

Transforming Workplaces

**An interview with
Robert B. McKersie**

**Interviewed by
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Robert McKersie is a Professor in the Sloan School of Management at the Massachusetts Institute of Technology where he holds the Society of Sloan Fellows Professorship. Prior to joining MIT he served as Dean of the New York State School of Industrial and Labor Relations at Cornell University. He has served on several Presidential Commissions at the national level, is a member of the National Academy of Arbitrators, and was president of the Industrial Relations Research Association. In addition, he serves on the Board of Directors for Inland Steel. Professor McKersie co-authored three ground-breaking books in industrial relations. A Behavioral Theory of Labor Negotiations with Richard Walton, The Transformation of American Industrial Relations with Thomas Kochan and Harry Katz, and Strategic Negotiations with Richard Walton and Joel Cutcher-Gershenfeld. While he was visiting the School of Industrial Relations and the Industrial Relations Centre to give the annual Don Wood Lecture in Industrial Relations, Mary Lou Coates took the opportunity to talk with him about his views and theories on the future of industrial relations and human resource management.

In your opinion, what are North America's most pressing economic needs in today's environment?

The most pressing need would be for industry to remain competitive, but to do it in a way that preserves the human face so that this emphasis that we give to the importance of people and the human resource factor in organizations is really brought on a par with the economic bottom line.

What role do you see industrial relations and human resource management playing in helping to meet those needs?

I think it is critically important. We have experience with some of the ideas that are working such as the emphasis on team work and empowering employees in the organization, and helping the organization move to utilizing the latest technology. I think that is something that North America will always have as an edge. The question is can the technology be used successfully? That means that on the human resource side, training and motivating people to get the best out of the technology is required. I think another role for human resource management is in the change

process. We recognize that change is a continuing activity and, perhaps, the only thing that is not changing is the need for change today. I think Human Resources plays a role in equipping people and organizations to adapt on a regular basis.

How has the work that you did for your book, “The Transformation of American Industrial Relations” [Kochan, Katz, and McKersie 1986], held up over time? Has the transformation process been completed? Are you seeing a new HR/IR emerging?

I think the concept of the transformation of an industrial relations system, which we developed in that book, is still quite valid for thinking about where we are in moving from some traditional, what we called in the book, New Deal arrangements for describing the workplace, over to a much more flexible, high commitment system. In other words, I think this way of thinking is valid. I think the transition process has been slower than we anticipated. The process is continuing, but probably, at least in the United States, a bare majority of the employment relationships would be following some of these principles of, what we would call, a transformed system. With respect to whether we are seeing a new industrial relations/human resource system emerging, clearly some new things are emerging. I do not think we have been able to put the concepts down on top of what is emerging. The fact is that we are seeing much more fluidity in the labour market, much more temporary work, much more contract employment, outsourcing, continual downsizing, just a dramatic change in the structure of employment. I think that this is such a driving force that we do not fully understand how we would conceptualize it in a human resource/industrial relations system.

Is it a case of trying to manage the change while the processes themselves are changing?

Yes, and there is a lot less loyalty on the part of employees to organizations today. There is much more insistence on individualism. People are going into business for themselves. The whole marketplace is so dynamic. What we used to think of as a system that you could lay down on top of a large company, maybe dealing with a union that represented most of the employees of that large company, is not the model today. We are in the process as academics, trying to observe and understand these trends so that we can, in a sense, help interpret them and help conceptualize them.

Are there certain factors which are very conducive to transforming IR/HR? What factors are inhibiting the transformation?

I think all of this emphasis on competitiveness and worldwide competition, bringing the economic imperative to bear on the employment relationship, is helping bring about the change and transformation. In terms of the importance of crisis, I think crisis is a very conducive factor for driving the transformation process. I think also, the success of certain models or certain

breakthrough situations, such as the Saturn experience which is seen as a model, is a factor. If you think about a change process you need to get people's attention, you need to have something that they can focus on as a model, and then you can maybe move towards a transition. I think all of those factors are helping with the transformation process. On the other side of the ledger, what is holding the transformation back and why it has moved more slowly than we had originally anticipated, is just the inherent resistance that comes from the insecurity generated by a change process—that is not just on the worker side, but many middle managers are threatened by all these changes. Indeed, another trend is to move responsibility down the organization, to do away with many of the middle managers so that you have, in a sense, a lot of people whose whole career is put in jeopardy. I think when you talk about labour-management relations and its transformation where unions are present, another thing that is holding back the move from very adversarial labour-management relations over to more cooperative is the attitude of just about all managers in North America today that they would prefer to operate without unions. That creates and sends a double message to the union. They want to work with the unions, they say, on a cooperative basis, but then over in a new plant or maybe in their white-collar workforce they are going to fight very hard to keep the union out. The union leaders, in the face of that kind of double-breasted message, are not sure they want to cooperate, are not sure they want to go through with a transformation if management is going to continue to hold them at arm's length in the unorganized operations.

In your more recent book [Walton, Cutcher-Gershenfeld, and McKersie 1994] you examined how a lot of firms were transforming their labour-management relations using a negotiated process. You develop a theory of strategic negotiations. What do you mean by the term 'strategic'?

Strategic is trying to capture a set of decisions, a set of issues, at the highest level of the firm. Some people would use the term 'entrepreneurial' to describe this set of business decisions that has to do with where a plant is located, new products, questions about outsourcing, business alliances. Given the dynamic environment that we are in, those kinds of decisions affect the livelihood of everyone in the organization. They have a big bearing on the viability of the enterprise over the long run so that it is something that is in the self-interest of all members of the organization. The union is present as a representative of many members of the organization. They are now asking increasingly for an opportunity to influence those strategic decisions.

What prompted you to develop this new theory?

We observed, during the late 1980s, quite a few efforts on the part of companies and unions, with companies in the large part being the driving force, to change what we call the social contracts. I know that that term has another meaning here in Canada, but companies and unions were as concerned about the nature of the relationship between the company and the union, between the

company and its employees, between the union and its members, as they were about the agenda or the substance of the change program. We observed that there were some situations that were approaching this change process in a very adversarial, confrontational fashion. Things were getting more and more traumatic for both sides, in some cases, with replacement workers being hired and workers losing their jobs. Then there was a very contrasting set of situations where the process was being handled much more cooperatively. Having done this much earlier book, looking at negotiations we thought we had a way to combine several of the features of the earlier theory into a new way of thinking about change from a negotiations' perspective.

What role does strategic negotiations play in this transformation process?

That is a very good question. How would we combine these two ways of thinking? The transformation process does not happen steadily and uneventfully. I use the phrase which Lester Thurow is using, a 'punctuated equilibrium,' where you may have a period where everyone thinks things are reasonably stable and then you go into a dramatic change. Maybe crisis is part of that. I think that is where this theory of strategic negotiations says something about how you begin to move, maybe in a step-by-step fashion, or phase-by phase, from a fairly traditional system to something that is going to be much more viable for the new environment. The *Strategic Negotiations* book deals with the process and the *Transformation* book dealt more with a description of where you were coming from and where you were going.

What implications would this new theory of strategic negotiations have for an IR/HR practitioner?

I think it has found acceptance because it recognizes a need for a forcing approach. I think too often those of us in industrial relations have advocated cooperation and collaboration, everyone should be able to reason together, and that has been seen by practitioners, both on the union and management side, as somewhat unrealistic, somewhat naive. What we have tried to do, and it has grown out of these case studies in our book, is to give some recognition to the need for either side to be determined, to have a timetable, to, in a sense, get the real issues that are in contention out in the open, but do it in a way that does try to preserve the working relationship. I think we have something to say here about the need for a forcing approach at the same time that you are emphasizing cooperation or what we call fostering of a better relationship. It is a good way to map a change process. Alternatively, we have some dramatic examples of where forcing was needed to set the stage, but then the actual implementation had to be done much more on a fostering basis.

What does the theory of strategic negotiations say about negotiations that reach a stalemate because of factors beyond the control of the parties? What role does third party intervention play?

We have some case studies in the group that we used to develop the book where third party intervention has been critically important. Also, in our railroad industry in the United States, which is one of the industries studied in the book, and even in auto supply, we had some situations that came to stalemate. In those cases, some local officials entered the conflict. We would advocate, particularly with respect to a forcing strategy which sometimes gets out of hand, that if it is going to be forced it should be restrained, that is, one should keep an emphasis on protecting the relationship. But, things sometimes do not run according to script. You are using power and determination and that can engender equally strong response from the other side so that third parties are often needed to come in and help mediate and keep things much more restrained. As one shifts over to a fostering emphasis, perhaps the contract has been signed, third parties are often important in helping facilitate development of a new relationship, because it is human nature for people who have been the architects of change and have really led a hard forcing program to find it very difficult to shift gears all of a sudden; they may not be trusting. Sometimes third parties can help provide that facilitation as they shift over to a different strategy.

Would there be a prescription for who these third parties are? Would it have to be mutually agreed upon by both labour and management?

They have to be acceptable to both sides. I think they have come from a variety of quarters. In the United States, they could be from our Federal Mediation/Conciliation Service, the agency that is charged with helping the parties in labour-management conflict. They could be local public officials, sometimes they could be trusted academics. They can come from different sources.

In the case studies that you discussed in your book you make it clear that labour-management relationships can be highly confrontational or highly cooperative. What are the advantages to moving towards a more cooperative relationship?

Going back to what we were talking about earlier and what human resource managers are working on in terms of empowering the organization, teamwork, using new technology and getting the organization to change, I do not think you can get those forces or dimensions in an organization unless you are working together cooperatively. A lot of the things that management wants today, which maybe they can get initially into the contract, you will never get in practice unless they have a cooperative approach. You might be able to talk about more flexibility or getting people into teams, but those are not going to work unless people are really committed and there is an atmosphere where people really understand the need for those new systems. You have to have cooperation to get the best utilization of the technology, the best adaptation to change.

What are the advantages to the union?

The advantages to the union are that they become partner to a type of career enhancement for their members that people will be able to move with the new technology, the new systems, that people will not be locked into just a set of skills that may become outmoded. The union can, in a sense, become an architect for continuing employment viability. Maybe it is not just in the enterprise where the workers are now, but unions could be envisioning helping people bridge to other employment.

In today's competitive environment, we have been hearing about the need to place more emphasis on the human side, for business and labour to forge new partnerships and adopt more cooperative approaches. What does the term 'cooperative' or 'partnership' mean to employers? To unions?

This is one of the most important questions. I think here we are learning, we are still feeling our way. Some people, when they hear the word 'partnership' think of co-determination and joint decision making and that the union representatives are going to have some kind of veto power. I do not think that is the right model. Historically, some people have thought that it means that management will share information, will consult with the workforce or with union representatives. I do not think that is the right model. I think the model is that the workforce has important influence, important voice as decisions are being taken by management. Clearly, management has retained the final say, the initiative. If you want to use the strategy of forcing they have to know the timetable and make some of the tough decisions, but as those tough decisions are being made, the workforce and, in the case where there is a union, their representatives need to really be influencing those decisions at the highest level. It is in this type of new domain where the union is there, it is a party, but it is not a co-decision maker.

How far have the parties come in fashioning more cooperative approaches?

They are not a majority, and those of us in academic life who are trying to observe trends are picking up developments that are, maybe, just at the beginning stage. Saturn is a very dramatic example of a partnership. We have a number of them in our telephone industry, AT&T and the Communication Workers, a number of the regional Bell companies. Certainly Xerox is a long standing example, and I myself am involved in a partnership between the Steelworkers and a major steel company. All of the other major steel companies have embraced this concept which the Steelworkers call 'New Directions' and partnership is another word for the 'New Directions' agreements. We have some important examples, and I should make the distinction here that I have not cited any partnerships that grow out of employee buyouts which is a large set of situations. But I think that kind of partnership is very special where there has been crisis and there has been the need to bring the employees into an ownership position to save the business. You have some here—Algoma would be one. I do not mean to say that that is not a partnership.

It is very much a partnership, but I think the big challenge is to take the existing traditional situations and see how they might be transformed into a partnership.

Do you think that there are more of these cooperative approaches today than in the past, even if they are not in the majority?

Certainly at the strategic level. Labour-management cooperation has been around, but it has been around at the operating level with initiatives like mutual gains. In the States, we have the Scanlon Plan. It has been around with respect to certain subject areas where labour and management cooperated on safety or worker displacement programs. I think we are seeing an increase in this form of cooperation at the strategic level, this strategic partnership.

Are rank-and-file members themselves putting pressure on union leaders to move towards more cooperative arrangements? Or, in the nonunionized environment, are employees putting pressure on management to move towards more collaboration or cooperative approaches?

I think employees appreciate the value of cooperation, especially at their own operating level. When subjects like teams or communication with employees about the essential challenges of the business come up, they want to know and that is very important. To be honest about this, I think most employees do not really appreciate what happens at the top of the corporation, or really understand how their union newspaper might make a difference. Most of the examples that I have given are where the union leadership has taken the lead, or where management has asked the union if they would be interested in some kind of strategic involvement. I would not say that there is pressure on unions. I do not think that Lynn Williams, who was President of the Steelworkers when they went forward with this 'New Directions' movement, was getting pressure from his rank-and-file to fashion these partnership agreements with the major steel companies in the United States. That was something that he envisioned himself.

How does the more cooperative approach change the union's role in the workplace?

It makes the union much more of a facilitator. It is not going to be challenging management's decisions. They are going to be participating in studies, going with workers and supervisors to visit other plants. They are much more now part of a process of continuing improvement. That poses some challenge for union leaders because most union leaders know how to stand for re-election when they have been representing the workers with grievances, taking management on, or criticizing management in the union. When they become part of this new governance system, their role is not seen as quite as unique. With intelligence on the part of the members and with some skill on the part of the union leaders I think they are able, in a sense, to handle the downside of being involved in a cooperative arrangement with the organization.

How does it change the role of the IR/HR function? Are they an agent of change?

Yes. They are much more of a resource. Much more of a lead has to come from line management and line management is going to be very concerned about the subjects that were the responsibility of IR/HR people. They are much more in a facilitative role.

Is line management having to take on more HR/IR kinds of responsibilities in terms of people issues?

Definitely. Do you see new forms of unionism emerging? It is hard to say. We have had some experimentation in the States. Because the union density continues to drop, there have been a number of efforts to go out to potential members and say, 'We are a full-service union now. We will provide health benefits. We will refer you into training programs. We will try to meet a variety of your needs.' Those experiments have not been very successful in terms of attracting new members into the union ranks. I do not know whether one can observe a new form of unionism. We have right now in the United States an interesting contest for the presidency of the AFL-CIO. We have a group of unions who are advocating a much more proactive role, maybe a return to some of the themes of the old CIO, an industrial union movement that was concerned about a whole series of social agenda items. It is possible, but I think it is hard to say that a new unionism is emerging.

Has the collective bargaining system been able to adapt to the pressures and challenges of today's environment? Has it been flexible enough?

It has shown considerable ability to adapt in those sectors that are heavily unionized. I think we will always have unions in several sectors like transportation, some of our manufacturing industries, and the public sector. Collective bargaining has been quite resilient in this core of our unionized industries and establishments. But, you have to be honest and say that since the extent of collective bargaining has been declining and unionization has been declining, the adaptation has not brought about any expansion of the perimeter. The way to put it is that collective bargaining has probably made the union core more viable for the future, but for some reason it has not turned the tide that we have seen against union growth. Past experience seems to indicate that cooperative initiatives have to be kept separate from collective bargaining processes.

Have you been seeing more of an integration of cooperative initiatives with the collective bargaining process?

In the search for a healthy relationship there needs to be both cooperation and the ability of the union to represent the interests of the members which might, at times, be in conflict with the

interests of management. The union leadership needs to be able to contend and be independent and be able to take a stand. That is the fundamental function. It is not necessarily pursued through the formal channels of collective bargaining. In the relationship that I know something about between the local of the Steelworkers and Inland Steel, we have a union leadership there that knows how to do both. They can, at times, be very cooperative and very constructive with management in various kinds of joint committees, but they can also take management on and be very critical of management. I think the point is that you need both and if a union leader is not able to achieve both it is not going to be a healthy relationship, or that union leader is not going to be in office for a long time.

In the case studies that you are familiar with, to what degree is there shared decision-making and at what level between the union and management?

That is probably quite close to what we discussed before when we were talking about the different ways of thinking about what this partnership means. The short answer here is that the union is a presence, it is having an input, it is having influence, but it is not a co-decision maker.

In terms of where plants are going to be built and decisions like that, are they still management's prerogative, or are unions beginning to become more involved in those types of strategic decisions?

They would be in a position to influence those decisions. For example, in the relationship where I have a role, management wanted to build a new facility, a joint venture, with a Japanese steel company and the union was not a co-decision maker on that. That was management's call, but the union needed to have an input and to be as aware of all of the considerations as the people on the Board of Directors.

What are the key factors in building a more cooperative labour-management relationship? We talked about crisis being a catalyst for change. Are there other factors?

Crisis can help, but it is not absolutely necessary. We have some examples in our case studies of where the changeover has taken place without crisis and this leads to the second important ingredient which is enlightened leadership on both sides. It has to come from the highest levels, where the CEO really understands how important it is to have a constructive relationship with the union and the employees of the organization and sets in motion ways to have that happen. Then there will be an improvement in the labour-management relationship. It also takes a lot of things that facilitate a change over from old ways of thinking to new ways of thinking, various kinds of educational programs and people. This is where the HR/IR staff function is really critically important in helping pave the way and prepare the organization for this changeover.

You mentioned about the need for things to happen at the top to drive the change. Does it have to begin at the top? Can it happen at the grassroots level?

It does vary, but more of the breakthroughs that we have observed recently seem to be occurring from the top down. I think that, because of the turbulent environment, the people at the top observing the environment, scanning the boundary, are able to convince the rest of the organization that a change is needed. I think that is why we see it starting at the top and then being cascaded down. We do have a couple of cases where, historically, they were doing a lot of very important things at the grassroots level including involvement programs and quality of work life, and that has set the stage and has grown right up to the top. The relationship between Xerox and the Amalgamated Clothing and Textile Workers Union would fit that model. If that is the way in which the initiative matures and evolves, it is a very powerful way because you have the lower levels really supporting it.

How important is employment security in supporting cooperative labour-management initiatives? Does it mean the same as it has in the past?

I think it continues to be extremely important. As we said earlier, if there is a lot of insecurity, it is going to be a major retarding influence on the development of a better relationship. However, employees are increasingly realizing that the company just cannot give an iron-clad employment guarantee. They may say, 'We will give you an opportunity to continue with the organization. It may mean that you need to be retrained, you may need to move to another place in the country.' We have shifted from viewing employment security as something that is a right, that was conferred; then everybody relaxed and said, 'I will accept new technology, I will accept change, but I am not going to be hurt by it.' This is nice in a very stable environment, but in a very turbulent environment employment security really is something that is the by-product of people being able to adapt to change. Union leaders recognize this. They do want to make the pace of change manageable and not precipitous. I think that is where some of the precipitous downsizing that is occurring right now is leading us into difficulties because it is just coming at a pace that cannot be digested and the people who remain are dazed by the process. The union, in a situation like that, could manage or stage the process of change in a way that would have better results for the long run. Employment security is a high priority, but it has to be looked at in terms of today's environment.

In those organizations that pursue a more cooperative relationship, are there substantial changes in compensation, work rules, and collective bargaining outcomes in general?

Absolutely. If we were to draw up a package of what we thought were the best elements of a workplace design, for a new plant, like Saturn, in a greenfield site, compensation is going to be very different from what it has been historically. Some of the compensation is going to be at risk

so that people are not always going to be guaranteed the hourly rate. They are going to be able to do better if the company does better, or there may be some margin on the down side if things do not go as well. Compensation is made more contingent, more flexible. There certainly is a great emphasis on people acquiring more skills, being more flexible, on craft workers who can do several domains of activity, on people who work in teams, who rotate around. There are a whole series of new arrangements that go under the heading of a much more flexible organization.

Can organizations pursue cooperative approaches on the one hand, and aggressive downsizing or restructuring initiatives on the other?

Yes, I think they can. It is hard to do and maybe it has to be done in phases. Maybe it has to be done by different individuals or different functions within the organization. Coming back to this juxtaposition of forcing and fostering, that is indeed why we need a balanced approach because a certain amount of restructuring has to take place on a forcing basis and the fostering is engendering cooperation and commitment. One of the purposes of the book [Walton, Cutcher-Gershenfeld, and McKersie 1994] is to illustrate how sometimes these things happen in sequence, how sometimes they happen almost simultaneously, but somehow differentiate it so people understand that both are happening in a way that does not give mixed messages, but somehow gets synthesized and balanced.

What role can public policy play in supporting labour-management partnerships? Does the government or public policy need to take a stronger role?

I think government can certainly publicize what is happening. We have had, over the years, in our Department of Labor, a Bureau that would write up case studies and make these monographs available, would organize conferences, would turn some spotlight attention to get the message out. It goes back to the process of change. You need a model and you need an example. One of the most powerful things is when labour and management teams can visit institutions or groups that have been making substantial change and they can talk to their counterparts. Government can help facilitate that kind of learning process. I do not think we are at a point in time right now where government can come in as a formal party. We have, in the past, tried tripartite arrangements in some of the key industries, where government would call labour and management leaders together and then they would set in motion a process where they would talk about partnerships, but I think right now that is not as viable as it was.

What is happening in the public sector? Is there potential for some of these initiatives in the public sector?

I would like to think that there is potential in the public sector. We do have some budding examples in the States in education where there is a lot of attention, almost a crisis, in terms of

the performance of the school systems, in terms of the financing of the school systems. We have, in some instances, unions playing the partnership role, but it's probably more the exception than the rule. If you look back over the last couple of decades, we had a period back in the 1970s when there was a lot of tension towards labour and management working together in the public sector to improve productivity, to deliver better service to the customer. What has happened since then is that with all of the cutbacks and all the pressure, the crisis may almost be too severe. You can have crisis as a precipitating influence, but when the crisis is so overwhelming, the union leaders are spending all their time trying to protect all the people who are going to be hit by the crisis. Right now, we do not have dramatic examples in the public sector of what I have been talking about in the private sector.

How do you measure success or the outcomes of a more cooperative labour-management relationship? How do you go about sharing gains that come from this collaboration?

There needs to be a formal sharing. In the relationship between Inland Steel and the Steelworkers, profitsharing becomes a good yardstick and it also becomes a very important way in which workers whose wage levels are perhaps not being increased, often the case today, can improve their standard of living. Profitsharing, I would say, is one of the tools for this purpose.

Is there some way of sharing the productivity gains that an organization makes?

It is possible, but I think historically, we have been moving away from sharing on a group by group basis. We used to have individual incentives. We had small group incentives. I think those sometimes impede cooperation across groups. We are moving towards sharing systems that are for the unit or the establishment. There are some interesting examples of gain sharing for small business units. One of the disadvantages of profitsharing is it has to be for the whole company so that some people feel that their input is not really being influenced back with a larger profitsharing cheque. With the emphasis on decentralization and creating more autonomous business units it is possible within those business units to have various gainsharing plans. I think that is the look of the future.

We talked a little earlier about the fact that labour-management cooperative initiatives are not new phenomena and you indicated that what makes some of the ones today different from the ones of the past is that they are taking place on a more strategic level. Are there other areas that distinguish current cooperative efforts from the past?

It is not only at the strategic level, but it is bringing all of the levels together into some kind of integrative strategy. As we discussed earlier, we have had some initiatives that have grown up from the bottom, and others that have to move down from the top. The partnership may start at the top, but then it has to be replicated at the middle level and at the operating level. This comes

back to the transformation theme that says you really have to have a very comprehensive breakthrough. In the past, these cooperative efforts were at the local level, or around specific topics. Here in Canada's railroads, CN had a very successful suggestion system program back in the 1920s and 1930s. That was around a particular subject, a particular way of emphasizing labour-management cooperation. I think what is characteristic today is that the partnership theme and the cooperative theme needs to be around a broad agenda and needs to be from top to bottom of the organization.

And much more diffused throughout the organization?

Exactly.

What are business leaders and trade union leaders looking for from the academic and research community in IR/HR? Can academic educators and researchers be agents of change in this area?

I think we can be very powerful agents of change through our analysis, through the attention that we bring to the cutting edge, to the new trends, through what we do in the classroom and in seminars. We are regularly asked by business leaders and trade union people to hold small meetings, to take groups on trips to see what is best practice. We are in a role to help facilitate and do the thing that we do the best which is to do the research, to help give people the concepts, to run programs to help give them the skills to be a part of the new industrial relations system.

Do you see changes happening in terms of curriculum either in business schools or in the IR schools?

Yes. I think particularly in business schools, which I am more familiar with, there has been a lot of emphasis on preparing people to work in teams, to work in a horizontal collaborative mode. There is a lot of emphasis on negotiations as a skill area, emphasis on change and being agents of change and sensitive to the process as well as to the content of the business decision. I think those courses have become increasingly important and some schools are requiring that, whereas before, they were just electives.

What developments or themes in IR/HR do you see on the horizon?

More and more, business is operating in a global environment. I think IR and HR have a role in terms of what that means to the organization, in terms of the mobility of people and helping people really become world class performers. I think we have some other things happening which are ones that cause some concern. We continue to have, in our North American societies, increasing inequality in income distribution between people historically represented by unions

and the higher levels of organizations. People keep track of the ratios of the compensation of CEOs to the starting position and that ratio keeps getting higher and higher in North American companies. I think that this is a social fabric type of question.

Can we keep the social fabric together?

HR people have a real role and responsibility here because they are the ones who keep track of compensation trends and run the various kinds of surveys. I think we have to be sensitive to the fact that we may be allowing this to go to a point where there is real social unrest over how the fruits of our economic system get shared.

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