated work' (Blyton & Turnbull, 1994:30; Turnbull, 1988:101). In industrial and employment relationships, the purpose of these groups is to seek the best working conditions as much as possible whilst retaining a harmonious and cooperative relationship. This does not exclude the shuffling and jostling for an advantageous position of one group at the expense of the other. These groups are composed of individuals, each of whom has his/her own particular aims and purpose in both the industrial and employment relationship. However, within the tasks assigned to the group there will be goals relevant to the group as a whole, that is, goals related to group functioning. These goals may be formally stated, or else remain implicit. The interests of such groups and individuals will tend to converge on some issues and diverge on others. However, shared interests unite groups in an employment relationship. Large and complex organisations might have a greater tendency to adopt a pluralist approach; whilst in small and often owner-controlled organisations a unitarist approach might be more appropriate (Cassar, this volume). It could it be said that, in the wake of human resource management strategies, a more individualistic approach in an employment relationship might be emerging.

Human resource management (HRM) appears to have little to
do with industrial relations. The underlying values in HRM policies and practices appear to be unitarist and individualistic in contrast to the more pluralist and collective values of traditional industrial relations (Guest, 1993:43). HRM is unitarist to the extent that it assumes that no differences of interest between management and workers do, or should, exist.

HRM values are individualistic in that they emphasise the individual-organisation linkage in preference to operating through group and representative systems. Both the formal and psychological contracts offered to workers within an HRM philosophy are similar to those typically offered to managers. Hence, such HRM values leave little scope for collective arrangements and assume little, if any, need for collective bargaining. The introduction of more individualised forms of pay linked to performance, as well as competition for promotion between individuals, has further underscored moves towards an individual and away from a collective industrial relations system.

Of concern to trade unions in Malta is the fact that with the introduction of HRM practices and their emphasis on teamwork, flexibility and individual commitment, employment relationships will tend to become 'individualised'. These practices are thought to subject employees to increasingly identify themselves with the organisation. Consequently the workforce will manifest a reduced interest and commitment to the union. The latter loses the contest for worker loyalty (Montebello, 2000:53).

This condition is predominately evidenced today in the Maltese banking sector, where decisions on promotions, salary increases or bonus payments are based largely on individual performance assessment rather than on seniority as most of the employees in this sector have been accustomed. These practices are giving the employment relationship in this sector a stark individualistic twist (Davies, this volume).

Since workers occupy a subordinate position in the employment relationship, their collective definition of interest is subject to
repeated challenges by employers as they try to redefine and realign worker interest with corporate goals (Kelly, 1998:4). Technological setups (such as in an assembly line) and individual bonuses might generate excessive individualism. Employees can become so individualistic in their approach to work that they become atomised in their personal life-world and despondent or indifferent about others as a result (Borg Bonello, 1994:564).

Nevertheless, a number of commentators (Bacon & Storey, 1996; Guest, 1993; McLaughlin, 1996) have noted that there is a risk of overlooking the ‘collective’ dimension of HRM. This collective aspect is embodied in such initiatives as team working and quality circles. Indeed, tensions may potentially arise between the individual and collective aspects of the same HR practice or strategy (Legge, 1993). When these initiatives are deployed alongside an ‘open door’ communications and guidance policy, they could act as an effective and appealing alternative to traditional trade union affiliation and mobilisation (Baldacchino, 2003). In their collective bargaining, unions are themselves internalising and embracing more of these HRM policies and practices. However whether trade unions are being drawn into a more individualistic approach in industrial relations is a matter of continuous debate.

Hence, it could be said that HRM poses a considerable challenge to traditional industrial relations and more particularly to trade unions. At the same time, HRM is not necessarily anti-union, though its focus is more squarely on the individual employee. Consequently, the focus shifts from management-trade union relations (known as industrial relations) to management–employee relations (known as employment relations). Whether this shift is leading to the fracturing of collectivism is a complex matter to deliberate. As Gardner & Palmer (1992:7) state:

"... there are many factors beyond the direct control of individual employees and employers, and groups of employees and employers, which seem to effect strongly and even direct their actions".
Collectivism/Individualism in Employment Relations

Employers, via their representatives, purchase the presence of people and their declared willingness to work that must be converted into effort. Consequently, management perceives employees as a commodity to expand production. Control is either by compliance with the rules governing employment - such as codified 'work rules' or management authority - or else by the workers' enthusiastic commitment that renders the rules unnecessary (Eaton, 2000:3).

It is often stated that the 'employee voice' is suppressed, irregular and informal; pay determination more individualistic; and job security deteriorating at a rapid pace (Millward et al., 1992; Sisson, 1993). Attempts to formulate strategies and introducing employment contracts that might do away with unions could be tantamount to a management strategy to introduce employment relations. This move could also be contemplated as a cost reduction effort and as the implementation of a low cost pattern in the operative methods of firms. Sometimes this could include transferring selected groups (such as senior grades of employees) onto individual 'performance' contracts. Storey (1992) and Sisson (1993:230) have indicated that there has been a movement away from previously prevailing 'collectivist' aspects such as extended collective bargaining, jointly agreed procedures and reliance upon communications through trade union channels in the U.K. In Malta these indicators could be found in new local and foreign investment as they adopt a non-unionised policy. In contrast established 'household name' organisations, that is, organisations that are looked upon as providers of relatively strong job security and good working conditions, are generally more geared to open communication channels with trade unions (Montebello, 2000:32-43). In the Maltese labour market, a number of structural changes - the changing balance of the manufacturing and service sectors, the mixture of full-time and part-time workers, downsizing of business units, restructuring and reengineering of organisations - all suggest that collectivism might be experiencing a serious threat.
Zammit (1994: 501) noted some significant shifts in Maltese work ethics. He argues: “the emerging orientation would incorporate a variety of traditional and modern values, possibly in a re-shuffled order of priorities.” However he also remarked that the higher incomes available for work have not shifted attention to other aspects of work but simply raised expectations for an even higher standard of living and thus more income. Shifts from social solidarity with fellow workers to social status as a basis for respect were noted. This could be the influence of the wider society on the employment relationship. Thus:

“Explaining the nature of the employment relationship necessarily involves considering the culture, the values and norms of the wider society and the institutional arrangements which ensure that appropriate normative obligations are internalised, developed and reinforced by each generation” (Brown, 1988:61).

Work and non-work experiences of trade union members may have developed a set of assumptions that provide a paradigm within which they expect their organisation to function (Zammit & Rizzo, 2002). Perhaps trade unions have started to decode this paradigm as they are reformulating their basic purpose and their internal structure by promoting workplace change, education, training and career development of their membership. This is being done in an attempt to maintain employment and avoid stagnation. Consequently these variations from their traditional role have raised questions about the purpose of trade unionism and whether collectivism is experiencing cracks and dents.

Yet, there is no clear-cut demarcation line between individualism and collectivism, since they can also complement each other. It is appropriate to quote Trompenaars (1993:55), who argues that the relationship between individualism and collectivism is “essentially circular”:

“going through...cycles, but starting at different points and conceiving of...[each other] as means or ends. The individualistic culture sees the individual as ‘the end’ and improvements to
collective arrangements as the means to achieve it. The collectivist culture sees the group as its end and improvements to individual capacities as a means to that end”.

**Field Research**

The choice of a research topic may be affected by a variety of issues, most of which have to do with the interests and values of the researcher (McNeill, 1990). In choosing such a topic based in industrial and employment relations, I was influenced by my own experience as factory worker in the mid-seventies, where solidarity and collective action was very much in evidence and often taken for granted. I also had the opportunity to serve for a short time as the shop steward of a leading trade union in Malta. Now, sitting as I do on the other (that is, the management) side of the fence, I am perhaps instigated to take a closer look at the pros and cons of the individualistic approach in employment relations. This does not mean that my belief in collectivism has waned; rather that I am quite uncertain of the presumed benefits of individualism in Maltese labour relations. Rather, it still appears common to hear that having a unionised workplace is likely to mean a peaceful and stable working environment, especially in the private sector, and at least during the term covered by a collective agreement. Yet, the possibility of employers contriving to by-pass the union does exist and is more prevalent among the skilled and unskilled manual workers (Zammit & Rizzo, 2002). Assuming that this is true, then one might ponder on the outcome of the introduction of HRM policies and practices on these two categories of workers. This could be the cause of friction in the relationship between management and union as an organisation attempts to realign its operating practices to new approaches in managing people? However, as times change, new and innovative ideas of managing people are brought along. It may yet remain possible to combine the benefits of individualism and collectivism.
The question that this chapter poses is not whether in Maltese employment relations collectivism and/or individualism exist only at shop floor level while individualism is more prevalent at higher hierarchical positions; there is also the concern as to whether there is a shift to a more individualistic employment relationship in a general sense. I would argue that workers at every level of an enterprise are more likely to prefer to negotiate their own conditions of employment, without participating in a collective negotiating process. The concept of "instrumental orientation to work" (Goldthorpe et al., 1968), which is associated with the affluent worker, suggests that workers look at their job as a means to an end. Could it be that an instrumental orientation to work, linked to an individualistic calculative approach, is preferred by Maltese workers?

Case Study: Bags Ltd
The case study of a medium sized manufacturing concern, here given the pseudonym of Bags Ltd., is based on several months of observation and informal talks with its employees. Although there is no 'closed shop' in Malta, union affiliation at Bags Ltd. was above the 95% mark and union representation was held by one trade union. The workforce consists of mainly female employees, almost all of whom are some 24 years of age. This situation contrasts with the evidence that female employees in Malta are less disposed to join a trade union than their male counterparts (Baldacchino, 2003). Working conditions and wages are negotiated on a collective basis. Meanwhile, first line and middle management willingly refrain from trade union membership. Thus, they do not benefit in total from the negotiated package between the company and the trade union. However they do benefit from other working conditions, features of which are not necessarily made known to other shop floor employees. Top management is employed under a fixed contract that is individually negotiated between the respective
manager and the company director/s.

Management seeks an effective though often elusive balance or mix between collectivism and individualism in the employment relationship. Challenges face the company as to how to accommodate the collective obligations whilst, in the same instant, reward individual initiative. From a collective point of view, management has always been disposed towards collective bargaining with the union representing the majority of employees. This process is repeated every three years. However, from an individualistic point of view, management has introduced performance bonuses linked to productivity. Hence employees strive to reach individual targets set by management and thus earn extra cash. Whereas the collective agreement is common to all and has a broader sense, a performance related pay is targeted to the individual. The trade union has not objected to this initiative.

Each individual employee calculates how and when to exert pressure on the supervisor/s, so that the work allocated to them is the most advantageous to them individually, and thus allows a maximisation of the performance bonus. The production process is fragmented into small operations, where every operation is time-and-motion studied and minutes are allocated to each and every production step. Occasionally, conflicts arise between workmates about the allocation of production operations. This stems from the fact that some production steps are more strenuous than others and thus more effort is required. The supervisors make every effort to allocate duties fairly taking into consideration the various capabilities and limitations of each employee in his/her section. Yet, on such occasions, it is quite common that the validity of the time allocated for a particular operation is contested.

Every product is thoroughly examined by the production engineer and disaggregated into a series of small operational steps. Each production step is ergonomically studied to establish the most effective and efficient method for its execution. Once this is done, each step is time studied so that a time element is allocated. The
time content varies from just a few seconds to a couple of minutes per piece. Each operator is then assigned specific tasks, each of which has to be finished in accordance with the pre-set time established during the time and motion study. Thus, each operator's individual performance is calculated on the number of pieces produced over the time taken to finish the task; a monetary bonus is paid according to a scale agreed upon in advance between the management and the trade union. This monetary bonus ranges from 2.5% to 16% of the employee's wage. The total composite wage is some 20% higher than the national minimum wage as established by national legislation.

Overtime management reveals another clear example of the need to consider a mix of individualist and collectivist management practices. When a heavy demand for the company's products arises and delivery schedules are tight, management requests workers to work overtime. These extra hours are seen by some as a blessing since this generates extra income, whilst others (especially working mothers) consider it to be an added burden because it typically interferes with family commitments. It is very common to find female employees, who have never refused to work overtime when they were still single, object to being asked to work overtime once they get married. Other workers who may have part-time employment elsewhere also refuse to perform overtime. These divergent views on overtime create problems for the management and oblige the exercise of discretion. On one hand, management needs the collective effort to meet tight delivery schedules; but, on the other hand, due attention has to be given to the individual employee's request and condition where any such understanding and concessions are, or may be, in order.

The company places a strong emphasis on team-working and employee involvement. It is a core management goal to ensure that employees are motivated towards achieving the intended organisational aims. Management involves the trade union through its workplace representatives in a participative way when HR
policies are being drafted. Middle management performs a fine balancing act daily to satisfy the needs of both operators and management targets. They have to instil a spirit of teamwork so that the production targets laid out by top management are attained. Often, managers have to be imaginative in order to satisfy an individual wish that somehow goes beyond the terms and conditions of employment as agreed in the collective agreement between the company and the trade union representing the employees but which they may nevertheless consider to be legitimate.

Responses to Individualism/Collectivism

Trade Union Response
To be fair, trade unions are finding it difficult to keep the collective act together. This is attributed to both an improved standard of living amongst workers, the improvement in employment relations generally amongst core employees and/or the ‘back to the wall’ situation which sometimes employees are faced with due to economic slow-down. Another factor is worker mobility between economic sub-sectors which accelerate the pace and mode of competition in the labour market. This sometimes gives rise to a weakening of the bargaining power of employees and trade unions, thus compelling employees to seek out working conditions that are beneficial to them individually in order to secure their livelihood. This is largely noted in banking, information technology and other service-related jobs, where individual contracts are mostly to be found. Still, trade unions are experiencing instances whereby employees working under individual contracts are seeking out trade union advice and help when difficulties are encountered. Of concern to trade unions is the fact that certain levels of management are denied the right to join a union: a principle now enshrined in local labour legislation. Individual contracts are viewed as the
cause of antagonism and jealousy between many employees. It is reckoned by trade unions that individualism is promoted by management as an alienating factor for employees not to see the benefits that might be achieved if employees act collectively. From the point of view of trade unions, management is marketing individualism as something modern and trendy; yet, if the situation is analysed dispassionately, one could conclude that the practice is a real threat to trade unionism. Contrary to international trends, union membership in Malta remains high and the decline in membership has been insignificant. Except for a freak year in the mid-1970s, trade union figures in Malta have always increased from one year to another until 2002 (Baldacchino, 2003). This may be attributed to the fact that trade unions give a lot of individual attention to their members, even on an individual basis. HR practices such as performance related pay and team working might be having an impact on collectivism. However, unions are adjusting to these practices and, in line with other European trends, they are taking the effects of globalisation in their stride. Hence trade unions have had to ‘sacrifice’ collectivism to safeguard jobs in turbulent economic times.

The preferred form of employment relations from the point of view of trade unions in Malta is through enterprise-based collective bargaining, with the minimum conditions of employment being established, protected and steadily improved by legislation. Incorporated in this bargaining are also incentive schemes targeted for individuals. The propensity of individual contracts is changing the working mode of employees. Strict adherence to conditions laid down in the contracts is accelerating individualism as it relates to the relationship between workers. The collective aspect is rendered more difficult as individual contracts vary in many forms and would require personalised representation should the need arise. This would be costly in time and resources if trade union membership must cater for members working under such an employment relationship. Therefore,
employees working under individual contract conditions, more often than not, have to sort out difficulties that might arise in their employment relations on their own steam.

**Human Resource Management Response**  
The principal aim of HRM is to see that policies and practices adopted are in synergy with the overall strategy of the company. However, since individuals differ, HR managers must find practices that are suitable to meet each particular individual's needs, abilities and expectations. The range of employee interests that can be pursued through the employment relationship is diverse. Such interests include job security, higher wages, equal opportunities, socialising, training and career progression. All these interests are prioritised and assigned their specific importance differently by individual workers. Pressures from various quarters accentuate improvement to living and working conditions. Family demands create pressures on the employee to ameliorate his/her take home pay. Age shifts the balance away from extrinsic to intrinsic satisfiers, or the other way round. These pressures are counter balanced by management's intended strategies for maximising resources and profits.

Working cultures are also changing. Workers have become more affluent and are now more concerned than previous generations with the acquisition of consumer goods and services. As argued by Fox (1981:81), employees are likely to learn, albeit slowly, a new culture and a new orientation. Such learning may divert the individual's interest away from intrinsic rewards to the extrinsic factor of income. Shifts in this direction have been noted in the Maltese workforce. The higher incomes available for work nowadays as compared with those of the past have raised expectations for an ever higher standard of living and thus for more incomes (Zammit 1994:501). Individualised incentive packages are possibly the closest practice that HRM can come up with, short of a fully-fledged individual contract. Yet, collectivism may supersede
individualism for certain HRM adherents. This is reflected in teamwork where the emphasis is on team spirit. Accordingly, individual assessment is being transformed into group or team assessment. Consequently, this 'Theory Z' approach (Ouchi, 1982) applies group pressure on individuals who do not perform up to the group standard.

HR managers are faced with individuals who prefer individual rewards as opposed to the sharing of rewards with other group members. It could be said that an egocentric type of employee is evolving as individuals are expecting more attention and ownership in an employment relations framework. Individuals with more abilities than others expect to be treated differently. Hence performance related pay and qualification allowances are part and parcel of a collective effort by management to move with the times and to seek to retain their best employees and attract other potential new entrants in the labour market. This policy is probably leading to more individual contracts being put on offer. Yet, this type of employment relationship can create jealousy between employees and can also demotivate, if the working conditions offered vary widely.

Organisations operating in the same sector of industry have a tendency to be knowledgeable about the goings on vis-à-vis rates of pay and working conditions within the sector. Thus, if the organisations operating in the same sector are content with their market share, it is likely that their rates of pay and conditions of work will be very close or at par with those of their competitors. However if an organisation needs to recruit a worker from within the same sector for his/her special abilities, 'poaching' could be put into action, by offering a customised and attractive wages and working conditions package. Such a package can be way above the average offered in that sector, which could consequently lead to an upward spiral effect in wages and working conditions.
Implications for Individualism/Collectivism

Perhaps a trend towards a maximisation of personal interests in the Maltese employment relations can be observed. HRM functional policies and practices in organisations where HR managers were interviewed seem to bear an affinity to Guest's (1993:43) views. Guest argues that HRM policies and practices are unitarist and individualistic in contrast to the more pluralist and collective values of traditional industrial relations. Although the emphasis may be on teamwork and group initiatives, the focal point in the relationship between employees and management seems to be the individual *per se*.

At the first instance, such an emphasis can be looked upon as a threat to collectivism. An underlying fact is the perception by trade unions that individual contracts are a factor which is alienating workers from the benefits that only collectivity can offer. Consequently, an uncertainty arises as to whether unions are inevitably undermined by HRM and whether this could lead to even more individualised employment relationships (Katz & Darbishire, 2000:275). In the Maltese scenario, trade unions are still very strong and influential. The increase or insignificant decline of membership could perhaps reflect this line of thought. More than 20% of the gross Maltese population is registered as trade union members (Baldacchino, 1993). Maltese trade unions give great personal attention to their members and their families. However, it is still uncertain whether this attention is an influential factor on the employee's attitudes and behaviour in the relationship between them and their employer.

Trade unions view collective bargaining as a tool to control working conditions and to prevent their erosion in a downward spiral. However, concessions are accepted in order not to suffer a painful decline. Unions appear to be preparing themselves to meet halfway or half-heartedly such changes in employment relations that are deemed suitable or inevitable to meet to-day's competitive challenges. In some sectors of industry, most notably in banking,
real estate, insurance and IT, there is a tendency towards more individualistic types of employment relationships (Baldacchino, 2003). Multinational organisations operating in Malta seem to be in a better bargaining position than smaller organisations to impose and introduce changes in employment relationships, thus compelling unions to accept concessions. These concessions may differ from any standardisation of wages or other employment conditions as historically achieved by unions. Trade unions are taking cognisance of the difficulties that management is facing in finding the most suitable employees and to retain their best ones. Therefore, a less hostile, more participative role is being adopted by unions in the implementation of individually related incentives schemes being offered to their members. They are supporting this practice by offering their members free legal and consultative advice. Hence it could be understood that individualism is being accepted more as time progresses.

**Conclusion**

Management adopts strategies that are intended to implement those changes that are seen as best suited to the needs of the organisation. These strategies are formulated around many facets of the business and one such facet is human resource management. HRM plays a delicate role as diverse and conflicting opinions exist of how to attract prospective employees or retain the best performers. Side stepping collective agreements could create industrial strife. It could be said that, in recent periods of economic recession, employers have sought to recast relations with their workforce in more ‘cooperative’ and less adversarial ways (Kelly, 1998:5). Rewarding team-base performance could be unfair on employees who contribute more effort than others within the group. These conflicting arguments reflect a constant pressure on organisations when one takes into consideration the unique skills that many employees have, even more so when some skills are
hard to replace and not without a considerable great expense. A single person's absence can sometimes hit a company hard. Therefore the dependence on the skills of employees compels organisations to tread carefully on certain aspects of the employment relationship.

Favourable working conditions are increasingly an individual issue. Yet, one person's meat may prove to be another person's poison. Today's employees demand much more from their work than just reasonable pay and workplace safety. It is becoming increasingly difficult to sustain the notion of a standardised group of workers pursuing similar interests (Bacon & Storey, 1996:43). The pace of organisational restructuring is intensifying, the workforce is becoming more diverse and the average size of organisations is declining. The more rapid restructuring becomes, the more crucial for trade unions to support the ability of firms to recruit new members or retain existing ones when they move across jobs, organisations, or in and out of employed status.

Still, it is clear that individualism and collectivism intertwine at certain stages in an employment relationship. Sometimes, what kicks off as an individual issue is taken up on a collective tune by trade unions. This will not, however, stall the process of 'individualisation' in an employment relationship. The middle ground between individualism and collectivism must be intelligently and diligently explored.
References


