



| **HUMAN RESOURCES** |

# HR's Diary

## • **Shaping Employee Relations**

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Zahid's time for the next few months swayed with the wavy IR situation prevailing in the branch, rough but memorable in every count. He did not feel deterred at all. The more the going got tough for him the more he ventured for productive solution as he believed in the old adage - every problem has got a solution built into the situation. He gained cultural perspectives and union political experiences that were shaped by a series of events. Eighties' societal factor also crept into shaping the culture of the company, he could sense - the very phenomenon of having something far bigger than that the talents and pockets could cope with. He also challenged the very notion of isolating IR handling as a mere specialist function from the main stream HR management. When the majority of the employees were blue colours, their affairs were very much part of the HR management - not just IR management.

He was moved to corporate office in the capacity of managing employee relations function of the entire organisation. He still remembers the quietness of the corporate office contrasted to that of the branch. He started missing the screeching sound of the machines of the production floor, the daily chores of hundreds of employees involved in the operation of the branch, the running around of different categories of people - as if the life in a celluloid was made to pause at its pick.

His first few days at the corporate office were passed by consolidating the learning that he gained at the branch and getting involved in the entire gamut of the company's employee relations issues. He concentrated on identifying the different kinds of relations and aspects of industrial or labour relations and employee relations and their silver lining in between.

*Employee relations is really the focus on the relationship between individual employees and the management as the employer (human resource management also deals with employer-employee or organization-worker relationships).*

*Labour relations is the interaction between employee organizations and employer organizations (covers collective bargaining, application and interpretation of the collective agreement etc.). It is usually what comes to mind when we think of labour relations but is in fact only a part of industrial relations.*

*Union-management relations is sometimes used instead of labour relations to describe basically the same thing. However, not all employees are covered by a union and so union-management relations has a narrower scope than labour relations.*

*An Industrial Relations System is the framework in which employer-employee interaction takes place. In its simplest form a system is merely inputs, processes and outputs.*

Trade union was a major component of the industrial relations system which was recognised in the policy of the company. There were five trade unions in the five different establishments of the company. He thought, they could be considered as a sub-system, which sought to serve the specific sub-group's interest (in this case the union members of the five establishments as the sub groups) and also considered itself a part of the organization. All trade unions had objectives or goals to achieve, which were contained in their respective constitutions, and each had its own strategy to reach those goals.

Zahid thought he was in a better position now to think about the positive as well as negative consequences for management the trade unionism brought forth.

**Positive consequences for management:**

- It was advantageous to deal with a group or a representative of a group rather than go through the process of dealing with each individual over a length of time. Also, an individual might not be able to organize and defend his interests as well as a group can.

- Organizations that sought a problem solving approach to management-union relations, such as offered by partnership arrangements, protect their investments better. Good relations underpin good business.

- If utilized meaningfully workers' participation through unionism could serve a number of purposes, all geared to achieve organizational effectiveness and satisfaction of the employees. It was a process to motivate employees to achieve organizational goals. It ensured joint responsibility and cooperation to optimally utilize the limited resources available to the organization. It served the following specific purposes:

1. It helped in managing resistance to change which was inevitable. For the growth and development of the company, changes had to be welcomed otherwise the company would stagnate and was to be left behind. If the need for change was jointly felt by all the partners of production its acceptance could be high. Union participation in change strategy could facilitate acceptable solutions with a view to securing effective and smooth implementation of decisions.

2. Union participation could encourage communication at all levels. Since both partners of production were involved in the decision-making there would be fewer chances of distortion and/or failure in communicating the decision.

3. Joint decision-making ensured that there would be minimum industrial conflict and economic

growth could be free from distracting strife.

4. Union participation at the plant level could be seen as the first step to establishing democratic values in society at large.

- Across the company, labour management alliances were emerging in the work sites which were unionized. These arrangements came in many shapes and sizes influencing organization culture and management style thereby creating positive impact on the labour relationship.

- Modern management theorists and researchers of all kinds have commonly emphasized the importance of two-way communication and cooperation between management and labour in determining the success of HRM strategy and in maximizing workplace efficiency.

- Union management cooperation built employee commitment through employee consultation and participation.

**Negative consequences for management:**

- Individual workers found it more advantageous to band together and seek to establish their terms and conditions of employment. They realised that if they bargained as individuals, the management would have a better leverage, for an individual would not matter as a group in terms of the running of the enterprise. Since a group's contribution was much larger than an individual's, so are the effects of its withdrawal.

- Management suffered from frustration while sharing responsibilities and rights with the unions which negatively impacted management style leading to confrontational labour relations which were not conducive to highly empowered, high performance work system.

- The influence of political parties interested in acquiring a foothold in the labour movement also provided the impetus for the formation of labour unions - being instruments of the political parties.

- Workers viewed a union primarily as a bargaining agent to improve the conditions of its members, defending workers and protecting their rights and interests, secure better work conditions, facilities of employment, organizing and guiding workers. Seldom had they considered cooperation with the management to be a function of trade unions.

- Union tried to influence and challenge management policy and resisted cooperation with employers thereby reducing management prerogatives in decision making.

- Equity objectives: Increased wages or bonus was not viewed as incentives to increased productivity.

- The efficacy of unions was judged by what they could get for the workers from management rather than as agents to facilitate the relations.

- Traditional management rights were to operate the business, restricted only by what was included in a collective agreement and laws.

- Strained union-management relations led to conflicts and confrontation while undertaking following management initiatives which might become absolute necessary for the company to survive:

1. Changes in corporate ownership management (from mergers, acquisitions, joint ventures etc.)
2. Internal restructuring (downsizing, out sourcing, change in programs etc.)

- Confrontational relations having the traditional assumptions that conflict was inherent in the employment relationship would breed the following negative impact on the company:

1. Loss of key personalities
2. Misunderstanding
3. Disagreement over the rules of the game
4. Lack of trust, loss of support, increased equivocation over the benefits of partnership
5. Imbalance in skill and knowledge

### **The impact of unionism in organizational transformation**

Continuous improvement in quality, growth in product variety and differentiated marketing and enhanced organizational responsiveness (specially in speed and flexibility) to changing Bangladesh market had become very important for survival. New technology had become influential in the process of transforming employment and industrial relations systems. There were instances of overt union opposition to technological change. Company and union had clashed at times over changes in production methods and tools, especially when new methods or tools had threatened the livelihood of entire categories of employees or the existence of union themselves. However, the terms of debate over technological change had historically been fairly narrow, focusing on the distribution of costs and benefits, that is, the consequences of change, not the legitimacy of technological change itself.

*It has been suggested by some researchers, while unions may engage in collective struggle over skill, the struggle is less likely to be about skill than about its market value.*

Thus, conventional wisdom had also evolved in the company: Union restricted themselves to negotiating over the impacts of technological change, and management retained the right of organizing work. It had also been argued based on the classic analysis of the impact of trade unions and collective bargaining, "*when the employment base of a company is growing, unions are likely to accept technological change uncritically. Under highly competitive conditions, unions may have no alternative but to accept the change - or even promote it in order to maintain their members' jobs and their own institutional security.*"

*(This is sequence 14: to be continued) Soliciting feedback at [shibly@proedge-asso.com](mailto:shibly@proedge-asso.com)*

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