



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**SCHOOL OF MANAGEMENT SCIENCE**

**COURSE CODE: MBA 833**

**COURSE TITLE: INDUSTRIAL RELATIONS**

**COURSE  
GUIDE**

**MBA 833  
INDUSTRIAL RELATIONS**

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## **INTRODUCTION**

*Industrial Relations (MBA 833)* is a core course of two credit units. It is prepared and made available to all the students of Masters in Business Administration (MBA) programme with specialisation in Human Resources Management. The course is a useful material to you in your academic pursuit as well as in your workplace as manager and administrator.

## **WHAT YOU WILL LEARN IN THIS COURSE**

The course is made up of 21 units, covering areas such as the background on the industrial relation, management of labour-related issues such as regulation of employment; discipline and discharge; employee grievances; and retrenchment and redundancy. Related areas such as strikes and industrial disputes, collective bargaining, industrial democracy and worker participation in organisational affairs, and trade unionism and employers' organisation in Nigeria asides management of safety and health issues and the employee terminal benefits are also given elaborate analysis. Lastly, group dynamics and the use of communication in managing labour-related issues are also discussed in this course.

This Course Guide is meant to provide you with the necessary information about the course, the nature of the materials you will be using and how to make the best use of the materials towards ensuring adequate success in your programme as well as the practice of industrial relations in the industry. Also included in this course guide is information on how to make use of your time and information on how to tackle the Tutor-Marked Assignment (TMA) questions. There will be tutorial sessions during which your facilitator will take you through difficult areas and at the same time have meaningful interaction with your fellow learners.

## **COURSE AIMS**

The main aim of the course is to expose you to the nature of labour relations, the mechanisms necessary for managing labour-related matters in the organisation and the role of the trade unions and the employer association in labour relations. The course also aims at making you have greater appreciation of the role of government as the regulator of the employment relationship between the employers and the employees in the organisation.

The aims of the course will be achieved by:

- explaining the nature of industrial relations
- describing the necessary mechanisms and framework for managing labour-related matters
- explaining the methods and styles of collective bargaining
- describing the necessary strategies for managing strikes and industrial disputes
- discussing the nature of organisational conflicts and their resolution
- explaining the nature of industrial democracy
- explaining the forms of worker participation in organisation's affairs and fortunes
- identifying and explaining the steps for managing workers safety and health as well as their terminal benefits
- discussing the peculiar role of the trade unions and employers association in industrial relations.

## **COURSE OBJECTIVES**

After completing this course, you should be able to:

- discuss the nature of industrial relations
- identify the necessary mechanisms for managing labour-related issues such as discipline, disengagement, redundancy, grievances, etc.
- discuss the methods and styles of collective bargaining
- explain the mechanisms for managing strikes and industrial disputes
- explain the nature and practice of industrial democracy
- analyse the various forms of ensuring worker participation in decisions affecting organisational operations
- identify the functions of trade unions in organisational set-up
- describe the strategic role of the employers' association in managing labour-related matters
- discuss the nature of contributory pension
- explain the use of effective communication in managing labour-related issues in organisational setting.

## **WORKING THROUGH THIS COURSE**

The course consists of the basis of industrial relations, nature of relationship between employers employees, framework for the management of workers discipline and grievances, retrenchment and redundancy, safety and health issues, management of employee terminal

benefits, methods and styles of collective bargaining, nature and principles of negotiations in relation to collective bargaining, management of strikes and industrial disputes, industrial democracy and forms of worker participation in organisational affairs, trade union movement and employers' organisation in the country.

## **COURSE MATERIALS**

Major components of the course are:

1. Course Guide
2. Study Units
3. Textbooks
4. Assignment Guide

## **STUDY UNITS**

There are 21 units grouped into four modules in this course, which should be studied carefully. They are as follows:

### **Module 1**

- |        |  |
|--------|--|
| Unit 1 | Basis of Industrial Relations                                  |
| Unit 2 | Nature of Relationship between Employers and Employees         |
| Unit 3 | Regulation of Employment and Duties of Employers and Employees |
| Unit 4 | Framework for Management of Industrial Relations               |
| Unit 5 | Typology of Role Players in Industrial Relations               |

### **Module 2**

- |        |  |
|--------|--|
| Unit 1 | Framework for Discipline and Disengagement of Employees from Organisations |
| Unit 2 | Retrenchment and Redundancy  |
| Unit 3 | Management of Employee Grievances  |
| Unit 4 | Methods and Styles of Collective Bargaining                                |
| Unit 5 | Nature and Principles of Negotiation in Collective Bargaining              |

### **Module 3**

- |        |   |
|--------|---|
| Unit 1 | The Process of Negotiation in Collective Bargaining |
| Unit 2 | Strikes and Industrial Disputes                     |
| Unit 3 | Nature and Types of Organisational Conflict         |



Unit 4	Framework for Management of Organisational Conflict
Unit 5	Nature and Goals of Industrial Democracy

## **Module 4**

Unit 1	Forms and Techniques of Workers' Participation in Organisational Affairs
Unit 2	Workers' Participation through Workplace Forums
Unit 3	Economic and Financial Participation by Employees
Unit 4	Trade Unionism in Nigeria
Unit 5	Employers Association in Nigeria
Unit 6	Health and Safety of Workers in Work Environment

Each study unit will take at least two hours, and it includes the introduction, objectives, main content, self-assessment exercises, conclusion and summary as well as references. Other areas border on the tutor-marked assignment questions. Some of the self-assessment exercises will necessitate contacting some organisations. You are advised to do so in order to observe industrial relations in practice.

There are also textbooks under the references and other resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are advised to practice the self-assessment exercises and tutor-marked assignment questions for greater understanding of the course. By so doing, the stated learning objectives of the course will be achieved.

## **THE ASSIGNMENT FILE**

There are many assignments in this course and you are expected to do all of them by following the schedule prescribed for them in terms of when to attempt them and submit same for grading by your tutor.

## **TUTOR-MARKED ASSIGNMENT**

In doing the tutor-marked assignment, you are to apply your transfer knowledge and what you have learnt in the content of the study units. These assignments which are many in number are expected to be turned in to your tutor for grading. They constitute 30 per cent of the total score for the course.

## **FINAL EXAMINATION AND GRADING**

At the end of the course, you will write the final examination. It will attract the remaining 70 per cent. This makes the total final score to be 100 percent.

## **CONCLUSION**

*MBA 833 Industrial Relations* exposes you to the issues involved in industrial relations, and how to manage them. On successful completion of the course, you would have been armed with the materials necessary for efficient and effective management of labour-related matters in any organisation.



**MAIN  
COURSE**

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## MODULE 1

Unit 1	Basis of Industrial Relations
Unit 2	Nature of Relationship between Employers and Employees
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Unit 4	Framework for Management of Industrial Relations
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### UNIT 1 BASIS OF INDUSTRIAL RELATIONS

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1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Basis of Industrial Relations
3.1.1	Role of the Employers in Industrial Relations
3.1.2	Role of Trade Unions in Industrial Relations
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3.1.4	Reasons for Government Intervention in Industrial Relations
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#### 1.0 INTRODUCTION

An organisation exists at the instance of the efforts of both the employer and the employees who are the prime movers of the operational activities of the entity. The two parties therefore, co-exist and interact in the course of the day-to-day operations of the organisation.

The above scenario in the workplace implies that there is defined relationship between the employer and the employees. The two parties in the organisation engage in formal relationship, which is purely for operational purposes. Therefore, the relationship between the employer and the employees is contractual in nature, which is that of master-servant relations. The implication is that industrial relations as a term embrace all aspects of the relationship between individual workers and groups (trade union and the management) in the course of organisational operations.

Fundamentally, industrial relations from the foregoing cover all aspects of employment relations between the employer and the employees in organisational operations. Hence, it relates to contractual relationship between the employer and the employees, regulation of conditions of service, collective bargaining, management of strikes, industrial democracy, employer-trade union relations, and organisation personnel policies on how to relate on mutual basis with individual workers and their trade unions in the course of organisational operations.

In this unit of the course, therefore, issues bothering on the conceptual framework of industrial relations, the main role players in industrial relations such as the trade unions, the employer and the government are discussed.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the meaning of the term industrial relations
- discuss the role of employer in industrial relations
- explain the role of trade unions in industrial relations
- discuss government intervention in industrial relations.

## **3.0 MAIN CONTENT**

### **3.1 Basis of Industrial Relations**

Generally, industrial relations can be viewed as all about employee – employer relationship in the work place, the essence of which is to enhance employee satisfaction, and the furtherance of industrial peace and organisational growth. Another dimension to industrial relation is its tripartite nature as a relationship that exists between workers, employers and government. The position of the government is that of a regulator and protector of the workers rights.

The legality of industrial relations derives from government's recognition of employer and employees as partners in the production of goods and services. In the same token, there is a range of government legislation regulating their (the employer and the employees) day-to-day activities. It implies that the position of government in industrial relations is one of acting as the watch-dog over the relationship between the employer and employees in the workplace.

The essence of industrial relations revolves around the determination of general conditions of service, discipline, maintaining a stable work

force, maintaining an ideal level of productivity, and providing welfare facilities for workers, among other issues in the workplace.

The existence of unions is to allow workers to participate in the determination of policies under which they will consent to work. The principal interest of the employer on the other hand, is to maintain control of the organisation, especially by monitoring allocation of organisation's resources. While the trade union demands, for instance, represent extra cost to the employer, the employer in order to remain in business, will introduce some measures to cut down costs by all means so as to make the maximum profit margin. The result is that there is this latent and often manifest antagonism among the two parties, occasioned by the fact that their respective interests are at variance except in their bid to ensure continuity of production which fosters their dependence on each other for survival.

There will be effective industrial relations in an organisation if the following conditions exit:

- effective communication and mutual understanding between the employer (or management) and trade unions
- payment of wages and salaries and the implementation of all other conditions of service, which are fair and reasonable
- high worker morale and the highest degree of workers identification with the economic objective of the enterprise
- the lowest possible level of industrial grievances and trade disputes.

### **SELF-ASSESSMENT EXERCISE**

Explain the meaning of industrial relations.

#### **3.1.1 Role of the Employers in Industrial Relations**

You now know that an organisation, established to achieve predetermined goals and objectives, may be viewed as a system which forms part of the larger system in the economy. Management's task is, therefore, primarily to devise appropriate strategies with which the organisation can successfully convert available resources into goods and services.

Industrial relation is one of the organisation's most important resources. The industrial relations subsystem in an organisation must therefore also

be managed in such a way that value is added to the inputs, in order to produce outputs which satisfy the needs of the society.

Accordingly, various decisions pertaining to such subsystem must be taken by the management to ensure its effective use. Apart from such decisions, strategic decisions regarding the management of this subsystem must also be made. Hence, the employer or the management has a major role to play in industrial relations.

Such responsibility of the employer in industrial relations centres on the following areas:

1. Establishing appropriate contractual relationship between the organisation and the employees.
2. Taking steps to grant recognition to trade unions which have been registered by the appropriate government agency.
3. Putting into place appropriate structures with which to manage the trade union activities in the organisation.
4. Establishing appropriate structures for the practice of collective bargaining for resolving industrial conflict.
5. Establishing appropriate structures for the management of workers' grievances on individual basis as well as for group of employees.
6. Establishing appropriate policies and procedures for handling disciplinary issues in the organisation.
7. Creating enabling environment for the workers to participate in management decisions which affect their lives at the workplace and the organisation as a whole.
8. Produce and make available to the workers, organisation manual that incorporates the conditions of service under which the workers have to work.
9. Fostering team building and interpersonal relations among the workers so as to engender mutual understanding among the workers.
10. Recognising and incorporating existing industrial laws and regulations in fashioning out industrial policies and procedures for dealing with industrial matters in the organisation.



## **SELF-ASSESSMENT EXERCISE**

Outline the various areas of employer's responsibility in industrial relations.

### **3.1.2 Role of Trade Unions in Industrial Relations**

Trade unions come into being as a collective response of working people exposed to the economic deprivations of an inappropriate societal structure and exploitative attitudes of the industrial and commercial operators. Therefore, the workers find themselves repeatedly engaged in bitter conflicts with the controlling elements in the society. It has been argued that having brought people together in factories and in cities, dissatisfaction and resistance to prevailing conditions of work and living then led to trade unionism aside from social protests and violent revolutions.

The fundamental objective of trade unions therefore, is to look after the interest of their members, providing welfare measures and boosting the morale of members as well as ensuring good relations between workers and management. More so, demanding for workers participation in management is the prerogative of trade unions. Giving financial support to its members, contributing to the reduction of industrial disputes and obtaining better conditions of service for its members are also the functions of the trade unions.

Furthermore, apart from seeing to the welfare of their members, their role also covers that of: seeing to the maintenance of industrial peace; seeking to bring more members into the union's fold, mostly on voluntary basis; representing the workers; engage in collective bargaining and consultation; taking part in the settlement of trade disputes and seeking to participate in decision making on matters of interest to the workers.

Another perspective is that trade unions find relevance in productivity with their policies directly or indirectly affecting productivity positively. The role of trade unions is also seen in their ability to encourage innovation, flexibility and professionalism as well as in providing the additional advantage of organised approach based on collective strength and wisdom. The role of the trade unions therefore, must go beyond the general interest of worker in terms of remuneration and other working conditions.

In the course of performing its responsibility to the workers, it has been observed that it is in the best interest of the unions and developing countries that the unions render active cooperation in the development

plans which aim at the prosperity of the society. This view is based on the Western concept of trade union roles which cut across social, economic and political aspects. Contrasting this against the background of the evolution of trade unions in Nigeria, it is held that trade unions in Nigeria are more concerned with insecurity of job and earnings and an uncertain future in the context of continuing mismanagement of national resources.

Hence, this has pushed workers and unions into proposing sets of complementary and the more immediate demands such as minimum wages and pensions being backed up by strikes. The Nigerian workers generally, simply want to protect their interests against both employer and government encroachments by adopting methods extending beyond the confines of the collective bargaining and job consciousness, akin to the American vintage situation.

Nevertheless, the aims and commitment in union policy vary among trade unions and over a period of time. This can be explained in terms of historical factors, present conditions and the characteristics of unions. Taking the particular case of Nigeria, the reality is that the trade unions constitute an important element in the social structure of the country, influencing as it were, decisions and actions in both the economic and non-economic sectors. Identifiable among these are their influence in the area of price of industrial, amount of effort or working time, equity or fair play, and power of influence in the work place and large society, as well as in the security of their organisations and the extent of control which these organisations have over jobs.

Fundamentally therefore, trade union serves as the linking pin between the worker and the employer or management and industrial in industrial relations. By their very nature and function, the trade unions are part of the production process because they represent industrial while the employers both private and government represent capital.

### **SELF-ASSESSMENT EXERCISE**

Identify the areas of the trade unions' responsibility in industrial relations.

### **3.1.3 The Basis of Government Intervention in Industrial Relations**

The government which is often referred to as the third party in industrial relations also plays an important role through its different intervention strategies using the instrumentality of mediation, arbitration and conciliation besides promulgating the necessary legislations for the

protection of the economic interest of the country. All in all, these devices are established to bring peace within organisation.

The legal status of industrial relations derives from government's recognition of the two parties as partners in the production of goods and services. The implication is that there is a range of public legislation regulating the day-to-day activities of the employers and the industrial unions in the course of industrial operations. Consequently, the position of government in industrial relations is that of acting as the watchdog over the disposition of the two parties, that is, the employer and the employees. More so, since the two parties, who are the principal actors in industrial relations come with vested interest, there is the need for government intervention towards ensuring a coalescence of such divergent interests.

Fundamentally, there is an unequal relationship between the employer and the employees, with the employer driven by the inordinate desire to maximise profit. The employees, on the other hand are hunted by fears of unemployment and starvation and therefore, found themselves herded into factories and other workplaces to work under very severe and often debilitating conditions. Hence, there is conflict of interest which can only be resolved with the intervention of the government in form of rules and regulations for the practice of industrial relations.

Furthermore, for a definite relationship between union and management that will enhance the pursuit of goals and objectives for which the organisation is established to exist, there is need for the intervention of government in industrial relations to ensure the protection of workers' rights and privileges in the workplace. More so, industrial relations embraces the determination of general conditions of service, discipline, maintaining a stable work force, providing welfare facilities for the workers and so forth, therefore, government has to provide conducive environment through legislation for the use of collective bargaining to ensure fair deal for both parties.

The realities of industrial management relations tend to indicate that in spite of the deliberate efforts of industrial and management to co-exist, the two parties have to be prevented from locking horns and at the same time remove their biases against each other towards ensuring industrial harmony and societal progress. This is the responsibility of the government in any society. Above all, since the employers in industrial organisations are all too powerful with their intimidating might to hire and fire at any plausible excuse, the government has onerous responsibility to ensure the protection of the workers' rights and privileges in the workplace.

### **3.1.4 Reasons for Government Intervention in Industrial Relations**

1. There is need to maintain stability in industrial organisations through the use of appropriate rules and regulations.
2. Government also intervenes to control the work relations in order to ensure industrial harmony.
3. The relationship between employers and employees is contractual in nature; therefore there is the need for government to regulate such legal relationship.
4. Government is an important employer of industrial in the country, and this implies that it has to exert great influence in industrial relations through legislations on remuneration, fringe benefits etc.
5. There is also the need to enforce government regulations through intervention in resolution of industrial disputes.
6. Government also intervenes to resolve lingering industrial disputes through the use of appropriate institutions to avert breakdown of law and order in the workplace.
7. Government also intervenes in industrial relations by setting the guidelines for the determination of conditions of service and welfare amenities for the workers.
8. Government has the responsibility to encourage desired level of productivity in the economy through intervention in industrial relations.
9. Government intervenes due to the growing awareness that relations between employers and employees could not be left to the two parties alone; in order to protect public interest.
10. Government has the responsibility to protect the peace of the nation, and therefore, the government takes concerted efforts to make employers and the workers resolve their differences through industrial court.

### **SELF-ASSESSMENT EXERCISE**

Why is it necessary for government to get involved in the practice of industrial relations?

## 4.0 CONCLUSION

The analysis above portray that industrial relations is an integral aspect of the industrial system in any economy, and Nigeria is no exception. Therefore, it behoves on the government to intervene in the practice of industrial relations in order to regulate the behaviour of the employers, and at the same time to ensure their compliance with the existing industrial laws.

Furthermore, government also intervenes in industrial relations to ensure fair deal for the workers whose interest can be jettisoned by the employers in their inordinate quest to maximise the returns on their operations. Above all, government serves as an arbiter in industrial disputes by using its various agencies to mediate in such cases. This government's area of intervention is imperative towards ensuring industrial harmony and the protection of the economy from industrial instability as well as guiding against the exploitation of the workers by the employers.

## 5.0 SUMMARY

This unit of the course has highlighted the basis of industrial relations. Therefore, in this unit, the meaning of industrial relations has been considered along with the various areas of responsibility of the employer, and the trade unions. The basis and reasons for the government involvement in the management and practice of industrial relations in industrial and commercial organisations have also been analysed in this unit.

In the next study unit, you will be taken through the discussion on the basis of relationship between the employer and the employee in organisational setting.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. What are the reasons for government involvement in the practice of industrial relations?
2. Outline the various areas of involvement of the employer in the practice of industrial relations.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 2     NATURE OF RELATIONSHIP BETWEEN EMPLOYERS AND EMPLOYEES**

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- 3.0 Main Content
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    - 3.1.2 Essential Elements of Contract of Employment
  - 3.2 Master-Servant Relationship between Employer and Employee
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- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Fundamentally, the basis of relationship between the employer and the employee is the contract of employment. The employers and the employees are normally brought together by virtue of the understanding that there exists a contractual relationship between them. In essence, the action of the employer, which constitutes an invitation to treat, beckons on the employee that invariably makes an offer for the acceptance of the employee invariably results into employment relationship.

The implication of such relationship between the employer and the employee is that there is always an agreement that is legally binding and enforceable on the basis of which the latter party accepts to work for the former. Hence, a contract of employment is an agreement that creates the relationship between the employer and the employee and contains terms that are legally binding on both parties just like all other forms of contract.

In this unit, you are going to be exposed to the nature of the contract of employment, which serves as the basis of the relationship between the employer and the employee.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the term contract of employment
- identify and explain the essential elements of a valid contract of employment
- analyse the master-servant relationship between the employer and employee
- mention and discuss the conditions of service in contract of employment
- differentiate between contract of employment and contract of apprenticeship
- identify and explain the various ways through which contract of employment can be terminated.

## **3.0 MAIN CONTENT**

### **3.1 Contract of Employment**

#### **3.1.1 Overview of the Contract of Employment**

According to Aturu (2005), contract of employment is essentially a bilateral agreement between an employer and an employee, whereby the employee offers his or her industrial potential to the employer, and, in exchange therefore, the employer remunerates his/her industrial. The content of the employment contract is determined by the employer and employee.

More often than not the contract of employment is expected to set out the conditions of service in term of the issues relating to job description; remuneration; working hours per day; annual leave, sick leave, maternity leave, compassionate leave and study leave; and the fringe benefits (pension, provident fund, medical fund and housing).

Other issues considered in the contract of employment are in relation to protection of the company's interests – confidentiality and restraint of trade, the term of the contract, retirement age and notice period, requirements in respect of agreement, occupational health and safety rules, disciplinary rules, grievance procedure, and any relevant procedural or substantive agreement between the employer and a trade union in area of collective bargaining.



The contract of employment is regulated by: common law rules of contract and other applicable laws such as the Industrial Act of 1978 and judicial decisions. The reasons for the state intervention are not difficult to see. Such reasons include the need to:

- protect the employee, who is the weaker party
- ensure harmonious relationship between both parties to the contract
- ensure fair treatment of the weaker party in terms of conditions of service
- amicable resolution of employer-employee disputes
- interpretation and enforcement of the contractual obligations of the parties
- check the excesses of both parties
- check wrongful disengagement of the employees
- mitigate oppression of the employees by the employers.

Therefore, you can appreciate the fact that both the employers and the employees operate under the watchful eyes of the government so as to ensure equity as much as possible, in terms of the contract relationship between both parties.

### **3.1.2 Essential Elements of Contract of Employment**

For a contract of employment to be valid there are some conditions precedent, which must be adhered to by both parties who are the subjects of the contractual relationship that subsists in the workplace. In the same vein, Aturu (2005) succinctly posits that all such ingredients of validity must be satisfied for a contract of employment to be legally binding on both parties.

Such conditions in the contract of employment are as follows:

#### **1. Offer**

It is an expression of interest by one person or group of persons, or by agents on their behalf, made to another of his or their willingness to be bound to a contract with that other person on terms either certain or capable of being made certain. The terms of the offer must be made clear and capable of being accepted. It must also be communicated to the other person. This is very applicable to the contract of employment.

#### **2. Acceptance**

It signifies the indication by the person to whom the offer is made of a person to accept unconditionally the term of the offer and to be bound

by them. In the acceptance of the offer, the terms of the offer must not be varied otherwise it would amount to a counter offer. And until the person who first made the initial offer accepts the counter offer, there cannot be any valid agreement subsisting between both parties. This condition is also very essential in the contract of employment.

### **3. Consideration**

Based on classical definition, the term means some right, interest and benefit accruing to one party or some forbearance, detriment, responsibility given, or undertaken by the other party. Hence, it implies consideration is what the parties give to each other in order to derive a benefit under the contract, and it is must be sufficient and not necessarily enough.

In the contract of employment, the consideration from the point of view of the employee is the salary that the employer pays, and to the employer, his expectation from the employee is the services to be rendered by the worker.

### **4. Intention**

The intention to enter into legal relations which is binding on both parties - the employer and the employee - is said to be usually inferred from the consideration. Hence, the mutual agreement between the employer and the employee should be incorporated into individual worker's contract of employment.

### **5. Capacity**

Under this condition, a person cannot have a valid contract of employment unless he or she is of a sound mind and has reached the age of maturity. Therefore, a person who is under the age of 16 years is not capable of entering into a contract of employment as a manual or clerical worker except as an apprentice.

The Industrial Act provides that the parent or guardian of a person above the age of 12 years and under the age of 16 years with the consent of the person may by a written contract permit an employer to train the person for a trade or employment in which art or skill is required or as a domestic servant. The term of the apprenticeship cannot exceed five years.

The Industrial Act also provides that where the young person is up to 16 years and above, he or she may apprentice himself or herself for the same term. The contract of apprenticeship must be duly attested to by an

industrial office otherwise it is termed void. Removing or attempting to take out of Nigeria an apprentice who is under the age of 16 years is prohibited.

### **SELF-ASSESSMENT EXERCISE**

What are the essential elements of a contract of employment?

## **3.2 Master-Servant Relationship between Employer and Employee**

The master is the employer of industrial, and by implication, he is the stronger party in the relationship. The responsibility of the master arising from a master-servant relationship implies that the master owes some duties to the servant and also assumes some liability to the servant.

### **3.2.1 Duties of the Master to his Servant**

The master's duties to his servant are fixed partly by the express terms of the contract and partly implicit in the nature of the contract. Such duties include:

1. To provide work. It is mandatory for the master to provide work for the servant.
2. To remunerate the servant. The master has the duty to pay cash remuneration in legal tender, at the right time and the agreed quantity unless otherwise stated or for reasons known and acceptable to the two parties.
3. Maintenance of a safe, secured and clean work environment.
4. To provide competent and responsible staff, instruct him and follow up with reasonable supervision.
5. To indemnify a servant for all liabilities and losses of property incurred in the course of his duty.
6. To indemnify a servant for all liabilities and losses of property incurred in the course of his duty.
7. To comply with all necessary conditions for the purchase, use, maintenance and discard of equipment and machineries at work.
8. To safeguard employees from fumes, exposure to dangerous and explosive items and installation of safeguard devices.

### 3.2.2 Employers Liability to the Employees

The master also owes the servant some liabilities. A master is liable for the acts of the servant in the following circumstances:

- when the servant's action or inaction has been expressly authorised
- when even unauthorised actions or inactions of the servant are subsequently ratified
- the actions or inactions of the servant were done in the course of the servant's employment.

The liability arises from the implied terms in the contract of service which specify that a master shall indemnify his servant in respect of all legitimate actions in the course of his duty. Nevertheless, care must be taken by the servant to the effect that a mere relationship of master and servant does not give the servant any power to act as agent for his master.

### 3.2.3 The Servant Worker's Duty of Fidelity

The worker servant is the employed, and according to the Industrial Act 1974, is any employee who has entered into or work under an employer. His obligations include the following:

1. A servant must not enter into transaction whereby his personal interest conflicts with his duty in his particular capacity. He should be faithful, loyal and honest.
2. Duty to obey orders: The servant is duly bound to obey all lawful and reasonable orders of his employer.
3. Duty to perform work for which he is employed or related duties.
4. Duty to comply with reasonable restraint of trade.

### SELF-ASSESSMENT EXERCISE

What are the duties of the master to his servant worker in the contract of employment?

### 3.3 Conditions of Service in Contract of Employment

The conditions of service that are normally spelt out in a contract of employment include the following:

## **1. Remuneration**

This is considered as the important item in a contract of employment. Remuneration in itself comprises of salaries (or wages) and allowances (fringe benefits and commissions) which form part of the terms of a contract of service.

Remuneration is normally negotiated between master and servant, and where no rate is agreed, the rate paid is deemed to be what is current in similar industry in the area. Nevertheless, the need to prevent workers from exploitation has necessitated the promulgation of legislation on wages. A worker's rights to his wage is inherently incorporated into the contract of employment, and where fringe benefits are a part of the contract, payment of bare wages will not be considered adequate.

An employer is allowed to make deductions from the employee's wages to any pension fund, taxes or others. Deductions of overpayment can also be made but it must be made in at least three equal instalments and must not exceed one third of the worker's monthly wages at a time.

The Industrial Act does not permit an employer to suspend his worker without payment of wages except where criminal offences are committed. Restriction in the use of wages by the worker is not allowed. The manner in which a worker expends his wages shall not be restricted in any way. A worker who is required to walk for at least 16 kilometres or more to his place of work or another work site shall be entitled to free transport or an allowance in lieu.

## **2. Working hours and holidays**

The working hours of a worker are not more than eight hours per day, and all the public holidays which attract work are normally expressly stated in the contract of employment. Any excess hour over this constitutes overtime.

## **3. Normal working hours**

The normal working hours in terms of time of reporting for duty and closing has to be fixed by agreement or through collective bargaining. In addition, statutes have been used to regulate strictly the number of hours, which may be worked in any one week.

Both Sundays and public holidays are to be observed as work-free days. By implication, an employee cannot be compelled to work on these days against his wish. Where employees agree to work on such days, he should be paid for on the basis of full working day or more in addition

to his wages. There must be at least a 90 minutes break for meal or rest each day.

#### **4. Provision for holidays**

Provision for the annual leave is embedded in the terms of employment between employer and employee. Nevertheless, the employee is entitled to an annual leave with pay unless otherwise stated in the contract of employment. Women on maternity leave are entitled to at least 50 percent of their salary provided they have worked for 6 months prior to the maternity leave.

### **SELF-ASSESSMENT EXERCISE**

What are the essential elements of a condition of service in a contract of employment?

#### **3.4 Contract of Apprenticeship**

Apprenticeship is a contract to train; it may be entered into by both an adult and infant, must be approved by an industrial officer, and must be beneficiary to the apprentice. It is regarded as an agreement under which a person whether an infant, adult, male or female undertakes to serve and learn for a definite time from a master, who consents to teach his trade or professional calling to the apprentice.

Differences between contract of employment and that of apprenticeship include:

1. Learning is the main focus of the contract of apprenticeship.
2. They are often identified with training of young people, i.e. it has the young ones in view, though older people can also get into it.
3. Contracts of employment may be either oral or written whilst that of apprenticeship must be in writing.
4. Contract of apprenticeship must be approved by an industrial officer.
5. An infant can be involved in a contract of apprenticeship but he must consent to the terms of the contract and it must be to his benefit.
6. In a contract of apprenticeship, a parent or guardian must countersign the agreement.

Like any other contract of employment, the terms of contract of apprenticeship are set out fully in the DEED of apprenticeship. Such terms include the following:

- length of apprenticeship
- amount of premium to be paid
- hours of work
- holidays with pay
- surety, etc.

### **SELF-ASSESSMENT EXERCISE**

What are the differences between a contract of employment and a contract of apprenticeship?

## **3.5 Termination of Contract of Employment**

The termination of contract of employment can be effected through many ways. The form of determination to be used at any point in time is usually gathered through express or implied terms of the contract or may be inferred from circumstances surrounding the contract.

### **1. Termination by operation of the law**

Contract of the employment can be determined or brought to an end because of the contents of the law. For instance, an employment will be determined under the law by:

- the efflux ion of time i.e. where a particular period is fixed
- notice where duration is not fixed
- the death of one of the parties to the contract, for example, the worker or the boss going bankrupt
- protracted illness making it impossible for one to work
- situations where there are frustrating agents, e.g. war, that makes the performance of the contract of employment impossible or that destroys the subject matter of the contract.

### **2. Termination by the intention of the parties**

Both parties can indicate their intention to terminate the relationship. Such intentions must be made in a notice, which has to be expressly or impliedly spelt out. Such notice may be one month, three months or as may be agreed by both parties right from the onset of the contract. However such determination is preceded by three conditions.

Payment in lieu of such notice can also be given by one of the parties, and the other party should accept such notice and make it work. Misconducts, inefficiency and inability to perform assigned responsibilities by a party to the terms of a contract of employment can

also determine a contract of employment. Other situations that can also determine a contract of employment include redundancy, retrenchment, resignation, and retirement, etc.

In a situation where the employer is asking for termination, he must ensure that he informs the trade union of its intention and of the affected workers. He must also ensure that he pays all monies due to such workers.

Some issues fall out of this second determinant for termination of a contract of employment such as termination of public servant and a managing director. A public servant is a civil servant. The contract of employment of a civil servant can be terminated only based on the civil service rules because he enjoys an appointment with statutory flavour.

A managing director's employment is dependent on his terms of agreement with his employer, which is for a fixed period. Therefore, he cannot be terminated before the expiration of such period, except by the decision of a general meeting of the Board. Even where the managing director or any service director has an informal service agreement or for an unspecified duration, his service can be terminated only by a resolution passed in a general meeting, which can be held at any time.

### **3. Termination by dismissal**

An employee can also have his employment contract terminated without notice regardless of the fact that no payment has been made in lieu of notice. Dismissal may result from misconduct on the part of the employee which could result from incompetence, disobedience to lawful orders, neglect, and misconduct, etc. Summary dismissal on the other hand results from more serious and grave misdemeanour on the part of the employee.

Some of these grave misdemeanours include: actions by an employee which are likely to bring the employer into disrepute; gross negligence of duty; gross immorality; gross misconduct; and abscond from duty post.

An exception to this rule is the employment with statutory flavour. Employments with statutory flavour are those appointments that are governed by statutes which regulate mode of the employment, rights, privileges and duties of the employee and how the employment can be determined. Therefore, in order to put an end to this kind of employment, the statutes must be strictly complied with.



Failure on the part of such organisations to comply strictly with the statutes establishing them renders the dismissals of the employee null and void. According to Aturu (2005), in such cases, the law court will readily order re-instatement of the dismissed or sacked employee. Nevertheless, the onus is on the affected employee to show that there is a statute that protects his or her employment.

In essence therefore, an employment is regarded as that which is associated with a statutory flavour if the employment is directly governed or regulated by a statute or a section of the statute delegates power to an authority or body to make the regulations or conditions of service as the case may be.

### **SELF-ASSESSMENT EXERCISE**

What are the inherent features of an employment with statutory flavour?

## **4.0 CONCLUSION**

The above discussion has exposed you to the nature of contractual relationship between the employer and the employee; in terms of the essential requirements for a valid contract of employment. You were also exposed to the master-servant relationship between the employer and the employee as well as the important considerations inherent in the conditions of service for the employees.

## **5.0 SUMMARY**

This unit has been used to discuss the contractual relationship between the employer and the employee. In addition, the unit also analysed issues which border on the factors to consider whenever the necessary decisions are to be taken towards engaging the services of the employees in relation to the provision of the law; particularly the conditions of service. The unit also explained the issues relating to the contract of apprenticeship.

In the next unit, you will be exposed to the discussion on the regulation of the relationship between the employer and the employee in relation to the provisions of the industrial law in the country.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Identify and explain the essential elements of a valid contract of employment.
2. a. Mention the important considerations in the condition of service of an employee.

- b. What are the differences between contract of employment and that of apprenticeship?

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 3      REGULATION OF EMPLOYMENT AND DUTIES OF EMPLOYERS AND EMPLOYEES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
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### **1.0 INTRODUCTION**

In the previous unit, the focus is on the contract of employment. In this unit, discussion is on the regulation of employment between the employer and the employee by the statutory provisions as contained in the industrial law.

You will recall from the previous study unit that the contract of employment can be oral or in writing. This is because an oral agreement known as parole in law can be enforceable under the general law of contract. Manual workers and clerical staff may only be employed orally for a period of three months.

The industrial law provides that not later than three months after commencing work with an employer, the latter has a duty to give to the worker a written statement specifying the terms of employment except the worker already has a written contract.

Contract of apprenticeship must be in writing and attested by an authorised industrial officer. The authorised industrial officer must

satisfy himself that the apprentice consented to the contract and that the consent was not obtained by coercion or undue influence.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- describe the statutory terms of employment
- identify and discuss the various categories of workers
- describe the regulation on employment of women and young persons
- analyse the rights and obligations of both parties involved in the contract of employment.

## **3.0 MAIN CONTENT**

### **3.1 Terms of Employment**

The industrial law makes it mandatory for employers to give their workers not later than three months after the beginning of a worker's employment a written statement specifying the following terms:

1. The name of the employer or group of employers, and where appropriate, of the undertaking by which the worker is employed.
2. The name and address of the worker and the place and date of his engagement.
3. The nature of the employment.
4. If the contract is for a fixed term, the date when the contract expires.
5. The appropriate period of notice to be given by the party wishing to terminate the contract which must conform with the relevant provision of the Industrial Act.
  - a. One week where the contract has continued for more than three months but less than two years.
  - b. Two weeks where the contract has continued for a period of two years but less than five years,
  - c. One month where the contract has continued for five years or more.
7. The rates of wages and method of calculation thereof and the manner and periodicity of payment of wages.
8. Terms and conditions relating to:
  - hours of work

- holiday and holiday pay
  - incapacity for work due to sickness or injury, including any provisions for sick pay.
9. Any special conditions of the contract. The employer has a duty to inform the worker of any change in the terms not more than one month after the change. The requirement of written particulars is however not applicable to workers who have been given a written contract of employment covering the above particulars.

The following terms cannot be included in a contract of employment of manual or clerical workers:

- a. That wages shall be paid at intervals exceeding one month unless it is authorised by the state.
- b. That a worker can be made liable for the debt or default of another person.
- c. That a worker's employment shall depend on whether he or she joins does not join a trade union or that he or she shall or shall not remain a member of a trade union.

A worker cannot be dismissed or prejudiced by reason of trade union membership or because of trade union activities outside working hours or within working hours with the consent of the employer.

- d. Any provision excluding or limiting the liability of an employer in respect of personal injuries caused to an employee or an apprentice by the negligence of a fellow employees.
10. Termination of contract of employment. The Industrial Act gives a guideline in case where the parties have not by contract waive their right to notice. Example is where a party accepts payment in lieu of notice or commits such acts as may entitle the employer to terminate the employee summarily.
- i. Where the contract has continued for a period of three months or less, one day notice shall be given.
  - ii. One week where the contract has continued for a period of more than three months but less than two years.
  - iii. Two weeks where the contract has continued for a period of two years but not less than five years.
  - iv. One month where the contract has continued for a period of five years or more.

Any notice for a period of one week or more shall be in writing and that all wages and other entitlements shall be paid on or before the expiry of any period of notice.

### **SELF-ASSESSMENT EXERCISE**

What are the essential terms in a contract of employment?

## **3.2 Categories of Workers**

The term worker does not include any person exercising administrative/executive or technical functions according to the Industrial Act. Hence, on notification of trade union of redundancy does not apply in the case of persons exercising administrative/executive or technical functions.

### **1. Public officers or servants**

A public officer is any person employed in the service of either the federation or of a state in any capacity in respect of the government of the federation or of a state. By virtue of the constitution of the country, public servants would include staff of the following establishments:

- i. National Assembly
- ii. Judiciary, Commission or Authority established for the federation or for any state or local government
- iii. Statutory corporation, company or enterprise in which the government has controlling shares or interest
- iv. Educational institutions established or financed by the federal or the government of a state or local council
- v. Ministries or departments or agencies of the federal or state government or local council.

Such workers can be said to be employees whose employment have statutory flavour. Therefore, their rights, privileges and duties are regulated by the statutes establishing such organisations or government regulations.

### **2. Common law employees**

Workers who are employed in the private sector or even in government establishment but whose terms of employment are governed or regulated by contract alone and not by statute are common law employees. The relationship is described as that of master-servant relationship. However,

a public servant or officer whose employment is not governed by statutes is also a common law employee.

The employment of the workers can be terminated by either party upon notice or upon payment of salary in lieu of the notice. The length of the notice is as contained in the contract of employment.

Where the parties did not stipulate the length of notice the court will have regard to the nature of the employment and the status of the employee concerned and read a length of notice it considers reasonable into the contract of the employment.

### **3. Foreign employees**

No foreign employees can accept employment with Federal Government of Nigeria or any state government without the consent in writing of the Director of Immigration. The aim is to protect certain businesses from exploitation by non-Nigerians and make sure that Nigerians are not at any disadvantage.

### **3.3 Regulation on Employment of Women and Young Persons**

#### **3.3.1 Regulation of Employment of Women**

The provisions of the Industrial Act on the employment of women are as follows

1. Generally, women are not supposed to be employed on night work. Nevertheless, the provision does not apply to women in medical profession and persons in agricultural undertakings who are engaged in manual-industrial.
2. A night work for women is only permissible where the work due to an unforeseen interruption of operation and is not recurring or it has to do with raw materials which are likely to get spoil fast.
3. No woman can be employed in an underground work in any mine unless she is undergoing a study which requires such work or she occasionally enters the underground parts of a mine for a non-manual work.
4. A woman is entitled to be absent from her work six weeks before her confinement is due and six weeks thereafter, if she produces a medical certificate to that effect.

5. In the above cases, the woman is entitled to 50 percent of her wages regardless of her absence and cannot be given notice of dismissal during her absence.
6. More so, a woman must be allowed half an hour twice a day to nurse her baby during working hours.

### **3.3.2 Regulation of Employment of Young Persons**

The provisions of the Industrial Act on the employment of young persons are as follows:

1. Generally, no young person shall be employed during the night. Nevertheless, young persons over the age of 16 years may be employed at night in the manufacturing of:
  - iron and steel
  - glass works,
  - paper, raw sugar, and
  - gold mining reduction work.
2. A young person under the age of 15 years cannot be employed in a vessel (ship) except the vessel is a school or training vessel or only member of his family are employed in the vessel.
3. No young person under the age of 16 years can be employed to work underground, on machine work or on public holiday.
4. No child can be employed except by members of his family to work on light work of an agricultural, horticultural or domestic character approved by the minister.
5. A child cannot be employed to lift, carry or move anything so heavy as to be likely to injure his physical development.
6. A young person under the age of 14 years can only be employed on a daily wage and day-to-day basis provided he or she returns each night to the place of residence of his or her parents or guardian.
7. Every employer of young persons must keep a register of all the young persons in his industrial undertaking with particulars of their ages, date of employment and nature of their employment.



## **SELF-ASSESSMENT EXERCISE**

Give reasons why it is necessary for the state to regulate the contract of employment?

### **3.4 Individual Agreement in Industrial Relations**

Fundamentally, the individual agreement is the contract of employment by means of which the relationship between the individual employer and employee is regulated. Since the contract of employment constitutes a very important component of industrial relations management at the organisation level, it is important that it is considered.

Basically, once a person offers his or her services (industrial) to any other person (an employer) in exchange for remuneration, a specific contractual relationship comes into being. There is no need for such agreement to always be a written contract. Where an oral agreement is concluded between the two parties, such parties are expected to abide by the provisions agreed upon.

You will recall from the previous study unit that a contract of employment is essentially a bilateral agreement between an employer and an employee. The employee offers his or her industrial potential to the employer, and, in exchange therefore, the employer remunerates him/her industrial. The content of the employment contract is determined by the employer and employee, but relevant laws and agreements laying down minimum conditions also have to be taken into consideration.

Usually, the contract sets out the rights and obligations of the employer and employee by way of provisions dealing with issues such as: job description; remuneration; working hours per day; annual leave; sick leave; maternity leave; compassionate leave and study leave; benefits (pension, provident fund, medical fund and housing); protection of the company's interests – confidentiality and restraint of trade; the term of the contract, retirement age and notice period; requirements in respect of closed-shop agreements or agency-shop agreements; occupational health and safety rules; disciplinary rules; and any relevant procedural or substantive agreement between the employer and a trade union.

The implicit aspect of this contract of employment is that both employer and employee have specific rights and duties. The employee sells his/her services to the employer and in return the employment relationship requires the employer to render counter-performance.

The rights of the employee in the organisation normally include the right to associate with other employees (that is, to belong to a trade union), to bargain collectively, to withdraw his industrial or go on strike, to be protected and to receive training, among others.

### **3.5 Duties of the Employer and the Employee**

Both the employer and the employee have some duties to perform arising from the contractual relationship between the two parties. Such duties are set out below.

#### **3.5.1 Duties of the Employer towards the Employee**

The duties of the employer are as follows:

##### **1. Duty of employment**

Once a contract of employment has been concluded between an employer and an employee, the employee must be employed by the employer in accordance with the provisions of the employment contract. The employer must therefore take the employee into his/her service and remunerate the employee as from the date agreed upon. Implicit in this duty is the duty to keep the employee in employment and not to dismiss him or her arbitrarily.

##### **2. Duty to provide work as agreed upon**

The designation of the job to which the employee is appointed is usually specified in the contract of employment, and in such contract, the employee's duties are set out in broad outline. The employer may, within the limits of the provisions of the employment contract, use his or her discretion regarding the utilisation of the employee's services. Nevertheless, the question that must always be asked is what the intention of the parties was and what can reasonably be expected of the employee.

An example which is clearly indicative of breach of contract in this regard is that where a person is appointed as a manager, but is demoted to a lower post after a few months, yet still receives the same salary. Another of such a breach of contract is that where a person is appointed as a training instructor, but is instructed after two weeks to perform low-level, clerical work for a few months. In both cases, there is no consensus (a meeting of the minds) and a lowering in status is the outcome. The employer is not entitled to unilaterally amend the terms of the employee's appointment.

### **3. Duty to remunerate**

In the contract of employment, the parties agree that remuneration is payable periodically (daily, weekly or monthly). The remuneration need not necessarily be payable in money (an employee may, for example, be entitled to part of a harvest). Moreover, not all of the remuneration need be paid in the form of a wage or salary, but may be calculated on a commission basis. The remuneration must, however, be fair and reasonable vis-à-vis the services rendered. It is the employer's duty to remunerate the employee for purely making his/her services available, which means that, where the employer is prevented from utilising the employee's services owing to circumstances beyond the control of the employer, he/she (i.e. the employer) must remunerate the employee, provided that the latter continues to offer his/her services. The principle of "no work, no pay" however applies where an employee fails to make his or her services available as a result of participation in a strike.

### **4. Duty to provide a safe working environment**

Every employer is expected to exercise reasonable care in ensuring safety of his or her employees. In essence, not only must the workplace be safe, but also the machinery, equipment and work systems which are used.

There are relevant safety laws in Nigeria that impose specific obligations on the employer as regards safeguarding of the work situation. Nevertheless, numerous matters pertaining to safety are negotiated by employers and trade unions, such as the training of employees and safety representatives in safety matters.

### **5. Duty to grant leave**

The employers are to grant paid vacation leave to their employees. Where the employer cannot go on leave due to the nature of his or her work, the leave bonus must be paid.

Other duties of the employer include:

- contribute to the pension fund
- keep certain prescribed records
- provide severance allowance at the instance of separation
- allow employees to join to a trade union
- encourage the use of collective bargaining.

### **3.5.2 Employee Duties to the Employer**

The employee also has specific duties to perform, arising from the contract of employment. Such employee duties include the following:

#### **1. Duty to make his or her services available**

Every employee has a duty to make his or her services available to the employer as agreed upon in the employment contract. Thus, his or her right to remuneration depends on the availability of his or her services and not on the actual rendering thereof.

#### **2. Duty to be competent on the work**

On the strength of a person's application for employment, he or she tacitly guarantees that he or she is able and competent to do the work required by the post. Every employee undertakes, by way of his or her employment contract, to exercise the necessary care and competence in performing his or her work. It is only when an incapacity is serious or continuing that termination is justifiable.

#### **3. Duty to act in good faith**

On conclusion of a contract of employment, a relationship of trust comes into being between the employer and the employee. Therefore, the employee is required at all times to serve his or her employer honestly and to act in good faith. The employee must further the employer's business interests and the personal interests of the employee may not conflict with the interests of the employer.

#### **4. Duty to protect property and information**

Employees may also not misuse the property of their employers or divulge confidential information or business secrets.

#### **5. Duty towards good behaviour**

Employees must refrain from committing acts of misconduct such as dishonesty, theft, intoxication, and the like.

#### **6. Duty to render services as subordinate of the head**

Employees are expected to render his or her services in subordinate capacity, and to obey the lawful and reasonable instructions of the employer. They are also required to act respectfully to the employer and senior colleagues.

An employer may only take disciplinary action against the employee if the employee's refusal to carry out lawful instructions is intentional and of a serious nature.

### **SELF-ASSESSMENT EXERCISE**

Enumerate and explain the duties of an employee to his employer?

## **3.6 Employer's Rights and Management Responsibilities**

### **3.6.1 Employer's Rights**

The employer has specific rights vis-à-vis the employees. Therefore, the employee must:

- i. Perform the required duty and may not arrive unnecessarily late, be absent from the workplace or be under the influence of alcohol or drugs.
- ii. Be obedient, must not ignore the lawful instruction and reasonable instructions of management, and must not incite or intimidate co-workers.
- iii. Behave properly and acknowledge and respect the authority of management, must not swear or fight, must not be dishonest towards management, must not commit fraud and must not insult co-workers.
- iv. Exercise the right to associate, negotiate and strike in a reasonable and responsible way.
- v. Be loyal to the employer.

### **3.6.2 Management Responsibilities**

The management is responsible for ensuring that both parties respect each other's rights and abide by their respective duties. Such management responsibilities include:

- determine organisational objectives and strategies
- arrange for the utilisation of resources to realise the objectives of the organisation
- entrench quality assurance that products or services satisfy the requirements of consumers or the customers
- ensure that things are done efficiently
- ensure that customers are satisfied and will therefore buy and use the products or services, thereby guaranteeing the overall success of the organisation.

## 4.0 CONCLUSION

The above discussion has exposed you to the nature of the regulation of the relationship between the employer and the employee in terms of the statutory terms in contract of employment and the necessary areas within which both employers and the employees can exercise their rights regarding the contractual relationship between them. Nevertheless, it is instructive to note that such contractual rights of both parties carry with them some defined obligations. Hence, both parties are entitled to their rights and they are also under obligations to reciprocate in the like manner.

## 5.0 SUMMARY

This unit has discussed the rights of the employers and those of the employees under the contractual relationship between both parties. In addition, the unit has also treated issues which border on the factors to consider whenever the necessary decisions are to be taken towards engaging the services of the employees in relation to the provisions of the law. The unit also explained the issues relating to the regulation of the employment of women and young persons.

In the next unit, you will be exposed to the discussion on the necessary framework to be established in the management of industrial relations in an organisational setting.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Identify and explain the statutory terms of employment.
2. Discuss how women and young persons are protected in employment.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 4      FRAMEWORK FOR MANAGEMENT OF INDUSTRIAL RELATIONS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Specialisation and Devolution in Management of Industrial Relations
  - 3.2 Decentralisation and Centralisation in Management of Industrial Relations
  - 3.3 Standardisation and Formalisation in Industrial-Related Matters
  - 3.4 Decisions on Collective Bargaining Structure
  - 3.5 Organisational-Level Structure, Mechanisms and Procedures
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

Cronje *et al.* (1990) posit that in general management, a broad plan and objectives in themselves are not sufficient as a management strategy and that “there must be a framework or structure within which management sets about putting organisational strategy or plan into operation.” The development of such a structure includes the second fundamental element of management which is organising. Hence, Cronje *et al.* explain that organising means developing mechanisms to put the strategy or plan into action.

Organising decisions involve the grouping of activities and the allocation of groups of activities to persons who will accept responsibility and accountability for them. This includes a number of structural decisions, as well as decisions concerning mechanisms for strategy implementation and the allocation of work among the workers.

In this study unit, the emphasis is on the application of these concepts in industrial relations management. This involves decisions that top management should take about organisational structure in operationalising the formulated management policies in respect of industrial relations. Essentially, these decisions must be taken towards the effective implementation of the functional policies of an organisation on industrial-related matters.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain specialisation and devolution as they relate to industrial relations management
- explain standardisation and formalisation of functions in managing industrial-related matters
- identify the decisions necessary in structural arrangement for handling collective bargaining in organisation
- explain the relevant mechanisms for managing industrial relations
- identify and discuss the various role models that can be used for the management of industrial-related matters.

## 3.0 MAIN CONTENT

### 3.1 Specialisation and Devolution in Management of Industrial Relations

The most important aspect of the organising function has to do with decision regarding who does what when it comes to the management of industrial-related matters.

The employment relationship which must be managed is that between employee and the employer. The management team is accountable to the shareholders or owners for the management of this relationship. Due to the fact that workers organise collectively, however, they elect representatives in the workplace, and these representatives become yet another group of role players in the employment relationship.

Management decisions should be taken regarding who plays what role in the management of the employment relationship. In this regard, specialisation and centralisation are two of the crucial aspects determining the management structure that has to be created for the role players involved in industrial relations management. The successful management of the employment relationship is ultimately a line management responsibility. With regard to the various levels of management, the question arises as to who formulates industrial relations strategy and who is responsible for its implementation. Here, a distinction may be made between initiators, facilitators and implementers. Initiators, usually a small group of top and senior managers are responsible for formulating strategy and policy.

Facilitators, on the other hand, are usually industrial relations specialists who give professional advice to line management and who provide top management with feedback. Implementers are all the other role players



in the organisation, such as line management and workers and their representatives. It behoves on the management to decide who must be the facilitators and who must be the implementers. Empirical evidence reveals the impressive emergence of general 'business managers' and line managers as key players on employment issues. There was evidence of these managers devising, driving and delivering new initiatives. This aspect, which is termed devolution, should therefore be considered at top management level as part of strategic management decision making regarding industrial relations.

Brewster and Holt-Larsen (1992) opine that devolution is one of two core elements in a trend towards a more strategic approach to the management of industrial relations. The degree of devolution regarding the role of line management in this area of management as opposed to the degree of specialisation in respect of the role of industrial relations specialists is a decision to be taken at top management level.

Specialisation refers to the degree to which special tasks are identified and are allocated exclusively to certain specially trained persons. Smith & Cronje (1992) succinctly observe that departmentalisation regarding decisions about the process in which tasks are grouped into controllable units is a relevant issue when a special department is established to look after certain aspects of a matter. Specialisation may also be explained as the degree of authority that the line manager has in the area of industrial relations as compared with the specialists, an aspect that will ultimately have to find a place in organisational policy. The less the devolution, and thus the more specialisation, the greater the role of the specialist function. This, in turn, will mean that there will be a large number of specialists, and therefore a concomitant and complex departmentalisation of the function itself.

The personnel and industrial relations manager has a great deal of decision-making authority in the area of industrial relations management. Where this is the case, top management as part of its strategic management approach will be entitled to ask questions about the size of the personnel and industrial relations department. The current trend internationally is towards devolution rather than specialisation.

Basically, these top management decisions should be taken in the context of the formulated policy in respect of industrial relations management. In this connection, it seems that management would be more inclined to opt for devolution as it moves up the vertical axis of the matrix organisational hierarchy, because it will be more likely to believe that all managers have the ability or potential to take more and more of the decisions about the employment relationship for themselves.

## **SELF-ASSESSMENT EXERCISE**

Differentiate between specialisation and devolution in labour relations management.

### **3.2 Decisions on Employment Relationship and Collective Bargaining Structure**

The top management decisions on the role of the line manager and personnel specialist in taking decisions about the employment relationship are influenced also by decisions about the centralisation or decentralisation of decision making in this area.

Decentralisation refers to the extent to which decisions can be taken at lower levels without having to be approved at higher levels. Smith and Cronje (1992) posit that centralisation is the location of a high degree of authority at the top of the hierarchy while decentralisation refers to a high degree of delegated authority down the organisational hierarchy.

The emphasis herein is on the extent to which decisions relating to industrial relations management including those regarding negotiations are taken at a lower or higher level within the organisation. The important consideration is the role, and the powers and participation of various management levels including middle-level management and first-line supervisors when it comes to decision making. In multi-plant or multi-unit organisations, therefore, decisions have to be made about the extent to which head office as opposed to plant-level management has the autonomy to take management decisions about the employment relationship.

For example, if on one hand, a greater degree of decentralisation is decided on, with each plant being empowered to make decisions about recruitment, selection, career matters, training, supervisory style, job evaluation and remuneration, in conjunction with a policy of joint employee care, then, typically, management-trade union committees or teams at plant level will be empowered to take these decisions autonomously at plant level. On the other hand, if top management adopts a policy of integrative, negotiated care and also decides that, say, decisions regarding selection, training, welfare and remuneration will be centralised at head office level, then management personnel at head office will take these decisions. This is normally preceded, however, by regular, win-win negotiations with trade unions regarding these matters.

Alternatively, top management may decide to lay down broad parameters only, with less emphasis on monitoring the performance of individual plants or business units in the area of industrial relations

management; or a great deal of autonomy may be granted, with little or no monitoring. In order to retain a measure of control and coordination, top management has to decide on the degree of monitoring to be carried out in the event of decentralisation. In this regard, information technology can create a great many new possibilities when it comes to conveying the necessary management information to head office. Where the structure of an organisation is more complex, the divisional units, too, can play a part in decision-making, coordination and control in industrial matters.

At this juncture, you should appreciate the fact that the general characteristics of organisations and how they are organised in general will have a considerable influence on top management decision making concerning the centralisation or decentralisation of industrial relations management. For example, an organisation with plants in other countries which are exposed to different trade unions, legislation, and so forth, will of necessity have to allow more decentralisation.

Colling and Ferner (1992) note, however, that head office will still have to intervene at decentralised levels to resolve conflicts and to prevent repercussions shortly before listing on the stock exchange. Apart from this strategic, centralised role, head office can exercise control by means of monitoring and contact at plant level. Top management thus has to decide on the degree to which such measures are going to be applied when the circumstances of the organisation change, for example as a result of privatisation.

Other issues which are related to the centralisation or decentralisation of decisions in industrial relations management are standardisation and formalisation. The former refers to management decisions on the extent to which specific rules have to be laid down for uniform management action in respect of industrial-related matters. The stronger the centralised control, the greater the role of standardisation and the less scope there will be for autonomous management decision making at lower levels of the organisation.

The other related matter is formalisation, which refers to the extent to which rules, processes and agreements are committed to writing. Formalisation thus has to do with, among other things, the formal or written establishment of procedures in respect of recruitment, selection, guidance, dispute resolution, grievances, discipline, collective bargaining, and even strike management, as well as with agreements arising from collective bargaining. In the case of constitutional bargaining strategies, top management will probably have to place far more emphasis on formalisation than in the case of management trade

union cooperation strategies, where a stronger case can be made for a more informal approach.

In extreme cases of standardisation, formalisation, specialisation and centralisation, top management would therefore have a wide range of highly detailed procedures put into writing by specialists from head office about such matters as job design and job descriptions, career and personnel planning, employment, conditions of service, discipline, the handling of grievances, and remuneration practices. Alternatively, top management might decide that it is better to decentralise management decisions about the employment relationship to plant level, but that formalisation remains an important principle.

The head office of an organisation can, on the basis of the individual procedures and agreements of plants and business units, still monitor the status of the employment relationship after decentralisation. Clearly, then, this aspect represents a further, important top management decision that will ultimately have an impact on the nature of the role played by the personnel and industrial relations departments within the organisation, and more specifically, at the various levels of the organisation.

In the context of external environmental demands such as legislation, top management should also decide on the most appropriate levels for collective bargaining with trade unions if any are involved. Thus, within the framework of the organisational policy instituted for the management of industrial relations, the emphasis is primarily on the trade union recognition and bargaining strategies.

The decision on the appropriate structure for collective bargaining is imperative particularly in countries where trade unionism and negotiation are so entrenched. Nevertheless, the decision is a complex one which has to be harmonised with external environmental demands such as legislation, as well as with other structural elements of the organisation and with the organisation's business and industrial relations policy.

Bendix (2001), in discussing the collective bargaining structure at the generic level, states that the concept also encompasses "the concepts of 'bargaining units' and 'bargaining levels'." The former refers to the decision regarding on whose behalf and with whom bargaining will take place and also whether bargaining will be conducted with one union only or with a number of unions.

For some obvious reasons, it is important to decide at what level and with whom negotiations will take place. These reasons include: cadre of

employees covered by collective agreements; the degree of trade union influence in the organisation; the degree of direct and indirect worker participation in management decisions; and the degree of inter-union conflict, among others.

Several factors have to be taken into consideration when such decision is being made. These factors include the state of the national economy, the nature of the industry, legislation, historical variables, trade union representation levels, organisational policy and strategy, the scope of the trade union's registration, and competition between trade unions. Economic factors, as well as worker perceptions and needs, obviously play an important role, and government policy and relevant legislation also exert important influence on such decision.

As you have observed, the structures, policies and general preferences of an organisation are also important in such decision. The power of trade unions is probably one of the most crucial variables in deciding at what level negotiation will take place. This is because it is unlikely that strong unions would allow management to amend collective bargaining procedure without resistance. The decision will also be influenced by the perceptions of strategic decision makers as to the level at which management has the best chance of shaping collective bargaining outcomes and processes to the best possible advantage of the organisation.

It is instructive to note that because trade unions argue that bargaining should be to their advantage, conflict between trade unions and management is always a possibility if the two parties advocate radically different structures. In the past, especially in the 1980s and early 1990s, this in fact led to a great deal of industrial conflict, and even to industrial action.

As it were, apart from the organisational rights of trade unions, it is management's grand strategy in respect of industrial relations that will be the chief determinant in this decision. This is in view of the fact that it will basically facilitate either avoidance of or cooperation with trade unions. The decision as to whether or not a trade union should be formally recognised is also a fundamental one.

Another decision to be taken is whether to give preference to collective bargaining through an employers' association. If an appropriate bargaining council within the employers' association with jurisdiction does exist, it can be decided to what extent to participate actively in the negotiations of this council. Grand strategies such as constitutional, integrative and negotiated employee care may provide the framework

for a top management decision to negotiate as little as possible with trade unions at organisation level.

The management may decide on an approach to react, as far as possible, only on the basis of centrally negotiated agreements and/or trade union requests to negotiate at a local level. In such cases, management may well want to bargain at corporate level rather than at plant level, with the intention of precisely limiting trade union influence at decentralised levels.

An obvious implication arising from the above approach is this; that the more the top management supports decentralised bargaining, the more the information that will be shared with trade unions about matters concerning the lower levels. And by extension, the more informal and non-standardised the decisions will become in order to create flexibility for the different conditions existing at various organisational levels. In the case of management-trade union cooperation strategies, multilevel trade union involvement and participation may be stressed rather than formal collective bargaining at a particular level. Nevertheless, as you are aware, collective bargaining with trade unions cannot really be avoided, especially if, for example, an organisation operates in an industry or in a country where a collective bargaining culture has been entrenched.

On the other hand, the top management of a multi-plant organisation may retain control at corporate level in all sorts of ways even if it decides to decentralise collective bargaining procedure to the extent that a mere symbolic autonomy is created at plant level, because the real strategic decisions can be taken only by head office. Management may use this approach called institutional separation to limit trade union influence over organisational matters if the organisation policy requires it, especially if the trade unions are seen as too strong, or if they are perceived to be a threat.

Similarly, top management may decide to opt for specialisation rather than devolution when it comes to collective bargaining procedure. In this vein, Marchington and Parker (1990) observe that collective bargaining is dealt with by specialist in industrial relations and personnel managers, who perform a buffer or gatekeeper role, thus keeping trade unions away from other senior managers who are therefore free to take strategic decisions without the need for bargaining solutions. Hence, the framework for collective bargaining can be organised in such a way that it is centralised at head-office level, thus favouring specialisation rather than devolution.

Central control may also be retained by the top management by retaining other aspects of employment relations such as remuneration decisions. If matters such as fringe benefits, job evaluation and remuneration structures are centrally determined, and strict financial control is exercised in a multi-plant organisation, decentralised collective bargaining framework may become an illusion because some of the principal issues of collective bargaining are still under central control of the top management.

The issue of central control may also be more strongly maintained over certain items about which collective bargaining takes place at a lower level. Therefore, top management must decide not only on extent to which bargaining will take place at bargaining council and/or at organisation level, but also about the levels at which it prefers to negotiate certain issues. In this regard, it is thus a question of the scope of collective bargaining, which naturally forms part of management decisions about the collective bargaining structure.

Other aspects to be decided on in bargaining structure are whether management should: negotiate with more than one trade union, and especially with minority trade unions; adopt the closed-shop or agency-shop principle; join an employer's organisation or association for negotiation; bargain with trade unions at different levels; and participate actively at national level when social contracts are being negotiated.

Since circumstances are constantly changing, it is essential that management regularly reviews the collective bargaining structure. Because decision regarding collective bargaining structure is such an important factor in top management's preferences concerning centralisation or decentralisation in general, the issue cannot be avoided. The bargaining structure ultimately has to be appropriate not only to the organisation's business strategy and structure, but also particularly to the industrial relations policy. This is why these decisions are interwoven with decisions about management's other control systems, such as financial and operational control systems. It can be a complex matter and should not be dealt with haphazardly.

### **SELF-ASSESSMENT EXERCISE**

Why is it necessary, in your own view, for an organisation to have specific rules laid down for uniform management of industrial-related matters?

### **3.3 Decisions on Framework for the Implementation of Industrial Relations Policy**

Management decisions on how to organise for the implementation of the organisation's industrial-related policy also involve the structures, mechanisms and procedures used at organisation level.

The implementation of industrial relations strategies is concerned with, among other things, decisions regarding the structure, mechanisms, and procedures as a framework to be used by all role players so that the employment relationship can be managed according to the laid down organisational policy.

The previous section deals specifically with the devolution and specialisation decision and its implication for decisions about the size and organisational structures of the personnel and industrial relations department. There are diverse views on human resource management materials on where such department fits in organisationally and how it can be structured in the organisation. Every organisation has to decide on these matters and also on precisely how the function is to be organised.

The specialist function may, for example, be centralised primarily at head office level, or at a divisional level, or at the business unit or plant level. As you have observed, this decision will affect other decisions about the size (the personal strength) of this functional area at different levels of the organisational hierarchy. Furthermore, it will also influence the degree of contact with, and control over, the decisions of this functional area at the various organisational levels. Apart from these appropriate organisational structures, a number of other procedures, structures and mechanisms have to be considered.

The other aspects of the framework to be considered are communication systems, consultative committee systems (such as workplace forums), safety committees and various other procedures. The formulation of such procedures is a highly detailed task which usually does not fall within the ambit of the top management. Nevertheless, it is normally done with due cognisance to the policy of the organisation, and it plays an important part in the implementation of the personnel strategy.

You are aware from above that decisions concerning procedures are closely associated with formalisation and standardisation. Top management's approach to centralised control, formalisation and standardisation will determine the extent to which procedures, policy, regulations, and rules regarding aspects such as employment, working hours, absence, leave applications among others will play a role. You



should note that rules leave no room for discretion, but are meant to lay down specific standards of behaviour.

Procedures are meant to specify a precise, sequential and inter related series of steps. Too many rules, regulations and procedures can, however, be an obstacle to flexibility but the relevant ones are still necessary. For instance, grievance and retrenchment procedures, disciplinary procedures and codes, and dispute-resolution and strike management procedures are also essential and important in the management of industrial relations.

Long-term decisions about the necessary mechanisms and procedures must therefore be derived from, and be closely associated with, the organisational policy for the management of industrial relations. In the case of the strategy for trade union-management cooperation, trade unions and management should cooperate to a greater degree in laying down procedures for industrial relations and personnel management. Details of these procedures can be worked out at lower levels of the hierarchy, where heads of the various functional areas can play a prominent role.

It is also necessary for the top management to decide, as part of its decision on the structural dimension of industrial relations management, regarding the extent to which detailed procedures should be put in place for employment ( in the areas of recruitment, selection and appointment) of new staff members and for determining commencing salaries, promotions and transfer. The decision may be, for example, that each business unit or plant should make its own decisions about remuneration, performance evaluation and training. Nevertheless, it may decide that specific, detailed procedures relating to these matters should be drawn up at the head office. Basically, flexibility should be the watchword because the bureaucracy that results from too many procedures can slow down any business that is exposed to a rapidly changing external business environment.

There are also other mechanisms which the management of an organisation may decide to use in order to implement its chosen strategy or policy on industrial relations management. Consultative committees and safety committees can play a valuable role. For instance, such committees system can be used as the channel for the implementation of a joint employee care strategy. The purpose of such committees is to establish links at organisation level. A structure of committees can be established at various levels in the organisation. These may include ad hoc management-worker task teams and management-union task teams.

Decisions on the desirability of such structures are strategic ones, which fall under the purview of the top management. If top management intends, within the context of a policy of joint governance, for instance, to implement extensive worker participation and union-management cooperation, it can start at the top hierarchy with these alternative mechanisms and structures and devolve them to lower levels.

There can be a committee that deals with corporate strategy in relation to the management of industrial-related matters. Such committee comprises management and trade union representatives jointly taking care of managing the employment relations. Smith (1990) suggests in this regard, a human resources Committee where all departmental managers in the human resources division and the full-time shop stewards meet to discuss policy and procedure on all personnel issues. Issues such as training, advancement, recruitment, health and safety, are discussed in such committee; debated and agreed upon.

Smith also suggests other committees which can be formed to function at lower levels. In the same vein, Reese (1991) proposes organisational structures ranging from the workshop floor to plant management and even management board level, where supervisory boards can be employed as mechanisms to form part of a dualistic management board system similar to that which exists in Germany, among other places.

### **SELF-ASSESSMENT EXERCISE**

Identify the necessary considerations in the structural decisions for the effective implementation of industrial-related policy.

## **4.0 CONCLUSION**

The analysis above indicates that top management has onerous responsibility to take strategic decisions about the appropriate framework or mechanisms that can serve as instruments for the implementation of the organisational policy or chosen grand strategy on industrial-related decisions. The above analysis also portrays that such decisions have strategic implications for the resources of the organisation. As it were, the decisions have to be taken by the top hierarchy of the organisation so as to ensure that the organisation's strategic policy on industrial matters can be implemented effectively.

## **5.0 SUMMARY**

This unit discussed the decisions necessary towards the effective management of the industrial-related issues in terms of whether the management of industrial relations should be decentralised or

centralised in the organisational hierarchy. The unit discussed decisions on the use of standardisation and formalisation in the management of industrial matters. Above all, the unit also touched on the decisions regarding the appropriate framework for the management of collective bargaining issue in an organisation.

In the next unit, you will be taken through the typology of role players in terms of the role to be played by the line managers, supervisors and the shop stewards in the management of industrial relations in organisations.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Mention and explain the reasons for the use of specialists in industrial relations management.
2. Give reasons for the use of decentralisation approach in industrial relations management in some organisations.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 5      TYPOLOGY OF ROLE PLAYERS IN INDUSTRIAL RELATIONS MANAGEMENT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Storey's Framework of Models for Specialist Function in Industrial Relations
  - 3.2 Brewster and Holt-Larsen's Framework of Models for Managers Function in Industrial Relations
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The functions and roles of personnel departments vary greatly from one organisation to another and even from one level to another in a given organisation. In some organisations, the role and influence of this specialist function may be limited to the trade union-management dimension, while, in others, it may play an important part with regard to strategic management and change, and especially in the development of human resources.

The top management is to determine the general, long-term role of this department or function in an organisation. Such a decision will obviously be closely linked with the specialisation or devolution decision. It will also have a direct effect on related decisions, such as those concerning the size and structure of the human resources or personnel department.

In this unit you will be exposed to the strategic roles to be played by the line managers or organisational officials at different levels of the organisation in industrial-related matters. This sub-section also deals with decisions on the ideal framework within which they can be organised by the top management to manage the employment relationship in the organisation.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the ideal roles to be played by the personnel officers and the line managers
- describe the role to be played by the supervisors and shop stewards.

## 3.0 MAIN CONTENT

### 3.1 Storey's Framework of Models for Specialist Function in Industrial Relations

In some literature on the role of the personnel function in industrial relations management, various general typologies are proposed by some writers as models of the role of the human resources or the personnel department in the organisation.

Storey (1992) based on empirical evidence, establishes a typology of models, focusing on two dimensions such as the manner in which the human resources or personnel department becomes involved and intervenes in decisions of the organisation, and the type or area of involvement.

In respect of the former, as viewed by Storey, the personnel department may get involved in the management of the organisation either in a reactive (non-intervention) or a proactive (intervention) manner. In the case of the latter, the focus may be either on a strategic involvement, that is, on long-term, business-related issues; or on a tactical involvement concerned with short-term trouble-shooting and problem solving in the area of industrial relations alone.

Figure 1 portrays a classical representation of the matrix which these two continuums can form, which presents four, typical general roles for these specialists and their department.

<b>Intervention (Proactive)</b>	Change Agents	Advisors	<b>Non Intervention (Reactive)</b>
	<b>Tactical</b>	Regulators	

**Fig. 1: Storey's Role Typology for the Personnel Function Strategic**

Source: Storey (1992)

### 1. The advisor

In the case of the advisor's role, the function is reactive and the specialists act as advisors or consultants only if line management requests them to do so. There is devolution: line managers manage the employment relationship and generally take the decisions. If, however, there is any uncertainty about policy matters, the small group of advisors can be called in. The role of these specialists may even focus on business-related aspects. Such "internal consultants" are therefore well trained and competent, but work reactively and wait until approached for advice.

### 2. The handmaiden

The handmaiden's role is also largely reactive, but the focus is restricted to industrial problems, especially with regard to administration, the well-being of workers, the collective dimension of trade union interaction, and all the contractual aspects which must be administered in this regard. The employees of such department are available to assist in these areas when requested to do so by line managers. They therefore have a very subsidiary "service role" to play, especially at the lower levels such as at the plant level.

Storey (1992) posits that personnel specialists operating within this setup are found to be engaged in servicing the routine requirements of line management. Specialists may, for instance, sometimes be called in when the line management is in doubt and needs advice about grievances or discipline and about certain rules and or regulations concerning the employment relationship.

The main difference between the handmaiden's role and the advisor's role is that the service offered by the former is of a more routine

administrative, or at best tactical kind, rather than being in the nature of strategic advice. Thus interventions remain reactive, and the line management retains the strategic role in the management of the employment relationship.

### **3. The regulator**

Regulators are the typical, traditional industrial relations managers. Important decisions on, for instance, trade union recognition and membership of employer organisations or associations are taken in practice by the personnel and industrial relations departments as regulators. Accordingly, line management leaves most of the decisions, which are strictly industrial-related to the specialists.

Storey (1992) contends that the regulators formulate, promulgate and monitor observance of employment rules. These rules range from personnel procedure manuals to joint agreements with trade unions. These are the 'managers of discontent,' seeking order through temporary, tactical, truces with organised industrial. Storey observes that personnel specialists of this type are decidedly interventional in the conduct of people management but their interventions rarely involve engagement with wider business strategy.

### **4. The change agent**

The change agents have higher ambitions of initiating new forms of people management that are in line with the business needs of the organisation. Interventions are introduced in a practical manner so as to make a strategic impact and to add value to the business by going the extra mile to achieve worker dedication. Storey contends that the orientation is away from bargaining, away from ad hoc and away from 'humble advice.' The dual forms of integration such as integration of the different aspects of resourcing, planning, appraising, rewarding and developing, and the further integration of all of this into the business plan are the characteristics of this kind of approach.

There can be two variations within this type of role model. Nevertheless, the emphasis remains on integration with business strategy and on proactive, contributory interventions, but the approach to role fulfilment is sometimes hard and sometimes soft. In the former case, the emphasis is on the business language of figures, where manpower planning is well quantified and accurate and where, consequently, the focus is on the maximum utilisation of all workers in terms of quantifiable input-output ratios. It is indeed an overriding profit-maximising role in which quantification and the bottom line are the predominant factors.

Hence, the role of specialists will be so inherent as part of the business management plan that the department can hardly be called a specialist department, for all the “specialists” think along business lines. They are not set apart as a group that provides a special, personnel-related input. In such a set-up, many line managers can eventually move over to the personnel department.

The softer role comprises a specific focus on the distinctive nature of their input to the team. They stress the importance of tapping the creativity and commitment of the resourceful specialists. The focus of the personnel and industrial relations department is also on proactive interventions directed at business strategy per se, but the emphasis falls rather on the unique technique in areas such as motivational aspects, two-way communications, developmental potential and the ultimate managerial leadership.

In this context, top management may, as regards this important decision, be guided by aspects similar to those in Storey’s role models, as espoused above.

### **SELF-ASSESSMENT EXERCISE**

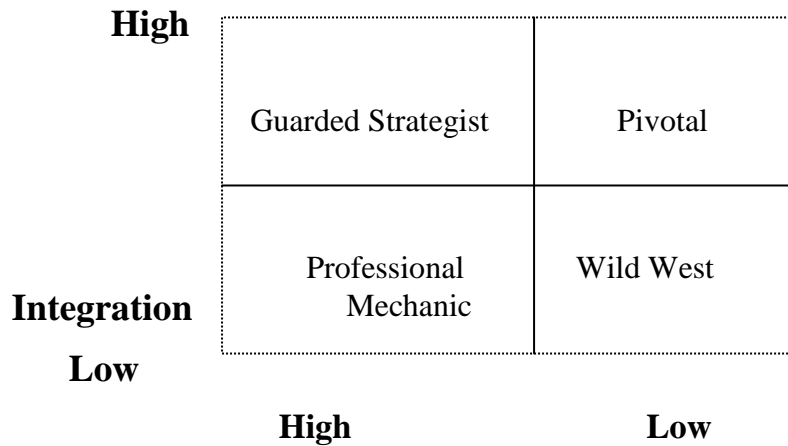
Identify and explain the four typical role models to be played by the specialists in the management of industrial relations in organisations, using Storey’s matrix.

### **3.2 Brewster and Holt-Larsen’s Framework of Models for Specialist Function in Industrial Relations**

Brewster and Holt-Larsen (1992) also provide a typology for role models of the specialist function. Their approach focuses more specifically on the role of line management in relation to that of the specialist department. It is closely related to aspects of industrial relations management which we have already discussed, namely devolution and integration, with the latter being concerned with the extent to which industrial relations management strategy is integrated with the organisation’s business strategy.

In plotting these two dimensions on intersecting vertical and horizontal continuum, these authors again present us with four role models as shown in Figure 2.





**Fig. 2: Brewster and Holt-Larsen's Models of Human Resource Management**

Source: Brewster and Holt-Larsen (1992)

### 1. The pivotal

In some organisations, it may be decided that line management should play the more prominent role in managing the employment relationship (keeping the specialist department more in the background), and, at the same time, to integrate human affairs fully with business affairs. Brewster and Holt-Larsen (1992) describe pivotal role succinctly that pivotal on the grounds that small, highly respected personnel departments at the policy making level can exert a powerful, disproportionate influence. Furthermore in this type of model, the senior personnel specialists operate as catalysts, facilitators and coordinators at the policy level of the organisation.

They have small powerful departments monitoring and advising, probably departments which are accessible in career terms to line management. The concentration on the development and monitoring of policy is correlated with the devolution of responsibility and authority to carry out the policy to line management.

Brewster and Holt-Larsen (1992) observe that this role model is typical of Sweden and Switzerland, and, while conceding that differences occur even within a country, they nevertheless state that intriguingly, empirical evidence end to give some support to the view that the pivotal position is linked to success.

### 2. The guarded strategist

On the other hand, decision makers may opt for the role of a guarded strategist. Empirical evidence provides that this type of role allocation is

particularly common in Spain, France and Norway. The integration of business strategy and the strategy for the management of the employment relationship is also well advanced, but there is specialisation and little devolution of decision making to line functionaries. Here, the role of line management in industrial relations management has been scaled down and largely taken over by the personnel and industrial relations department.

Brewster and Holt-Larsen (1992) observe that the specialists are usually powerful figures within the organisation, working with senior managers to develop corporate strategy and operating in large and influential departments controlling such issues as how many, and who, is employed, who is developed and how the reward system operates. For the other managers, however, this can be a situation of considerable inefficiency and frustration. The line managers find that many aspects of relationships with subordinates are in practice abrogated by the personnel department.

The choice may also fall on little devolution plus little integration of industrial relations management strategy with business strategy.

### **3. The professional mechanic**

In the case of the professional mechanic role model, the restricted and specialised abilities of the specialist function are emphasised.

Brewster and Holt-Larsen (1992) observe that this represents the most classical model. The “professional” human resource manager as with other professions (law, medicine) sees himself or herself as having “higher imperatives” above those of the organisation. This specialist believes that there are many areas of specialty in which only the specialists can handle. The result therefore, is an increasing distance from the strategic interests of the business, an increasing obsession with the mechanical requirements of the function (with increasing work overload) and an ever-greater isolation from other members of the management team.

On the basis of empirical evidence, the model is particularly prominent in the ‘United Kingdom and Italy, and, to a lesser extent, in Germany because devolution is much more common there. Brewster (1992) does mention that Germany is a special case. In Germany, strict legislation with regard to co-determination contributes to industrial relations issues being integrated at the top level as a result of the high level and form of worker representation by trade unions as well the Wild West rather than in a personnel department.

#### 4. The Wild West

The last role model of Brewster and Holt-Larsen (1992) is the Wild West model, which shows high devolution and low integration. Brewster and Holt-Larsen (1992) observe that under this role model, every manager is free to develop his or her own style of relationship with employees and, in extreme cases, would have the power to 'hire and fire,' to reward and to invest in employees as they wished. By implication, the potential for incoherence, inconsistency and a strong employee reaction is obvious. While the employment relationship is largely managed by line management itself, a potential problem is that line managers are not always properly trained to handle such matters as performance evaluation, communication, motivation, team-building, and the like.

On the basis of empirical evidence, this is the case in both Denmark and the Netherlands, countries where the "Wild West" model is prominent. This is not necessarily a problem, however: historically speaking, line managers could already have built up good experience, knowledge and skills in managing the employment relationship. Where this has not happened, it may be risky for top management to make such a reactive almost passive choice about industrial relations management and the role of the various role players.

The preceding discussion emphasises the importance and complexity of the top management decision on role allocation, particularly in so far as the line management/staff function at a higher level is concerned. The various typologies show many areas of overlapping and similarity. Top management can use these typologies to guide it in this long-term decision. Both line management (higher level) and the personnel and industrial relations department have a part to play at various levels of the organisation and in respect of various aspects of industrial relations.

Although the management of people employed by organisation is the responsibility of the line management, the wider approach to the nature of the role at each level of management still has to be decided at the top.

The role, influence, autonomy, perceptions (hence, frames of reference) and abilities of upper-level line managers are therefore important aspects of the management of industrial relations. However, the role of line management at this high level is not necessarily just a matter of implementing the strategy formulated with regard to the industrial sphere. It can cover a wider field. These role players may even participate in shaping the nature and content of strategy and policy.

The general proposal is that the various levels of line management should be involved in the formulation, interpretation and implementation of strategy, especially by means of multidisciplinary task teams at various levels in the organisation.

It follows that the top management decision will have an important influence on decisions as to who must receive what types of training in the management of industrial relations, and at what level. Top management decides which groups at which levels must engage in the formulation and implement of strategy, and thus policy in respect of the management of industrial relations, and what degree. This is an important decision, because a lack of clarity regarding roles can lead to the non implementation of strategy and to the obstruction of the organisations pursuit of its business objectives.

Lower management levels, such as first–line supervisors, are also involved in the industrial relations management, primarily at the shop floor level. It is here that the shop steward also has an important role to play. However, top management should reflect on the type of role of all lower –level participants if it wishes to formulate the necessary policy guidelines for all role players.

### **SELF-ASSESSMENT EXERCISE**

Identify and explain the four typical role models to be played by the specialists in the management of industrial relations in organisations using Brewster and Holt-Larsen’s matrix.

## **4.0 CONCLUSION**

The analysis above indicates that top management has onerous responsibility to take strategic decisions about the appropriate framework or mechanisms that can serve as instruments for the implementation of the organisational policy or chosen grand strategy on industrial-related decisions. The above analysis also portrays that such decisions have strategic implications for the resources of the organisation. As it were, the decisions have to be taken by the top hierarchy of the organisation so as to ensure that the organisation’s strategic policy on industrial matters can be implemented effectively.

You can also appreciate from the foregoing analysis that various categories of the line managers in the organisation have defined roles to play in the management of industrial-related issues. Hence, you have been introduced to such models of managerial roles so as to arm yourself with such knowledge in order to utilise them whenever you find yourself in the saddle of organisational leadership.

## 5.0 SUMMARY

This unit discussed the decisions necessary towards the effective management of the industrial-related issues in terms of whether the management of industrial relations should be decentralised or centralised in the organisational hierarchy. The unit discussed decisions on the use of standardisation and formalisation as well the decisions regarding the appropriate framework for the management of collective bargaining issue in an organisation. Above all, the unit also discussed some ideal models for such roles as propounded by some notable authorities in industrial relations management.

In the next unit, you will be taken through the framework for discipline and disengagement of employees from organisation. The discussion will focus on the appropriate procedure for the management of disciplinary cases and the options available for disengaging erring employees from the organisation.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Mention and explain the various role models which can be adopted in the management of industrial relations.
2. Give reasons for the use of decentralisation approach in industrial relations management in some organisations.

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## MODULE 2

Unit 1	Framework for Discipline and Disengagement of Employees from Organisations
Unit 2	Retrenchment and Redundancy
Unit 3	Management of Employee Grievances
Unit 4	Methods and Styles of Collective Bargaining
Unit 5	Nature and Principles of Negotiation in Collective Bargaining

### UNIT 1      **FRAMEWORK FOR DISCIPLINE AND DISENGAGEMENT OF EMPLOYEES FROM ORGANISATIONS**

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#### 1.0 INTRODUCTION

The organisation's disciplinary system is meant to provide the necessary mechanisms by which management can keep employee conduct in line with the organisation's requirements. Discipline and dismissal are

therefore, important devices with which every manager ensures that the erring employees are subjected to necessary checks.

Nevertheless, the termination or dismissal of an employee should always be fair. A disciplined workforce is a prerequisite for the successful operation of any organisation. Hence, misconduct and poor performance cannot be tolerated, and employees must do their daily work satisfactorily.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the term organisational discipline
- describe the difference between positive and negative discipline
- explain the basic principles of fair dismissal
- identify and discuss the reasons for disengagement of employees from organisation.

## **3.0 MAIN CONTENT**

### **3.1 Organisational Discipline**

Organisational discipline refers to the use of systematic procedure, based on appropriate policy, to ensure the orderly behaviour of the employees. Hence, discipline in organisation is meant to promote good order and behaviour by enforcing acceptable standards of conduct.

Organisational discipline can be enforced with the use of appropriate measures such as sanctions, encouraged by example or through appropriate motivation so as to imbibe in the employees' or organisation members' own sense of appreciating what is fitting and proper.

In another perspective, a distinction is made between methods of maintaining sensible conduct and orderliness which are technically co-operative, and those based on warnings, threats and punishments.

In organisations, some mature workers accept the idea that obeying the laid down instructions and fair rules of conduct are normal responsibilities that are part of their jobs. Many employees can therefore, be counted on to exercise self-discipline. Such employees believe in performing their work properly, in coming to work on time, in following the superior officer's instructions, and in refraining from offences such as fighting, drinking at work, or stealing.

It can be expected that it is a normal human tendency to subordinate one's personal interests and personal idiosyncrasies to the need of the



organisation. Once the employees are aware, through publication, of what is expected of them and feel that the rules are reasonable, self-disciplined behaviour becomes a part of the group norms; the way in which employees behave as a work group, and their collective attitudes.

There are many types of disciplinary problems in job situations which may confront the managers or superior officers but there are some other ones which stem from employee behaviour off the job.

Such disciplinary problems may be excessive drinking, the use of drugs or some form of narcotics, or involvement in some form of law breaking activity. In these circumstances, whenever an employee's off-the-job conduct has an impact upon performance on the job, the organisation must be prepared to deal with such problem within the scope of the disciplinary process.

In any organisation, any disciplinary action must be undertaken with sensitivity and sound judgement on the manager's part. Fundamentally, the purpose of discipline is not punishment or retribution. Therefore, disciplinary action must have as its goal the improvement of the future behaviour of the employee and other members of the organisation. In essence, the purpose of discipline is to encourage the avoidance of similar occurrences in the future on the part of the employees.

### **3.1.1 Positive or Constructive Discipline**

This form of discipline relates to the use of laid down procedures, systems and equipment in the workplace which are designed specifically so that the employee has no option but to act in the desired manner to complete a task safely and successfully.

An instance is a situation whereby a machine may be designed as to shut off automatically if its safety guard is not put in place by the worker. Another instance is that a system may be designed to include check and controls at each stage so that no task can be forgotten, or ill-performed, in a way that would impact on further tasks.

Hence, it can be appreciated that positive discipline thrives on encouragement towards self-discipline on the part of the employees. This is ensured by the organisation through creating conducive atmosphere for the employees to exhibit appropriate behaviour and attitudes towards discharging their responsibilities to the organisation.

### **3.1.2 Negative Discipline**

This form of discipline involves the promise of sanctions designed to make the employees choose to behave in a desirable way. In essence it involves the use of threat of punishment on disciplinary problems or misdemeanours as may be committed by the employees.

Disciplinary action, therefore, may be deterrent in nature, by the use of warnings or reformative, calling attention to the offence, so that such an offence will not happen again. The negative discipline is predicative on the use of articulated and punitive measures which could be meted out to likely offenders among the workers.

Negative discipline, for all intents and purposes, is meant to be a wholly negative or punitive matter. It is just a warning of punishment on disciplinary problems and not essentially meant to harm the offenders.

Hence, negative discipline thrives on the use of appropriate policy measures as normally enunciated as the organisational rules and regulations, and made available to the employees in the condition of service. This is essential because the employees should be aware of what is required of them in terms of behaviour and attitudes appropriate to the organisational setting.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between positive discipline and negative discipline.

## **3.2 Disciplinary Action on Disciplinary Problems**

### **3.2.1 Progressive Disciplinary Action**

The generally consensus is that disciplinary action should be devoid of dismissal on first offence except for gross misconduct. Hence, many organisations have accepted the ideal of progressive discipline, which provides for an increase of the severity of the penalty with each offence.

The following is a list of suggested steps of progressive disciplinary action, which is workable if implemented faithfully.

#### **1. Informal talk**

This is used when the infraction is of a relatively minor in nature and when the employee's record has no previous marks of disciplinary action. An informal, friendly talk suffices to clear up the situation of minor cases. Hence, the manager or the superior officer discusses with

the erring employee his or her behaviour in relation to standards which prevail within the organisation.

## **2. Oral warning**

This is a reprimand, which is a form of interview between the employee and the superior officer, the latter emphasising the undesirability of the subordinates repeated violation, and that ultimately it could lead to serious disciplinary action. It means that this is used in the instance of a repeated offence by the employee.

## **3. Written warning**

A written warning or official warning is of a formal nature because it intended to become part of an employee's record. Written warnings are particularly important and necessary in non-unionised situations, so that the document can serve as evidence in case of grievance procedures.

## **4. Suspension**

Disciplinary layoff as it is also known, suspension becomes necessary if the employee has committed repeated offences and previous steps were to no avail. Suspension or the disciplinary layoffs usually extends over several days or weeks.

Basically some employee may not be impressed with oral or written warnings, but they will find a disciplinary layoff without pay a rude awakening. In a situation where such sanctions are not provided for in the contract of employment, they may amount to constructive dismissal.

## **5. Demotion**

Demotion involves the loss of both pay and status as a result of grave infraction or repeated misdemeanour. Demotion, if it is extended over a period of time, becomes a form of constant punishment.

Hence, it is likely to bring about dissatisfaction and discouragement among the workers, and the demoted employee may easily become demoralised. Therefore, most organisations use it sparingly and avoid demotion or downgrading as a disciplinary measure. Demotion, like other disciplinary measures above may amount to constructive dismissal.

## **6. Dismissal**

Dismissal is a drastic form of disciplinary action, and therefore, it is normally meted out to erring employee as a last resort. Hence, it is normally reserved for most serious offences.

For the organisation, demotion involves waste of industrial resource, the expense of training a new employee, and disruption caused by changing the composition of the work team. The action may also affect the morale of the work group of the affected employee.

### **SELF-ASSESSMENT EXERCISE**

Using your organisation as a case study, give reasons which may necessitate sidestepping the above process in disciplinary action on a worker.

### **3.2.2 Relationship Management in Disciplinary Action**

More often than not, imposing disciplinary action tends to breed resentment since it is an unpleasant experience. Therefore, the challenge is to apply the necessary disciplinary action so that it will be least resented by the employees.

There are some basic rules, which if applied in disciplinary situations will help reduce the degree of resentment inherent in all disciplinary actions. Such steps are as follows:

#### **1. Immediacy**

Immediacy rule implies that after noticing the offence, the manager or the superior officer proceeds to take disciplinary action as speedily as possible, while at the same time avoiding haste and on-the-spot emotions which might lead to unwarranted actions. The required action is investigation where possible, before action is taken.

#### **2. Advance warning**

It is essential that all employees are made aware in advance what is expected of them and what the organisational rules and regulations are. This is necessary in order to maintain proper disciplinary and to have employees accept disciplinary action as fair.

It means that the employee must be informed clearly that certain acts will lead to disciplinary action. This makes many organisations to have a

disciplinary section in an employee handbook containing the conditions of service.

It behoves on the organisation to make sure that each employee is also informed orally of what is expected of them in term of discipline. Some policy provisions can also be included in the recruitment literature and employment contracts.

### **3. Consistency**

This rule implies that each time an infraction occurs appropriate disciplinary action is taken. Inconsistency in the application of discipline tends to lower the morale of employees and diminishes their respect for the authority.

Inconsistency in the application of disciplinary action can also breed contempt for the organisational rules and regulations by the employees. It can also lead to feeling of insecurity and anxiety by the employees, which tend to create doubts in their minds as to what they can and cannot do.

### **4. Impersonality**

Basically, an employee is bound to nurse some resentment towards the superior officer who has taken disciplinary action against him or her. Therefore, the degree of resentment can be reduced by making disciplinary action as impersonal as possible. This is done by ensuring that penalties are directly related to the act of misdemeanour and based on the personality involved, and once disciplinary action has been taken, no grudges should be borne.

### **5. Privacy**

It is a general rule that disciplinary action should be taken in the private, in order to avoid the spread of conflict and the humiliation or martyrdom of the employee concerned. The exception is a situation where the superior's authority is challenged directly and in public.

### **SELF-ASSESSMENT EXERCISE**

Discuss the procedure necessary towards ensuring that attendant effect of disciplinary action is eliminated.

### 3.2.3 Disciplinary Interview

The interview is an interactive session within which the erring employee is given a fair hearing on the case under consideration. It is always necessary to embark on adequate preparation for the interview session.

The preparation for the disciplinary interview involves: gathering of the facts about the alleged infringement; determination of the organisation's position; and identification of the aims of the interview. Basic issues to be taken into consideration for the interview are:

- i. How valuable is the employee to the organisation potentially?
- ii. How serious is the employee's offence or lack of progress?
- iii. How far is the organisation prepared to go to help the employee improve or discipline him or her further?
- iv. Is the aim of the interview punishment or deterrent?
- v. What are the specific standards of future behaviour or performance required?

The basic procedure in terms of the content of the interview is as follows:

- a. The superior officer explains the purpose of the interview.
- b. The charges against the erring employee are delivered, clearly, unambiguously and devoid of personal emotion.
- c. The superior officer explain the organisation's position with regard to the issues involved – such as disappointment, concern, need for improvement, impact on others.
- d. The organisation's expectations with regard to future behaviour or performance clearly explained.
- e. The employee be given an ample opportunity to comment, explain, justify or deny; ensuring that he or she is not made to feel hounded or hunted.
- f. The organisation's expectations in terms of new standards of behaviour from the employee should be reiterated.

- g. Reasons behind any penalty to be imposed on the employee explained.
- h. Organisation's appeal procedure explained to the erring employee; that he or she has the right of appeal to higher authority if unfairly treated.
- i. Summary of the proceedings by the superior officer.

It is advisable that the records of the interview be kept in the employee's file and for the formal follow-up review and any further action necessary.

### **SELF-ASSESSMENT EXERCISE**

State why it is necessary to conduct disciplinary interview for an erring employee.

## **3.3 Basic Principles of Fair Dismissal**

### **1. Substantive fairness**

This relates to the reason for the dismissal, which must be a fair one. In terms of common law, an employer does not have to give any reason whatsoever for dismissing an employee. The only obligation in terms of common law is to give the employee the required notice agreed on in the contract of employment and the employer must provide the employee with a fair reason for dismissal.

Considerations which indicate substantive fairness include the following:

- actual breaking of a workplace rule by the employee
- the reasonability and validity of the rule
- communication of the rule to the employee
- consistency in applying the rule
- appropriateness of dismissal as punishment for the transgression
- the seriousness of the misconduct
- the nature of the post and of the employee
- the employee's circumstances
- the employer's circumstances.

### **2. Procedural fairness**

This relates to the way in which an employee is dismissed. In most cases, an employer has to give the employee opportunity to state his or

her case in reply; an opportunity to defend himself or herself. In other cases, employers have to consult employee representatives such as trade unions. A dismissal has to be both substantively and procedurally fair to qualify as a fair dismissal.

The employer has to take a number of procedural steps before dismissing an employee for misconduct. All such steps are related to procedural fairness; essentially indicative of the fact that the employer must be given a chance to defend himself or herself.

The steps involved are as highlighted below:

1. Investigate the matter.
2. Notify the employee in advance of the complaint or charge against him or her, and of the outcome of the investigation.
3. An employee is entitled to state his or her case in reply to a charge, usually in the form of disciplinary hearing.
4. Give the employee a reasonable period of time to prepare a response to the complaint.
5. An employee is entitled to be assisted or represented by a trade union official or fellow employee but not normally by a legal representative.
6. An employee must be notified in writing of the employer's decision.
7. The employee must be given the opportunity to appeal against the decision of the management or the employer.
8. If the employee is to be dismissed, the employer must give reasons why dismissal is regarded as the most appropriate punitive measure.
9. Disciplinary hearing may not be necessary in some cases. The best example of such cases is a situation of a "crisis-zone" case where the employer dismisses employees and transports them from the company's premises because a strike has become violent and has caused loss of life and damage to property.
10. The employer can also ignore procedural guidelines where the employee waives his or her right to a hearing.



## **SELF-ASSESSMENT EXERCISE**

Differentiate between substantive fairness and procedural fairness in dismissal process.

### **3.4 Reasons for Disengagement of Employees**

#### **3.4.1 Disengagement on Ground of Misconduct**

Dismissal as a result of employee's behaviour relates to the employee's conduct. In such a case, the employer would reason that the employee should be dismissed on account of some or other form of misconduct or misbehaviour. Instances are insubordination, assault on a fellow employee, theft of company property, frequent lateness for work, or intimidation of co-workers.

Formal procedures do not have to be involved every time a rule is violated or a standard is not met. Informal advice and correction is the best and most effective way for an employer to deal with minor violations of work discipline. Dismissal should be reserved for cases of serious misconduct or repeated offences.

The principle of progressive discipline means that the punishment becomes proportionately more severe as the seriousness or frequency of the misconduct increases. For example, an employee may receive oral warning on the first occasion of lateness to work, a first written warning on the second occasion, and a final written warning on the third occasion. When the employee arrives late the fourth time, dismissal might follow.

Nevertheless, some forms of misconduct are so serious that they normally warrant dismissal the very first time they occur. Such offences may include the following:

- theft or unauthorised possession of company property
- gross dishonesty or negligence
- wilful damage to the employer's property
- physically assaulting the employer
- physically assaulting a fellow employee
- physically assaulting a client or customer
- gross insubordination.

### **3.4.2 Disengagement for Incapacity**

Capacity refers to the employee's ability to do his or her work. For the employer to dismiss an employee on ground of incapacity, the reasoning will be that the employee does not have the ability to do the work and should therefore be dismissed. Incapacity usually falls into one of two categories such as poor work performance or medical unfitness due to ill-health or injury.

Dismissal for incapacity must be both substantively and procedurally fair just like the case of dismissal on the ground of misconduct. The employer must prove that there is a reason for the dismissal; that the employee fails to meet a required standard, and that the employee is in fact aware of what is expected of him or her.

Procedurally, an employee must be given an opportunity to improve, and dismissal should only be considered an appropriate sanction for poor work performance if there are no other alternatives such as warnings, change of status and a transfer to another department, among others.

### **3.4.3 Disengagement on Account of Poor Work Performance**

Basically, employer may require a newly-recruited employee to serve a period of probation before the appointment of the employee is confirmed. The purpose of probation is to give the employer an opportunity to evaluate the employee's performance before confirming the appointment.

Probation should not be used to deprive employees of the status of permanent employment. For example, a practice of dismissing employees who complete their probation periods and replacing them with newly-recruited employees constitutes an unfair industrial practice.

The period of probation should be determined in advance and be of reasonable duration. The length of the probation period should be determined in relation to the peculiar nature of the employee's work.

### **3.4.4 Disengagement on Account of Ill-Health or Injury**

Incapacity arising from ill-health or injury may be either temporary or permanent where an employee is temporarily unable to work in these circumstances, the employer must investigate the degree of incapacity or injury. If the employee is likely to be absent for an unreasonable long period, the employer must investigate all possible alternatives before considering dismissal.

Relevant factors that must be taken into account include the nature of the work, the possibility of appointing a temporary replacement for the ill or injury employee. In case of permanent incapacity the employer must investigate the possibility of alternative work for the employee, or must consider whether or not the employee's duties or work circumstances can be adapted to accommodate his or her disability.

### **3.4.5 Disengagement for Operational or Business Reasons**

Disengagement for operational reason is also called a "no-fault" dismissal because it relates not to employee's conduct or ability but solely to the organisation's operational requirements. The reasons for termination can be purely economic such as economic downturn resulting in low revenue. Other examples include: the employer no longer trusts the employee; the employee's presence has a negative effect in the workplace (called incompatibility), etc.

### **SELF-ASSESSMENT EXERCISE**

Enumerate and explain the reasons which may necessitate disengagement of employees from an organisation.

## **4.0 CONCLUSION**

Based on the above analysis, you can appreciate the fact that discipline is very strategic to organisational operations. More so, the two basic disciplinary approaches are very important in mounting checks and balances on the behaviour and attitudes of the employees.

You can also appreciate the fact that dismissal as an extreme disciplinary action which can be meted out to an employee is normally used as the last resort and in extreme cases. Hence, you have been introduced to such topical issues in order to equip you with such knowledge for managing disciplinary cases in your own organisational setting.

## **5.0 SUMMARY**

This study unit has been used to discuss the peculiar role of organisational disciplinary in the management of industrial relations. Hence, you have been exposed to the various approaches to discipline in organisation and the procedure for ensuring progressive disciplinary action on erring employees. Other topics discussed include basic principles of fair dismissal, progressive disciplinary action, disciplinary Interview and the reasons which can make the employers to disengage

employees from the organisation. Lastly, relationship management in disciplinary action is also considered.

In the next study unit, you will be taken through retrenchment and redundancy; some other forms of disengagement of the employees from the organisation but for different reasons which are not associated with misdemeanour.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Enumerate and discuss the stages involved in progressive disciplinary procedure.
2. Identify the steps to be taken in disciplinary action towards ensuring procedural fairness.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 2      RETRENCHMENT AND REDUNDANCY**

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### **1.0 INTRODUCTION**

Fundamentally, organisations go through evolution and therefore changes are part and parcel of the organisational development. Furthermore, organisations operate in dynamic environment, compelling them to go through frequent changes, which manifest in the form of reorganisation, restructuring or reengineering.

The implication, for instance, is that as the technological environment changes the organisation is compelled to adapt to such change in order to survive. This leads to structural changes in the operational modality of the organisation, and some of the workers would be laid off through the declaration of redundancy.

The impact of industrial competition may spell misfortune for the business enterprise to the extent that it may find it very difficult to generate enough revenue to cover cost of operation. Hence, the use of retrenchment policy to reduce the staff strength in order to save cost and keep float in terms of operation.

The impact of the economic downturn as a result of the cyclical nature of the business cycle may compel a business entity to divest its interest from some operations. This leads to excess personnel, which would make the declaration of redundancy inevitable. Hence, some workers would be made redundant and therefore lose their jobs.

The above exposition means that retrenchment and redundancy are inevitable features of the industrial and organisational operations. The government as a social contract is not insulated from the inevitability of retrenchment of workers as we have witnessed over the years in Nigeria.

Therefore, this unit will expose you to the twin considerations of retrenchment and redundancy.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the term retrenchment
- discuss the difference between retrenchment and redundancy
- identify and discuss the basic principles of retrenchment
- explain the basic conditions for valid redundancy.

## **3.0 MAIN CONTENT**

### **3.1 Retrenchment of Employees**

A retrenchment procedure involves reducing the total number of employees employed by the organisation. A distinction must be drawn between retrenchment and redundancy.

Redundancy is not the result of poor economic conditions. It arises out of changes which management introduces in the economic work environment, with such changes leading to the falling away of posts, technological changes, mechanisation, and the like.

Retrenchment, in contrast, occurs when an employer simply cannot provide an employee with work owing to economic condition beyond the employer's control. In the public service it is normally attributed to the reform agenda or policy of the government, which may not be borne out of economic reason.

The implication of the above is that the common law workers who are employed in the private sector or even in government establishment but whose terms of employment are governed or regulated by contract alone and not by statute can be declared redundant by their employers.

The reason for that type of treatment by the private sector employers is largely because the relationship between such employees and their employers is described as that of master-servant relationship.

## **SELF-ASSESSMENT EXERCISE**

Outline the merits and the demerits of the downsizing exercise in the public service of the country.

### **3.2 Basic Principles for Retrenchment**

#### **3.2.1 Substantive Fairness**

The substantive fairness of a dismissal for operational reasons is determined by the reason for the retrenchment or redundancy. The employer must have a valid economic reason for terminating the services of employee. Such valid reason can be the introduction of new technology, the restructuring of the company, the downsizing of the enterprises, or a desire to increase profit. Retrenchment is essentially a result of employees having become redundant; the employer no longer needs the industrial potential of the particular employees(s).

It is unfair to retrench employees in order to avoid a disciplinary hearing, or to retrench a large number of employees in order to get rid of a particular trade union.

The following are some of the circumstances that can give rise to retrenchment:

- i. A decline in production occurs, or the demand of goods decreases or buying power declines on account of poor economic conditions.
- ii. Organisations or industries change their activities, thus making certain posts redundant.
- iii. The employer decides to rationalise or relocate the enterprise.
- iv. The business is taken over and certain work is no longer required.

#### **3.2.2 Procedural Fairness**

Since the retrenchment of workers is a drastic step, it is essential that the employer first investigates all other possibilities for reducing his or her workforce before resorting to retrenchment.

Such other methods include the following:

- i. Not appointing new employees to do the same work in the section where the employer intends reducing the number of employees.
- ii. Acceding to requests by older worker to take early retirement.

- iii. Reducing costs by introducing shorter working hours, cutting back on overtime, and dividing up the work and by transferring employees.
- iv. Retraining employees so that they can do work which has become available as a result of vacancies.
- v. Introducing a shorter working week, such has been done in some industry, which sometimes works only four days a week.
- vi. Temporarily closing a plant or a part of an enterprise.
- vii. Compelling employees to take all their accumulated leave.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between procedural fairness and substantive fairness in the retrenchment of workers from an organisation.

### **3.3 Critical Considerations in Retrenchment and Redundancy**

The critical considerations in retrenchment and redundancy are as follows:

#### **1. Consultation in the retrenchment procedure**

Basically consultation is a process that takes place at various stages of the retrenchment programme. Where employees are represented at plant level, consultation may take place when determining the general policies and procedures for retrenchment. This type of consultation will most likely culminate in a general agreement pertaining to retrenchment, thus eliminating the need for repeated consultation of this nature.

Employees representatives will want to know in what circumstances the employer will regard retrenchment as essential. It is also advisable to agree on mutually acceptable standards or methods for verifying such circumstances. Consideration must be given to possible alternatives to retrenchment. But the most important issues during this phase are the negotiation of mutually acceptable criteria for selecting employees for retrenchment, and reaching agreement on the exact steps and procedures which must be followed in the case of the actual retrenchment process.

#### **2. Criteria for selection on retrenchment**

The question as to what criteria should be accepted for selecting employees for retrenchment is often one of the most controversial ones in the debate about retrenchment. The policy of “last in, first out” or “LIFO” is frequently adopted in this regard. The “LIFO” principle rewards length of service and is the most objective criterion. Moreover,



it is the easiest to apply. It also prevents any favouritism or discrimination against trade union members. Yet one could argue that “IFO” operates to the disadvantages of trade unions, for often, their members are the younger employees.

Apart from the “LIFO” principle, special circumstances must also be taken into account, for example the need to retain specific skills in order to ensure the efficient operation of business in future.

Criteria that must be objectively considered in making the selection include: the abilities, experience, skills and occupational qualification of the individual employees; the length of service; age of the employee; and family circumstance (e.g. single breadwinners, disability), among others.

### **3. Severance pay for retrenchment**

The amount of the severance pay in the case of retrenchment is normally negotiated by the employer, the employees and the particular trade union and or workplace forum as the case may be.

### **4. Notice to employees on retrenchment**

The issue of the period of notice which must be given to employees remains one of the most controversial aspects of the retrenchment procedure. To avoid a decline in morale and productivity, employers try to delay giving notice to specific employees who are to be retrenched until the last possible moment. Although their reasons for doing so are sound, trade unions insist that adequate notice be given to such employees.

One of the reasons why trade unions do this is the severe psychological effect which sudden notice has on employees. To know that one will be without work in a few days has a considerable blow to most employees. However, some managers believe that the speedily breaking of the relationship is preferable to a long, drawn out or gradual separation. Nevertheless, other reasons for giving f adequate notice are also advanced by employee representatives, such as that those concerned will have an opportunity to find alternative work, and that there is sufficient time to identify those cases where retrenchment will result in considerable hardship.

### **5. After-care for retrenched employees**

Once dismissals resulting from retrenchment or redundancy have been finalised, it is essential that all necessary assistance be given to

employees in claiming unemployment payouts and other benefits. Even where the paper work has been done before the actual retrenchment takes place, there will always still be enquiries and problems.

Employers should also keep on assisting those concerned to find other meaningful employment if possible. For these reasons, among others, it may be necessary in the case of either partial retrenchment or total closure (and especially in case of mass retrenchments) to establish a temporary after-care, either as part of the human resource or personnel department or entirely independent of the employer's other business operations.

## **6. The undertaking to re-employ employees**

Many trade unions demand that preference be given to retrenched employees where vacant posts arise in the organisation in future. The appropriate procedure would be to inform the trade unions concerned of the vacant posts and to give them an adequate opportunity to contact retrenched employees who could possibly fill such posts. The demand that reappointment be offered is a reasonable one, but is one that must be carefully considered.

## **7. Retrenchment policy and procedure**

It is advantageous for an organisation to have a retrenchment policy irrespective of whether or not there is a trade union, since it is preferable to have some policy or procedure in place rather than stumbling and rummaging about for solutions when management is faced with the reality of retrenchments.

Many companies that have agreements with trade unions have agreed on retrenchment policies and procedures. Nevertheless, those companies which do not have a significant trade union presence should consider having policies and procedures in place. These could take the form of guidelines, or could be elevated to an official policy which is made known to employees or employee representatives.

A clear and fair retrenchment procedure is a prerequisite for ensuring consistency in the retrenchment of employee. It is a formal procedure which foresees the possibility of a reduction in the workforce which will regulate it. Such a procedure lays down principle and practices which will ensure that, when retrenchment stares the company in the face, the necessary information is provided, that there is consolation, and that objective selection takes place when retrenching employees.

## **SELF-ASSESSMENT EXERCISE**

Enumerate and discuss the critical considerations involved in the retrenchment of employees from an organisation.

### **3.4 Redundancy**

In general terms redundancy refers to a situation of loss of employment by the employees as a result of circumstances beyond the control of the organisation. In some other instance, redundancy can arise as a result of reorganisation, which makes the jobs of certain category of workers irrelevant in the new dispensation occasioned by a change of business line or divestment from a subsidiary by a diversified company.

In the eye of the Industrial Act, redundancy means an involuntary and permanent loss of employment caused by an excess of manpower. A situation of excess manpower in an organisation can be caused by a variety of factors such as technological advancement or reduction in production as a result of downturn in the economy.

According to Aturu (2005), it is not a voluntary or forced resignation, nor is it a dismissal from service. It is not a voluntary or forced resignation; and it is not a termination of appointment as known in public service. It is rather a form unique only to its procedure whereby an employee is quietly and lawfully relieved of his post. Benefits payable in a redundancy situation are governed by the employment contract. Thus an employee has no right not to be declared redundant outside his term of employment or collective agreement that is applicable to him or her.

Furthermore, where an employee is declared redundant, the determination of his employment is not wrongful and he would not be entitled to damages. Nevertheless the procedure stipulated in the Industrial Act must be complied with before the organisation reaches its decision to declare a particular worker redundant.

### **3.5 Conditions for Valid Redundancy**

#### **1. Excess of manpower**

An employer cannot terminate a worker's contract of employment on the ground of redundancy unless there is an excess of manpower. Nevertheless, according to Aturu (2005), it is submitted that complete cessation of business or intention to cease to carry on business cannot lead to redundancy.

The contention is that the Industrial Act strictly defines the term and any extension of it to a situation not expressly mentioned would amount to importing extraneous matters to what is otherwise an ambiguous provision.

## **2. Consultation of the trade union**

The employer is under an obligation to inform the trade union or workers' representatives of the reasons and the extent of the anticipated redundancy. This is a condition which is regarded as being precedent.

The implication is that the condition ought to take place at the earliest opportunity if it is too meaningful at all. Nevertheless, some employers have cause to refuse to recognise trade unions in their organisations in spite of the legal provision for compulsory recognition of the unions.

## **3. Principle of 'Last In, First Out'**

The principle holds that in the event of redundancy the most recently employed persons shall be required to leave the organisation concerned, while the most senior workers shall be retained, subject to the skills, abilities and reliability of the workers.

The general opinion is that it may be relatively easy to determine the relative skills and abilities of workers compared to the determination of the reliability of a worker, a highly subjective criterion, which can lead to favouritism.

It is argued that there is no basis for the use of a subjective criterion like reliability in a consideration which is supposed to be an objective principle. The principle seems to support the view that redundancy does not apply to cessation of business as there would be no need to retain any worker in such a case.

## **4. Negotiation of redundancy benefits**

The Minister of Labour is empowered by the Industrial Act to make regulations providing generally or in particular cases for the compulsory payment of redundancy allowances to workers affected by a declaration of redundancy.

In the absence of such regulation on payment of redundancy benefits, the workers and their employers have to negotiate payment terms on their own accord on the basis of collective bargaining or at best falling back on the individual contract of employment. According to Aturu (2005), in few cases the employers have to resort to a provision in the Industrial Act which enjoins the employer to use his best endeavours to

negotiate redundancy payments with any discharged workers who are not protected by regulations made by the Minister.

Aturu (2005) holds the view that the provision of the Act seems to make the worker to be at the mercy of the employer in industries where there is collective bargaining process. This is because what an employer may consider to be fair payments for redundancy may fall short of reasonable efforts to negotiate adequate redundancy benefits.

### **SELF-ASSESSMENT EXERCISE**

List and explain the conditions for valid redundancy.

## **4.0 CONCLUSION**

The above discussion has exposed you to the twin considerations of retrenchment and redundancy as they relate to the tenure of the employees in organisations both in the public and private sectors. The unit has portrayed that retrenchment and redundancy are inevitable in the life of an organisation as a result of mainly exogenous dictates of the operating environment.

Nevertheless, it is instructive to note that such considerations cannot be meted out to the employees without recourse to the provisions of the Industrial Law and the regulatory measures of the Labour Minister as they relate to the case of redundancy in particular.

## **5.0 SUMMARY**

This unit has been used to discuss the intricacies of redundancy and retrenchment of workers as the situation arises in the organisational operations. In addition, the unit has also treated issues which must be considered whenever organisations are embarking on retrenchment or the declaration of redundancy. The unit also explained the issues relating to the regulation of redundancy by the Labour Minister in terms of benefits which may accrue to the employees in the redundancy.

In the next unit, you will be exposed to the discussion on the management of the employees' grievances, which are inevitable in organisational setting and operations.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. a. Differentiate between retrenchment and redundancy.

- b. Mention the demerits of the frequent retrenchment exercise in the public service in the country.
2. Outline and discuss the factors to be considered when an organisation is embarking on retrenchment exercise.

## **7.0 REFERENCES/FURTHER READING**

Aturu, B. (2005). *Nigerian Industrial Laws: Principles, Cases, Commentaries and Materials*. Lagos: Frederick Ebert Stiftung.

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## **UNIT 3      MANAGEMENT OF EMPLOYEE GRIEVANCES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Grievance and Grievance Procedure
    - 3.1.1 Inherent Issues in Grievance Procedure
    - 3.1.2 A Typical Grievance Procedure
  - 3.2 Grievance Interview
  - 3.3 Features of a Good Grievance Procedure
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In organisational setting the employees are bound to encounter some problems which may bother on denial of rights, witch- hunting, sexual harassment, and all forms of discrimination, among others. When such situation arises, the appropriate channel through which the affected employees can seek redress is the focus of this unit.

Therefore, in this unit, you are being exposed to the appropriate procedure through which aggrieved employees can express their grievances instead of resorting to petition writing, which is never in the best interest of neither the employee nor the superior officer or any other culprit involved.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the term grievance
- discuss the grievance procedure
- mention and discuss the basic phases of grievance interview
- identify the features of a good grievance procedure.

### **3.0 MAIN CONTENT**

#### **3.1 Grievance and Grievance Procedure**

A grievance occurs when an employee feels that he or she is being wrongly treated by his her colleagues or the superior officer. This can arise out of the feeling of being picked on, unfairly appraised in the annual performance report, and unfairly blocked for promotion or discrimination against on grounds of race, tribe, sex, religion, cultural practice, and the like.

For the purpose of harmonious interrelationship in the organisational setting, an employee who has a grievance should be opportune to pursue it and request to have the problem resolved. Some grievances should be capable of resolved informally by the individual employee's manager or superior. Nevertheless, if an informal and immediate solution is not possible, the case should be made to go through a formal grievance procedure.

##### **3.1.1 Inherent Issues in Grievance Procedure**

A formal grievance procedure should be instituted as a policy (necessarily in writing) and made available to all the employees to serve as a guide for pursuing grievances. The entrenched grievance procedures should incorporate the following things:

1. State what grades of employees are entitled to pursue a particular type of grievance.
2. State the rights of the employee for each type of grievance.

For instance, an employee who has not been considered for promotion might be entitled to a review of his annual appraisal report. Alternatively he can be allowed to attend a special appeals promotion board if he has been in his current grade for at least a certain number of years.

3. State what the procedures for pursuing a grievance should be.
4. Distinguish between individual grievances and collective grievances.

Collective grievances might occur when a group of workers or work group considers that it is being unfairly treated.



5. Allow for the involvement of an individual's or group's trade union or staff association representative.

A grievance procedure may even be initiated through the union or association rather than through official grievance procedures. The involvement of the representative implies that there will be a common view on the appropriate procedures to take in the resolution of the matter.

6. State time limits for initiating certain grievance procedures and subsequent stages of them.

For instance, an employee who is not considered for promotion is required to make his appeal within a certain time period of his review, and his appeal to higher authority within a given period after the first grievance interview.

There should also be time scales for the management to determine and communicate the outcome of the complaint to the employee.

7. Requirement of written records of all meetings concerned with the case, to be made and distributed to all the participants.

### **3.1.2 A Typical Grievance Procedure**

A typical grievance procedure goes through the following stages:

1. The aggrieved individual discusses the problem with a staff, union representative or a colleague. If his case seems a good one, he should take the grievance to his immediate boss.
2. The first interview will be between the immediate boss unless he is the subject of the complaint, in which case it will be the next level up and the employee, who has the right to be accompanied by a colleague or representative.
3. If the immediate boss cannot resolve the matter, or the employee is otherwise dissatisfied with the first interview, the case should be referred to his own superior and, if necessary, in some cases to an even higher authority.
4. Cases referred to a higher authority should also be reported to the personnel department. Line management might decide to ask for the assistance or advice of a personnel manager in resolving the problem.

5. The case should be treated with dispatch and the outcome communicated to the aggrieved employee immediately.

### **SELF-ASSESSMENT EXERCISE**

Explain the issues which are associated with grievance procedure.

### **3.2 Grievance Interview**

It is a healthy practice that the manager should have some idea of the complaint and its possible source prior to the grievance interview. Normally the grievance interview itself goes through three stages as enumerated and discussed below.

#### **1. Exploration**

The problem of the aggrieved employee has to be explored: in terms of the background, the facts, and the causes manifest and hidden.

At this stage, the manager should simply try to gather as much information as possible, without attempting to suggest solutions or interpretations. Hence, the situation must be seen to be open.

#### **2. Consideration**

Under this stage, the manager takes time to: check the facts; analyse the causes of the problem of which the complaint may be only a symptom; and evaluate options for responding to the complaint, and the implication of any response made.

It may be that the information obtained can be used to clear up the misunderstanding, or the employee will withdraw his complaint. Nevertheless, the manager can adjourn the meeting for some days in order to get extra information and consider extra options.

#### **3. Reply**

The manager, having reached and reviewed his conclusions, reconvenes the meeting to convey and, if necessary, justify his decision, hear counter-arguments and appeals. The outcome, agreed or disagreed, should be recorded in writing.

Basically, grievance procedures should be seen as an employee's right. In this wise, managers should be given formal training in the management of grievances and their procedure based on laid down organisation policy.

Managers and superior officers in organisations are implore to realise that the grievance procedures are beneficial for the organisation, and therefore are not a threat to them.

### **SELF-ASSESSMENT EXERCISE**

Discuss the stages involved in grievance interview.

### **3.3 Features of a Good Grievance Procedure**

1. Be in writing.
2. Specify to whom they apply; all or some of the employees.
3. Be capable of dealing speedily with grievance matters.
4. Indicate the remedy to which the aggrieved employee is entitled.
5. Allow the employees to state their case exhaustively.
6. Allow the aggrieved employee to be accompanied by a fellow employee or union representative.
7. Ensure that every grievance is properly investigated before any action is taken.
8. Ensure that the employee is informed of the reasons for any decision taken on his case.
9. All proceedings must be recorded and the final outcome distributed to the relevant persons such as the personnel manager, the aggrieved employee, and his immediate boss.
10. Provision for the right of appeal to the higher authority, and specification of the appeal procedure.

### **4.0 CONCLUSION**

From the foregoing analysis, you can appreciate the fact that employees do have some problems which are related to the organisational setting and operations that need the management attention. The employees are bound to encounter some problems which may bother on denial of rights, witch-hunting, sexual harassment, and all forms of discrimination, among others.

Therefore, you are been exposed to the intricacies of what it takes to handle employees grievances so as to equip you with such knowledge in dealing or resolving issues bordering on employees' problems in organisational setting.

You can also appreciation the fact that appropriate handling of employee grievances is an important requirement in ensuring organisational harmony and cordial personal interrelationship among the employee subsystem in the organisation, hence, the need for an appropriate policy on how to deal with employees' grievances and operational problems.

## 5.0 SUMMARY

The study unit has been used to discuss the appropriate procedure for dealing with peculiar problems and operational grievances of the employees in the organisation. You have been exposed to the various strategies for encouraging the employees to follow laid down grievance procedure in order to avoid petition writing in the organisation.

Other topics discussed in this unit include inherent issues in grievance procedure, grievance interview and features of a good grievance procedure.

In the next study unit, you will be taken through methods and styles of collective bargaining; collective bargaining being very strategic in the management of employees conditions of service in organisations as well as in resolving disputes between the employees and the organisation.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Enumerate and discuss the stages involved in grievance interview.
2. What are the inherent features of an appropriate grievance procedure?

## 7.0 REFERENCES/FURTHER READING

Aturu, B. (2005). *Nigerian Industrial Laws: Principles, Cases, Commentaries and Materials*. Lagos: Frederick Ebert Stiftung.

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## **UNIT 4 METHODS AND STYLES OF COLLECTIVE BARGAINING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Forums of Interaction between Management and Employees
    - 3.1.1 Deputation
    - 3.1.2 Joint Consultation
    - 3.1.3 Collective Bargaining
  - 3.2 Nature of Collective Bargaining
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  - 3.3 Critical Factors for Effective Collective Bargaining
  - 3.4 Methods of Collective Bargaining
  - 3.5 Styles of Collective Bargaining
  - 3.6 Collective Bargaining in the Public Sector in Nigeria
  - 3.7 Procedures for Collective Bargaining
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In order to avoid industrial disharmony, organisations use to institute some defined measures through which the management team and the representatives of workers meet from time to time to discuss issues of common interest.

You will understand that industrial harmony can only be achieved in an atmosphere of mutual trust and understanding between the management and the workers occasioned by constant interaction of their representatives.

The appropriate forum for such mutual interaction is the subject matter of this study unit. Therefore, the issues that are discussed in this unit are the basic ways through which employers and employees can meet to regulate the environment of work, the job itself and the inherent benefits and cost to both parties.

Such basic methods of mutual interaction between the management and the unions are in the areas of deputation, joint consultation and

collective bargaining. All these three issues are discussed in this unit but an elaborate analysis is devoted to the subject of collective bargaining since it constitutes the main preoccupation of the unit.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- identify and discuss the basic methods of mutual interaction between management and workers
- explain the meaning and nature of collective bargaining
- identify and explain the critical factors for effective collective bargaining
- list and discuss the various methods/styles relevant to collective bargaining
- discuss the peculiar nature of collective bargaining in public sector in Nigeria
- explain the procedures relevant to collective bargaining.

## **3.0 MAIN CONTENT**

### **3.1 Forums of Interaction between Management and Employees**

From the introductory part of this study unit you have been exposed to the various ways through which organisation can ensure industrial harmony. The three aspects of such basic methods are discussed herein.

#### **3.1.1 Deputation**

According to Akubuiro (2003), deputation is commonly used in organisation where the workers are non-unionised or ineffectively unionised. Under this scenario, the workers are granted freedom to express their views only on the basis of symbolic gesture. The ultimate decisions are still the prerogative of the employer or management.

Hence, the responsibility of the operational decisions is entirely that of the employer or management and not that which is shared by both the management and the workers.

#### **3.1.2 Joint Consultation**

Akubuiro (2003) posits that joint consultation involves mutual interaction between the representatives of both management and workers for the purpose of exchanging information, considering

suggestions or proposals and repercussions of the results of the decisions as may be taken.

Under this forum, discussions are normally depersonalised and the sense of responsibility for such decisions is shared by those who partake in the deliberations.

For the purpose of joint consultation, some employers in allied trade form themselves into joint industrial councils while the workers form a joint consultative committee. The purpose for the existence of a joint consultation body is to provide a forum for regular contact between management and workers as a means of improving conditions of work and by extension the level of productivity.

The other reason for the formation of a joint consultation is the essence of the need to meet the workers' demand regarding closer participation and better insight into the management of the organisations in which they work.

### **3.1.3 Collective Bargaining**

The other forum through which both the management and the employees do interact towards ensuring industrial harmony is the collective bargaining. Collective bargaining, as a forum of interaction between industrial and management, is a practice by which employers and employees meet at regular intervals or regularly to agree on the terms under which the employees shall render their services in the organisation.

The essence of the forum therefore, is to discuss in an atmosphere which is devoid of rancour, the conditions of service of the employees and the issues arising thereof from time to time. Thus it means that the management is compelled under this practice not to wait until this industrial crisis or disputes before engaging the employees' representatives in meaningful dialogue towards ensuring industrial harmony.

The nature, methods and styles of collective bargaining, among others issues, are discussed in the subsequent sections of this unit.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between deputation and joint consultation.

## 3.2 Nature of Collective Bargaining

Collective bargaining is regarded as the practice by which employers and employees meet in conference to agree from time to time to agree upon the terms under which industrial shall be performed.

According to Akubuiro (2003), collective bargaining can be viewed as a process which determines under what terms industrial will be bought and sold and under what terms industrial will continue to be supplied to a particular company. The implication is that each individual employee's contract has been replaced by company agreement with union, and whatever is agreed by the union and management also binds not only present employees but also future ones.

In another perspective, Akubuiro (2003) espouses that collective bargaining includes all methods by which groups of workers and relevant employers come together to attempt to reach agreement in matters by a process of negotiation, matters discussed here generate a relationship of rivalry and decisions are reached through concessions and compromise.

In an all-inclusive definition of collective bargaining, Davey as quoted by Egbo (1987) views it as those formal and informal processes of accommodation through which an employer, or a group of employers and their organised workers attempt to establish a mutual set of relationships which will allow them to achieve their respective goals. It involves the formulation of industrial agreements (contracts), the application of those agreements to the production processes involved, and the solution of the inevitable differences which arise over their interpretation and application.

The process of collective bargaining involves negotiations about working conditions and terms of employment between an employer and union for the purpose of reaching mutual agreement. It means that under the collective bargaining issues of divergent or congruent interest can be discussed. Hence, the parties at dispute see themselves as opponents.

### 3.2.1 Items of Collective Bargaining

The issues or items for collective bargaining whether negotiable or non-negotiable are normally categorised into three distinct groups.

- i. **Mandatory items:** These are the items that both management and unions have accepted to constitute the issues of negotiation. An important example is the issue of wage regulation. Another example of mandatory issues is the condition of service.



The number of mandatory items which are accepted by both parties for negotiation largely depends on the arm twisting tactics of each party. This is the ability of union to convince management to accept on one hand and management resistance against unions desires on the other.

- ii. **Voluntary items:** These are the items which neither party in the dispute can be compelled against its wish to accept for negotiation. Examples of such issues are fringe benefits like car loan, housing scheme, bonus, transport scheme, long service award, death benefit, shift work, and medical care.

In essence, voluntary items are regarded as middle range issues for which neither party can be forced against its wish to negotiate upon or sign for in the process of negotiation. By implication, such items are not binding on the employer.

- iii. **Exclusive items:** These are issues which are exclusive prerogative of the management of the organisation which fall under the procedural agreements. Hence, the unions are not supposed to interfere with them because they are under the ambit of the functional responsibility of the management.

Examples of exclusive issues are employment, promotion, transfer, termination, suspension, and discharge. In some cases, the unions may be allowed to have consultation with the management on such issues but the management still reserves the right to take exclusive decisions on them without recourse to the unions.

### **SELF-ASSESSMENT EXERCISE**

Identify the items that are normally involved in collective bargaining.

### **3.2.2 Related Terms in Collective Bargaining**

#### **1. Bargaining power**

The term, according to Akubuiro (2003) is the ability to control the setting of wages, sometimes within given limits. In another perspective this is the proprietary ability to withhold production or products pending the negotiations for transfer of ownership of wealth. In another view, it is regarded as monopoly power, which is related to and possessed by the organisation. Accordingly, the bargaining power, since it is prerogative of the employer, denotes power to exploit. Hence, it is the relative power of contracting parties particularly the company, to influence the wage in the light of all prevailing factors.

Bargaining power also refers to the monopoly of wealth as it is related to the organisation's ability to exploit and impose costs. Since it is the power to exploit, an increase in bargaining power means increased capacity to exploit. According to Slitcher, bargaining power is the cost of A imposing a loss to B.

## **2. Cost of agreeing and disagreeing**

A union's bargaining power at any point is the management willingness to agree to union's terms, and such management willingness to agree in turn depends upon the cost of disagreeing with union's terms relative to the cost of agreeing to them.

In a situation where the cost of disagreeing is less in relation to that of agreeing, then union's bargaining power is enhanced and vice versa. The parties involved in collective bargaining can change this power through the use of tactics with which to influence each other.

Furthermore, the usual shifts in economic conditions, public opinion and government influence can affect bargaining power or actually change it. By and large, the nature of demands made which occasioned collective bargaining and the costs of agreement or disagreement normally affect and indeed change bargaining power.

## **3. Union tactics and cost of disagreeing**

The Trade unions normally use strike to withhold their industrial until their terms are met. On the other hand, employers make use of lockout to withhold employment until their terms are accepted.

For all intents and purposes, both the union and employer usually suffer some cost which comes in form of wage loss by the union and cessation of operations by the employer. The implication is that while union seeks to strengthen strike, the employer will seek to weaken it.

The unions normally use tactics such as timing of strike, skill level of workers in the union, ability to provoke sympathetic action from other people, and the sympathy strikes, that is, the secondary boycotts.

## **4. Management tactics and cost of disagreement**

Management has the capacity to increase cost of disagreement to unions through lockout by withholding employment except on terms agreeable to management necessarily with due cognisance to the prevailing market conditions.

The management of an organisation can also use its financial muscle to take strike insurance policy. Management is also at liberty to sack the employees and replace them with others or machines. Management can also weep up or resort to public opinion, government or political pressure.

## **5. Strength of the union**

The strength of the union in negotiation depends on some factors, which are as highlighted below:

- persuasive or coercive skills of the union executives
- membership strength of the union
- prevailing economic condition in the country
- purse or financial resources of the union
- workers willingness to embark on strike
- ability of the union to call members on strike
- goals of the bargaining parties.

### **SELF-ASSESSMENT EXERCISE**

List and explain the related terms in collective bargaining.

### **3.3 Critical Factors for Effective Collective Bargaining**

According to Akubuiro (2003), there are desirable conditions which are imperative for effective collective bargaining. They are as follows:

#### **1. Faith in Collective Bargaining**

Both parties in dispute must be convinced and ready to accept that collective bargaining offers a good means of regulating employment conditions in addition to the use of deputation and joint consultation.

#### **2. Favourable political climate**

This is the prevailing political climate, which must be favourable to both parties in dispute. For instance, the government must believe in the efficacy of collective bargaining as a veritable means of resolving trade dispute by both the employers and the trade unions.

In a particular situation where the government does not encourage the institution of collective bargaining such as the use of restrictions on trade unionism, the use of collective bargaining may bring only a limited success.

The government can only encourage collective bargaining through policy measures on the form and contents of agreement in negotiation.

### **3. Freedom of association for the workers**

The institution of collective bargaining can only thrive if the workers are free to promote trade unionism among themselves and also at liberty to join trade unions of their choice. The government can encourage freedom of association for the workers at the instance of an enabling legislation for the formation of associations.

### **4. Stability of trade unions**

The workers' organisations in form of trade unions must be strong enough to stand the test of time. Such strength will make the employers to accord them recognition and hence, grant them the right to represent their members (the workers) in the process of collective bargaining for the negotiation of favourable terms or conditions of their service.

### **5. Willingness to give and take**

For a collective bargaining to be meaningful and achieve the desired result, both parties must engage in voluntary and cooperative method of bargaining. Hence, either party regards their organisation as a veritable ingredient for earning their livelihood.

It means both parties will only present core demands as basis for negotiation and in the process of bargaining one party will agree to reduce its demand in return for some concession from the other party. Naturally one party will win more concessions than the other, which actually depend on relative strength of the two parties, the prevailing economic conditions, and skill in negotiation.

### **6. Recognition of trade union**

A trade union that is recognised by the management can muster the necessary authority and power to negotiate on behalf of the workers in the process of collective bargaining.

### **7. Joint authorship of agreement**

It is usually desirable and ideal for both parties to jointly sign agreement arrived at during the negotiation to indicate the willingness of both parties to honour the terms contained therein. The refusal of any party to sign the agreement can lead to creation of loophole for the subversion of the agreement.

## **8. Avoidance of unfair trade practices**

In an atmosphere of restricted trade practices, the practice of collective bargaining will be distorted. Such unfair trade practices include breaching of anti-union contracts by the unions, transfer of union activists due to union activities and denial of trade union officials of their rights because of involvement in union affairs.

### **SELF-ASSESSMENT EXERCISE**

List and explain factors which are imperative for effective collective bargaining.

## **3.4 Methods of Collective Bargaining**

### **1. Contractual method**

Under this method the employer and the representatives of the workers meet for negotiation for the purpose of settling trade disputes. They bargain and if they succeed, they conclude a “collective agreement” which is a “social treaty.”

The agreement becomes “static” because after the conclusion of the agreement, it remains the only agreement that binds the parties. The agreement remains static even when situation, or circumstances, surrounding the agreement changes.

### **2. Institutional method**

Under this method industrial and management come together to set up an institution and a constitution. The body known as a consultative committee consists of an equal number of representatives while passing a resolution; the bilateral agreement is open to interpretation or modification. Hence, it is an open-ended agreement. Also a time limit is usually not fixed for its operation. Therefore this agreement cannot be enforceable under the law of contract.

### **SELF-ASSESSMENT EXERCISE**

List and explain the methods which can be used in the process of collective bargaining.

## **3.5 Styles of Collective Bargaining**

The following are some methods which are normally adopted in collective bargaining:

### **1. Conjunctive bargaining style**

This method is in tandem with the absolute requirements that some agreements be reached so that the operations on which both parties have depended may continue to function or exist. In terms of bargaining relationship between both parties in dealing with matters of divergent interest, each party tries to secure some advantage to the extent of its relative bargaining power.

Furthermore, each party normally strives to aim for maximum advantage possible without much regard for the effect on the other party. The method is capable of being used to establish a system of industrial jurisprudence whereby employer and employee resolve their dispute rationally and peacefully.

This method is weak in terms of complete incapacity to satisfy the objectives of both parties. In addition, there is the problem of rigidity, which tends to reduce benefits and the needed cooperation. This method of collective bargaining is widely practiced in US.

### **2. Distributive bargaining style**

This method of bargaining is somehow similar to the conjunctive bargaining since each party is only interested in what it can achieve even at the expense of the other party.

In essence, the method implies that one party strives to gain at the direct expense of the other party. This style is normally used when the issues at stake are in areas of monetary benefits, rest time, hours of work, and overtime pay, among other similar grounds of negotiation.

### **3. Cooperative bargaining style**

Cooperative bargaining method arises because of one party's sympathetic regard for the other and its voluntary choice of the other as partner; the management and the workforce regarding each other as partners in progress in their organisational setting.

This method is normally adopted to ensure that the objectives of both parties are satisfied. Hence, the method enables both parties to share their rewards. The method is employed to ensure maximum cooperation by both parties. The method ensures that each party is depending on the other, so that both parties can achieve their objectives more effectively, by winning the support of the other.

Under this method of bargaining, each party to the dispute depends on the other party for fruitful result since they can only achieve success with the cooperation of each other. The method is particularly useful when the issues at stake are of common interest to both parties.

#### **4. Integrative bargaining style**

This method of bargaining is like the cooperative bargaining. Under this bargaining method, the emphasis is on common interests in its form of bargaining as greater consciousness means that each party will gain the cooperation of the other.

Some unions have conducted themselves in this manner for the purpose of joint protection of the industry from competitors or joint demand for special concessions from the government. More so it is not unusual, for instance, in the American system for the trade unions and industry spokesmen to come together in order to lobby for public subsidies and special legislation in favour of their industry.

In this style, both parties to the dispute have mutual recognition of each other's purpose and therefore, both parties will be prepared to make concession. This method of bargaining becomes useful in period of economic recession resulting in shifting grounds on several issues under dispute.

#### **5. Fractional bargaining style**

Fractional method of bargaining involves the sectional activities of some work groups who, because of either their strategic location in the work flow or special skill, seek supplementary agreements on behalf of the group alone.

Such groups of workers are usually cohesive with their informal authority structure. Examples of such groups of workers in the public sector in Nigeria are the lecturers and medical doctors.

In the event of the representatives (particularly the executives) trying to follow a policy of a particular local trade union which runs counter to the group interest, the members of the work group will simply ignore the elected officials and follow an informal spokesmen.

Given that a work force is made up of a collective of different work groups, it may be easier to appreciate such interest which accompanies bargaining and implementation of collective agreements.

## **6. Connective bargaining style**

This method or style of bargaining implies that each party comes in to bargain in such a manner that it strives to achieve its best while aiming at maximum result with minimum cooperation.

The style becomes useful in a situation where one party will be interested in seeing that organisational operations are on course but will not like to lose out either.

## **7. Individual bargaining style**

The method involves an individual employee seeking an improvement on the prevailing conditions of his employment. This is done mainly by the white collar job holders particularly in the middle and top management hierarchy in organisations.

As you can observe, employers generally tend to institutionalise individual bargaining for middle and higher members of management. More so, the Nigerian government has through measures, insisted on different workers' organisations for both white collar and manual workers, while the former group is prevented from affiliating with the Nigeria Industrial Congress.

### **SELF-ASSESSMENT EXERCISE**

List and explain the various styles inherent in collective bargaining.

## **3.6 Collective Bargaining in the Public Sector in Nigeria**

The nature of collective bargaining in the public as observed by Fashoyin (1987) is quite different from what obtains in the private sector. Since the creation of the public sector, the main policies on employee-government relations have been embedded in the civil service regulations, the document which was previously known as the general order.

The civil service rules as obtained in the present day public sector regulate most of the conditions of employment which suffice for the collective bargaining process in the public sector. Therefore, the issues of collective bargaining which constitute the conditions and terms of service for the civil servants in the civil service regulations are in areas of wage increase, grievance procedures, promotion, discipline, leave, terminal benefits, and pension, among other similar issues.



The crucial fact that must be pointed out is the absence of any machinery for government employees to participate in the determination of these conditions of service as contained in the civil service regulation.

The government also uses another approach in place of collective bargaining in form of the wages commission, which the government has used over the years to regulate salaries and allowances of the public workers. The most recent one is the Shonekan Commission which has resulted into consolidated salaries for the public workers in January 2007.

The Nigerian government has used so many wage review commissions since the colonial era; the major ones which are Tudor Davies 1945, Harraigin 1946, Miller 1947, Gorsuch 1955, Mbanefo and Morgan 1959, Adebo 1970, and Udoji 1972.

The use of the wages commission to regulate salaries and allowances has been rationalised that the government has the right to set wage rate in any establishment where either the wages are unreasonably low or where no adequate machinery is available for adjusting wages and conditions of service. However, the scope of this study text does not cover the argument for and against the use of such commissions to regulate terms of remuneration for the public workers.

### 3.7 Procedure for Collective Bargaining

According to Akubuiro (2003), procedure for collective bargaining refers to the ways through which both the management and union should ensure that strikes and other forms of industrial disputes are avoided.

Various forms of industrial disputes are as highlighted below:

- a. **Economic disputes:** These are the issues that affect employee compensation in form of salaries, incentives, fringe benefits and other related allowances which are financial in nature.
- b. **Legal disputes:** These are the union-management disagreements which border on the interpretation and authorship of agreement.
- c. **National disputes:** These are the political issues affecting the whole nation normally handled by the umbrella union such as the Nigeria Labour Congress. Examples of such issues are deregulation of the petroleum products pricing or the downstream sector of the industry, national electoral process and other government policies affecting the whole country.

The laid down procedures are not the same for all industries and such procedures for collective bargaining are the ones being used to settle the major types of disputes, which are discussed below. According to

Akubuiro (2003) the prescribed procedures for collective bargaining, which are necessary for ensuring industrial harmony are as analysed below. The procedure is a process structured out in stages.

### **Stage 1: Union recognition stage**

The important thing herein is the recognition of the workers' union by the management. The industrial laws in Nigeria permit workers to form and register trade unions in any organisation. The minimum number of workforce in an organisation that can form a trade union is 50 employees.

Once the union has been formed and registered with the appropriate authority, the employer is duty bound to accord it recognition and work with it for the good of the organisation.

### **Stage 2: Pre-negotiation stage**

At this stage, both the union and the management are expected to draw and study an agenda for the process of collective bargaining. Each party is expected to generate authentic information for the purpose of balanced argument in the collective bargaining exercise. Both parties are expected to study their respective bargaining power in terms of numeric, financial, skills of the executives, and the like. At times the union use consultants and engage in espionage activities on the firm in order to generate relevant data for the purpose of meaningful negotiation.

### **Stage 3: Selection stage**

This involves the selection of those that will represent both parties at the collective bargaining forum. People with qualities such as tactic, boldness, great wit, wisdom, good character, skilfulness, and fearlessness are to go for the negotiation. Therefore, the most qualified persons to represent the union may not be its executives but other members of the union.

The union may be compelled to engage the services of industrial experts to do the bargaining on their behalf but necessarily in their presence. The management team is also to make use of its knowledgeable members or a panel of experts for the negotiation. The actual representation is a function of agreement by both parties.

### **Stage 4: Negotiation stage**

The major preoccupation under this stage involves strategising towards the bargaining process taking into consideration the basic policies to be

respected. More so, decisions on the possible concessions or compromise to be conceded are made.

### **Stage 5: Contract stage**

The collective bargaining itself takes place under this stage. Traditional styles of backbiting, hitting the table, shouting, bluffing, and holding back concessions are the norms in the process of negotiation for the collective bargaining. Nevertheless, in the modern-day collective bargaining, the norms are concession, compromise, mutual negotiation and discussions for beneficial decisions.

The watchword is being ethical conscious in terms of behaviour of the negotiators and the central focus revolves around level of productivity, organisational image, and the future of both the workers and business. This mutual understanding normally leads to the drawing up and signing of contracts, which are the procedural agreements, reached by both parties and must be jointly appended to by the representatives of both parties necessarily after a careful perusal.

Under this stage, the main styles of collective bargaining can be used. You will recall that these approaches include voluntary bargaining style, cooperative bargaining style, conjunctive bargaining style, and lastly by adhering to the laid down legal framework.

### **SELF-ASSESSMENT EXERCISE**

Discuss the procedure through which collective bargaining takes place.

## **4.0 CONCLUSION**

From the analysis above, it is clear that collective bargaining is sine qua non to industrial harmony. This is because such process affords both the trade union and the management to discuss on how the condition under which the workers operate is conducive for ideal level of productivity, and at the same time afford the workers the opportunity to fulfil their aspirations in the organisation.

Furthermore, collective bargaining presupposes that the representatives of both parties meet on a regular basis to rob minds towards avoiding unnecessary bickering and strikes which do not benefit either party. Both union and the management can at times use such forum to lobby and in extreme cases pressure the government into acceding to the wish of the organisation, which benefits the two parties in the final analysis.

## 5.0 SUMMARY

The analysis of the concept of collective bargaining in this unit has afforded you the opportunity to understand that it is possible for an organisation to operate without disruptions of operational activities. Such industrial harmony can be guaranteed with the use of collective bargaining. Hence, the unit has been used to expose you to the essence of collective bargaining, its process, critical factors for effective collective bargaining, methods of collective bargaining, procedure for collective bargaining, and lastly the peculiar nature of collective bargaining in the public sector in Nigeria.

In the next study unit, you will be taken through the principles of negotiation and role of negotiators in the process of collective bargaining

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Identify and explain the critical factors for effective collective bargaining.
2. Mention and discuss the various methods and styles which can be adopted in the process of collective bargaining.

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## **UNIT 5 NATURE AND PRINCIPLES OF NEGOTIATION IN COLLECTIVE BARGAINING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
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  - 3.1 Negotiation in Collective Bargaining
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### **1.0 INTRODUCTION**

It is well known that conflict between management and labour is one of the central issues in the management of industrial relations. Workers' participation, communication, the handling of problems and grievances, and discipline are all designed to keep conflict levels as low as possible. But, this is not necessarily enough. Basic principles necessary for successful negotiation must be recognised. Furthermore, those officials chosen for negotiation must possess some qualities and skills imperative for successful negotiation.

Therefore, in this unit, you are introduced to the basic principles of negotiation as well as the role of negotiators for effective negotiation in collective bargaining.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the concept of negotiation as it relates to collective bargaining
- outline and discuss the four broad categories of principles underlying negotiation
- describe the typical steps of the negotiation process
- analyse the roles and tasks of the negotiators
- identify and discuss the qualities and skills of successful negotiators.

### **3.0 MAIN CONTENT**

#### **3.1 Negotiation in Collective Bargaining**

In this unit we shall deal with aspects of collective bargaining in areas of negotiation process, dynamics of a negotiation situation, and principles of negotiation initiators.

Negotiation is an integrative part of collective bargaining, for the term "negotiation" relates to the actual, practical implementation of the concept "collective bargaining." Our focus in this unit is thus on negotiation as such or "in its own right." Clearly, then, we do not regard the concepts "negotiation" and "collective bargaining" as synonymous.

All of us negotiate with other people virtually every day. Sometimes, these negotiations are complex, and sometimes they are very simple.

Of course, at home we negotiate with our families about which friends to visit or which television programmes to watch, and the children negotiate about which games to play. At work, we negotiate, among other things, with our superiors about matters such as time off or how to cope with budgetary restraints. Generally speaking, negotiation is thus a broader (more general) concept than collective bargaining, because negotiation takes place in every sphere of life. Unlike collective bargaining, negotiation is not restricted to the sphere of industrial or industrial relations. Collective bargaining is a concept that is used, among other things, to refer to negotiations between the representatives of the parties.

From an industrial relations perspective, however, negotiation is a narrower concept than collective bargaining, and this might cause confusion. In the context of industrial relations, collective bargaining includes actual negotiation: collective bargaining refers to the whole system and process, including broader institutional or structural arrangements, and is designed to structure and facilitate interactions between the parties. In this sense, negotiation is only a part of collective bargaining, namely that part concerned with the actual execution of certain issues of the collective bargaining arrangements.

In the light of this, we need to make it clear that negotiation is an extremely important part of life in general and of collective bargaining in particular. Really, competent negotiators are rare, and specialised and intensive training is needed to make one a successful, professional negotiator.

## SELF-ASSESSMENT EXERCISE

Explain the concept of negotiation in the realm of collective bargaining.

### 3.2 Basic Principles of Negotiation in Collective Bargaining

Before proceeding to discuss the details of the negotiation process, you need to understand all the basic principles that underlie successful negotiation. All the parties in negotiation should be aware of these basic principles. Such principles are important and, while not strictly prescriptive, can probably contribute to a more successful negotiation.

These principles include the following:

#### 1. Always try to strengthen the relationship of trust

Since, normally, the parties are in regular contact and have to maintain a sound collective relationship over long periods, they should be careful to do the following:

- a. Never give misleading information. Both parties know that a certain amount of bluffing may take place during negotiations, but deliberate deception will prevent a relationship of trust from developing.
- b. Implement and honour all agreements. This really is the absolute minimum. "If this is not done, the relationship of trust will either be gravely damaged or it will never come about in the first place.
- c. Keep to official and unofficial codes, procedures and rules.
- d. Protect the confidentiality of information shared between the parties.
- e. Keep to negotiation rituals, customs and processes.
- f. Try to conclude agreements within the mutually agreed period.
- g. Record agreements in writing at regular intervals, especially during the initial phases of collective relations.
- h. Offers that are made or accepted should never be withdrawn.

#### 2. Accept the basic principles of any negotiation process in good spirit

According to this principle, the parties should act as follows:

- a. All parties should be prepared to negotiate.
- b. Compromise is necessary. All parties should be prepared to understand the viewpoints of others and should be prepared to modify their original demands and/or offers.

- c. Agenda should be exchanged in good time, giving everybody sufficient opportunity to study the discussion points and to prepare.
- d. Precedents will be created over a period of time, because there are usually items arising from or relating to similar items in previous agreements.
- e. All parties must be committed to reaching agreement. Without such a commitment, negotiations cannot take place in good faith.
- f. Avoid excessively legal or technical approaches, for such approaches tend to have a negative effect on the development of a sound, long-term collective relationship.
- g. Complex technical details should not be included in the final agreements.

### **3. Accept the other party's negotiating status**

This implies the following, among other things:

- a. Acknowledge and respect the other party's independence, and admit that there are some basic differences between the parties.
- b. Accept that negotiators can only negotiate if they have a mandate from their constituencies. Respect the mandate not only of your constituency, but also that of the other party.

### **4. Accept the realities of power, including the fact that each party potentially has the power to "disadvantage" the other**

The balance of power between parties ultimately plays a fundamental role in the success or otherwise of negotiations. The greater the power of one party, the better that party's chances of manipulating things and "winning" in divisive types of negotiations. However, some aspects of power commonly characterise both parties:

- a. The support which the media (such as the press and television) can give to either party.
- b. The ability (financial and otherwise) of either party to take legal action (if this is necessary) in order to "win."
- c. The state of the economy probably favours either the employers (downswing) or the trade unions or employees (upswing), adding yet another element of power to the proceedings.

### **SELF-ASSESSMENT EXERCISE**

List and explain the main principles of negotiation in collective bargaining.



### 3.3 Trade Union Power in Collective Bargaining

Power usually refers to the ability to achieve the outcome it wants or to force the other to modify its expectations. As a result, the perceptions that parties have of the relationship of power between them will considerably affect the tactics and strategies they use. Trade union power includes the following:

- i. Trade union membership largely determines the trade union's power base as opposed to that of management.
- ii. A trade union's power may also be increased by an ability to form coalitions with other trade unions and trade union federations.
- iii. A trade union's power can be considerably enhanced by the power to draw other organisations and industries into sympathy strikes or go-slows.
- iv. The type of industry in which a trade union operates may also be a source of power to it (e.g. if the company produces a raw material which other companies need for the manufacture of their own products).
- v. Trade unions may also have excellent financial resources which they can use to acquire information, appoint consultants and support striking workers.
- vi. International contact and support can do much to enhance the power of a trade union.
- vii. The better the skills of its skilled members, and the scarcer the skills they supply, the greater the trade union's power. This is one of the reasons why the organisation of skilled workers into trade unions is becoming so important.

#### SELF-ASSESSMENT EXERCISE

Explain the various ways through which trade union can exert their power in the process of collective bargaining.

### 3.4 Types of Negotiators in Collective Bargaining

As mentioned earlier, the groups of people involved in negotiation within the context of industrial relations, and who are most interested in the negotiations, are usually the teams of negotiators. For them, the actual negotiation meetings are the climax of the collective bargaining process.

#### 1. The chief negotiator

The chief negotiator usually plays the key role in communications, debates and argumentations. He or she helps to find common ground, to

understand and persuade people, and to move them towards an agreement. The chief negotiator is also the person who has to signal that agreement has been reached.

## **2. The recorders**

The job of recorders is normally to record important developments, arguments and events forming part of the negotiation encounter. They take notes on the movements and positions of the other parties, enabling negotiators to check the development of patterns until such time as all conclusions and agreements have been recorded.

## **3. The analysts**

Analysts make a careful and critical analysis of the strategies and tactics deployed by the parties. They endeavour to identify the interests and true reasons that underlie the various arguments and tactics. They perform all sorts of calculations and cost calculations in respect of contracts, and they interpret the potential effects of proposals, demands and requests. They also try to identify the flaws in arguments, and they notify recorders and chief negotiators of these.

## **4. The observers**

Observers generally attend negotiations in a purely passive role, to observe events and to learn. Often, they have to play more supportive, active role in observing actions and reactions and bringing these to the attention of the analysts.

### **SELF-ASSESSMENT EXERCISE**

Discuss the various types of negotiators in collective bargaining.

### **3.5 Tasks of a Negotiator**

According to Salamon (1992), the chief task of any negotiator in the context of collective bargaining is ultimately to reach an agreement that is acceptable to all the parties. This task includes the following functions:

- i. Advising the chief negotiator about the bargaining objectives and strategies of the various interest groups, thus enabling him or her to make the necessary preparations for dealing with these.
- ii. Arranging and conducting the negotiation meetings.
- iii. Stating, explaining and defending the cases of interest groups.

- iv. Listening to, examining and trying to understand the other party's case.
- v. Deciding when to affirm and/or adjust negotiating positions, and when to deploy which tactics within the broad, predetermined strategy.
- vi. Consulting the chief negotiators, apprising them of progress being made in the negotiations, and discussing this with them to ensure that the real interests of groups are served and that negotiation objectives are adjusted where necessary.
- vii. Trying to influence other parties/negotiators and persuading them to modify their views and review their interests so that the parties can come closer to an agreement.
- viii. Trying to establish and maintain sound, long-term personal relations with the negotiators of the other party.

### **3.6 Qualities and Skills of Successful Negotiators**

To be successful, negotiators would do well to note the following essential qualities dealt with in the works of Salamon (1992), Kniveron (1974) and Alfred (1984):

- well trained and knowledgeable about the intricacies of negotiation have good social and interpersonal skills
- enjoy working with people, especially in difficult circumstances
- be good planners, which also means that they should have information-processing skills
- have a positive attitude, trying to reach common objectives (egocentric people are rarely successful negotiators)
- be good communicators, capable of listening with an open mind and expressing themselves clearly
- be highly trained in the use of persuasive skills
- be alert, noticing what happens (and does not happen!) around them
- be discrete and have good analytical skills and judgment
- be patient and capable of handling stress
- be able to control their emotions (in order words, keep their heads in difficult circumstances)
- have good conceptual skills in order to link up the various elements and keep visualising the "bigger picture"
- be able to concentrate on long-term rather than on immediate objectives
- be flexible thinkers with an open mind, but at the same time purposeful and persevering
- be creative so that they can formulate counter-proposals and alternative arguments

- be intellectually astute and fast thinkers, but not the kind of people who act hastily
- have a good sense of humour
- be reasonable, willing to compromise where necessary
- be able to remain in the background when necessary, and should not be constantly on the defensive or quick to take offence
- be diplomatic, honourable and trustworthy
- be able to deal firmly with facts, but be gentle with people
- be people of integrity - without this quality, it is impossible to achieve long-term success in negotiations.

#### **4.0 CONCLUSION**

You can appreciate from the foregoing analysis that negotiation is very critical to collective bargaining. In this unit, you have learned a number of issues that relate to negotiation and the basic approaches to negotiation. You have also learned about the roles and qualities of the negotiators who normally represent various parties in collective bargaining.

#### **5.0 SUMMARY**

You should know by now that negotiating in the industrial relations context is an art and takes a lot of practice. Incompetence in this area can be costly. It may mean that unhealthy levels of conflict persist; agreements may not be reached or else those collective (or individual) agreements that are reached may have negative effects for the organisation in its pursuit of success.

In the next study unit, you will be taken through the various stages involved in the negotiation process in collective bargaining.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

1. What do we mean when we say that “negotiation” is at one and the same time a more inclusive and also a narrower concept than “collective bargaining”? Explain in detail.
2. List fifteen qualities and abilities of typically “successful negotiators.”

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## **MODULE 3**

- Unit 1 The Process of Negotiation in Collective Bargaining
- Unit 2 Strikes and Industrial Disputes
- Unit 3 Nature and Types of Organisational Conflict
- Unit 4 Framework for Management of Organisational Conflict
- Unit 5 Nature and Goals of Industrial Democracy

## **UNIT 1 THE PROCESS OF NEGOTIATION IN COLLECTIVE BARGAINING**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Negotiation Process
  - 3.1 The Pre-Negotiation Phase
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## **1.0 INTRODUCTION**

In collective bargaining the parties involved have the power to prejudice each other in a conflict situation which is not handled satisfactorily. Consequently, processes must be devised for handling conflict on an ongoing basis. Basically, collective bargaining is viewed as the overarching process for managing this complex relationship. The collective bargaining process, in which conflict and negotiation are central themes, is a complex one requiring considerable sacrifices and a great deal of understanding and tact on the part of the parties involved.

Therefore, in this unit, you are exposed to the basic principles of negotiation as well as the role of negotiators for effective negotiation in collective bargaining. Furthermore, you are also exposed to the discussion on negotiation process in terms of the inherent phases involved in collective bargaining negotiation.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the concept of negotiation as it relates to collective bargaining
- outline and discuss the four broad categories of principles underlying negotiation
- describe the typical steps of the negotiation process
- analyse the roles and tasks of the negotiators
- identify and discuss the qualities and skills of successful Negotiators
- mention and discuss the various phases involved in the negotiation process.

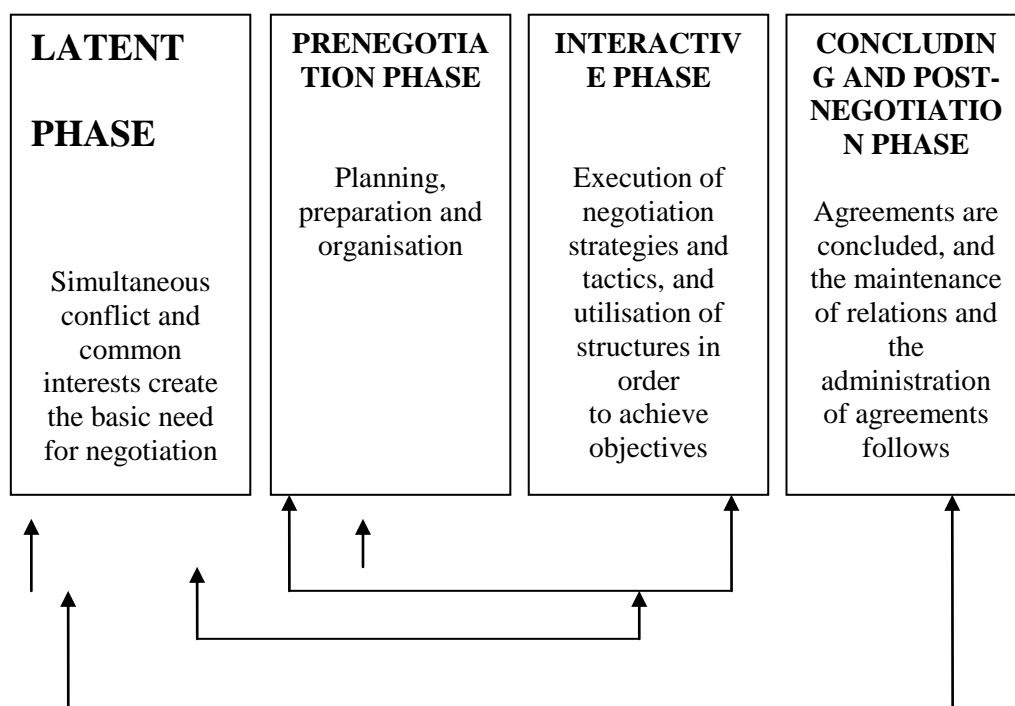
## **3.0 MAIN CONTENT**

### **3.1 The Negotiation Process**

Negotiation as part of collective bargaining is mainly a process by which management and trade unions reciprocally make and oppose demands, and make concessions, in order to reach agreement. As you know, each negotiating situation is unique, being determined by certain variables such as complexity and formality. For conceptual purposes we can identify various important steps or phases, depending on the approach that is followed. For instance, there is a latent, a pre-negotiation, an interactive and post-negotiation phase.

However, the real negotiation process does not begin at the latent phase, and therefore we shall not discuss this phase any further. And, strictly speaking, the post-negotiation phase is still part of the “contract administration” of collective bargaining. Still, the negotiation process may be regarded as comprising four phases.

This four-phase process is depicted in figure 1. Note, however, that this is an over-simplistic representation so that the process can be more easily understood.



**Fig. 1: Phases of Negotiation**

Source: Swanepeel, *et al.* (2002)

### **3.2 The Pre-negotiation Phase**

Careful planning, preparation and organisation are essential before negotiations can begin. This preparation and planning for the initial negotiations begins the moment the two parties make their first contact with each other. When agreement is reached, the preparation phase for the next round of negotiations begins.

The more comprehensive and complex the subjects of negotiation, the more time and energy the pre-negotiation phase will require. These topics may vary from procedures (such as grievance, disciplinary, retrenchment or dispute-resolution procedures) to independent matters such as working hours, wages, leave, job evaluation, bonuses, equal opportunities, health, safety, and many more.

Before the first negotiations begin, decisions have to be taken about “pre-negotiation issues,” such as the levels at which to negotiate, the appropriate units, the scope of negotiations, and, consequently, also the broad approaches or strategies to be followed during negotiations.

During the pre-negotiation phase, close attention should be paid to broader environmental influences that can affect the negotiations. For instance, the other party’s interests and perceived position must be analysed and one’s own negotiating mandate and limitations clearly identified. Inter-organisational negotiations are typically an important element of pre-negotiation phases. It is also important during this phase to appoint competent negotiating teams, to train them and to synchronise their efforts.

As you can see; the pre-negotiation phase demands a lot of time, hard work and serious data-gathering, as well as a lot of other preparations. Apart from other things that must be done during this phase, the gathering of all types of information is extremely important. More basic, “organisational matters,” such as where and when the negotiations will take place, secretarial and recording facilities, media coverage, meal arrangements and other related matters, also have to be sorted out during this phase.

The methodology used and the quality of this preparatory and planning work is of cardinal importance if the negotiations are to be successful. Richardson (1985) proposes the log-book system for collective bargaining by objectives.



During the planning and preparation for the approach phase or step, Richardson's collective bargaining by objectives (CBO) model or approach (also known as the "management by objectives" approach to collective bargaining) could be used. The data which are gathered can be categorised according to the principles underlying the CBO model. This will greatly simplify the negotiation process, because the information will help negotiators to keep to the objectives and take decision within the framework of such objectives.

In terms of collective bargaining by objectives, all data must be recorded and updated accurately and consistently (Richardson 1985). The proposed format can therefore serve as a valuable source document for future negotiations and as a reference for the current negotiation process. The proposed format can help to structure the pre-negotiation phase and can also help negotiators who think in terms of specific objectives or negotiable objectives from the beginning, particularly as it applies to each negotiable item. It is also in the interests of those whom they represent at the bargaining table.

Richardson (1985) emphasises that the parties to negotiations should use structured table of the various items. For maximum effectiveness, the columns are divided into "financial items" and "non-financial items" (see Figure 2).

Negotiation items*	Priorities**	Demarcation of negotiation objectives			Initial negotiation	Evaluation results		
		Pessimistic	Realistic	Optimistic		P	R	O
Nonfinancial items e.g. SS-training (days per year paid)	2	10	8	6	15			
Paternity leave (days)	4	8	5	2	12			
Financial items, e.g. Wages	1	15%	9%	6%	3%			

**Fig. 2: Richard's Collective Bargaining by Objectives (CBO)**

Source: Richardson (1985)

\*Classify items into two groups: financial and non-financial

\*\*Relative priority of each negotiation item in relation to other items.

The brief discussion that follows outlines the basis of Richardson's CBO methodology and can therefore also serve as the basis and framework for the planning of collective negotiation.

### **Column 1**

This column contains a list of all negotiation items (also called "bargaining topics"), regardless of who places such items on the agenda. All issues or topics to be negotiated are listed in this column (e.g. wages, leave, sick leave, retrenchments, grievance procedures). The list should preferably be divided into financial and non financial items.

### **Column 2**

In this column, the topics listed in column 1 which must enjoy priority are considered and listed as such. In this way, one can get an idea of those issues in respect of which sacrifices can more readily be made, as well as of those issues which are likely to be "difficult" bargaining topics.

### **Columns 3, 4 and 5**

These columns reflect the boundaries of negotiation objectives. The "realistic position" of the topic in question is recorded in column 4. This might be the realistic wage per hour for a certain group of workers for which management is prepared to settle in the light of the organisation's interest as well as the interest of both employees and employers, or the industry as a whole. The "pessimistic position" is recorded in column 3 (e.g. the highest wage per hour which management is prepared to grant if the trade union concerned exerts sufficient pressure).

The "optimistic position" is the "best" wage per hour which management can expect to get accepted if the other party (the trade union) does not exert too much pressure. This is recorded in column 5. Thus the columns simply show the upper and lower wage limits at which management is prepared to settle, as well as the realistic wage for the work performed by the employees. The term "realistic" in this context means that which management regards as the most likely outcome or settlement. "Optimistic" means that which management would most likely want to see (but it must still be realistic), and "pessimistic" means that which management would accept as the absolute maximum, but still being able to meet its business commitments.

### **Column 6**

The column lists a very important item, namely the negotiator's initial bargaining position. In this column, "gambit openings" and "new bargaining items" are listed.

### **Columns 7, 8 and 9**

These columns are used throughout to evaluate what has been achieved. They ought to show how far a negotiator's final position has moved from the originally planned position, and to what extent it serves the actual or real interests of the mandatory (i.e. the organisation's top management or the trade union's constituency) and of the industry, economy and the country as a whole. This information is also important for the planning of future negotiations. The evaluation columns should therefore reflect the course of the negotiation process so as to make it possible to analyse why certain things happened as they did. In this way, negotiators can learn from their mistakes and build on their successes. These columns can also help negotiators to monitor the settlements arrived at and to compare them with set objectives and the whole range that has been identified.

The basic principles of this system therefore include the following: structured, formalised planning, structured record-keeping; and ongoing evaluation. This approach has been used to good effect in training because it is based on practical experience and knowledge gained in the course of a number of negotiations. It also provides a meaningful framework for the development of personal negotiating qualities and skills. The inexperienced negotiator, or the negotiator who leaves the outcome to chance or puts his or her trust solely in favourable circumstances or power, may find this method (which calls for discipline, hard work and an orderly approach) too demanding.

Richardson (1985) does not consider his method at all theoretical. According to him, it can help negotiators to start the negotiation process without being too uncertain about what they are doing, about what their objectives are, or about their chances of success (they therefore do not have to rely totally on themselves).

The inherent advantages of collective bargaining by objectives (CBO) are as follows:

- i. It focuses on the need to record facts and interests that will be important for subsequent negotiations while these are still fresh in the negotiator's memory.
- ii. Meaningful factors in the planning process receive proper consideration.

- iii. It makes the planner formulate a number of achievable objectives for each item.
- iv. Information is accessible: both parties can readily identify and study the conditions of relevant contracts.
- v. It establishes a cross-referencing system which gives all concerned access to information about any negotiating topic dating from the time when the original contract was drawn up to the date of the current contract.
- vi. It provides an effective means of ensuring continuity and eliminating duplication. It is therefore an aid to record-keeping.

Thus the approach of bargaining by objectives has many potential advantages for both experienced and inexperienced negotiators. The whole approach to the negotiating process is therefore systematic and purposeful. Certain objectives are identified right from the start, and progress made during negotiations can be monitored in terms of these objectives.

Lombard (1978) makes the point that this methodology in itself will not ensure successful negotiations, but admits that, used in combination with other personal expertise can provide one of the most effective frameworks for maximising the chances of success.

The chief advantage of Richardson's methodology is obviously its capacity to provide the negotiator who is involved in the collective bargaining process with an effective planning and monitoring instrument (record-keeping). It is not a substitute for an accommodating attitude, but is flexible. In a large, mature trade union or organisation with many full-time negotiators, the CBO approach can be used with great success because it can simplify a series of bargaining meetings.

One of the potential problems with this approach is that an essential part of its success depends on pre-negotiation preparations. This is time-consuming and calls for certain negotiation skills. In a small, very new organisation, where one or two people are responsible for all the negotiation, the time needed to implement this method may simply not be available.

Lombard (1978) makes it possible to identify the following potential advantages of the CBO systems:

- i. It stresses the give-and-take aspect that characterises all negotiations.
- ii. It can give negotiators direction, as well as tangible objectives against which to measure the progress they make during the negotiation process

- iii. It can provide a better basis for the collection and systematisation of data, since the relevant objectives are identifiable.
- iv. The range of negotiation objectives becomes a demarcated area in which negotiating teams can work.
- v. Negotiators can form a “concept” of their strategy and tactics with regard to all the financial and non-financial items to be negotiated.
- vi. It can supply specific details of each item to be negotiated, as well as a list of possible outcomes in each case.
- vii. Trade unions in both the public and private sectors can use the method.
- viii. It does not change normal negotiating practice, but merely supplements it.
- ix. Details of previous negotiations can be used for training purposes and when preparing for future negotiations.
- x. The system can make things a great deal easier for lower-level negotiators, because it forces them to be thoroughly prepared before entering the negotiating arena.
- xi. It provides the various trade union negotiating teams with a measure of direction and structure, thereby contributing to consistent behaviour.
- xii. Blocks of interest are demarcated in a positive way, which facilitates the analysis of relevant issues and underlying reasons for and sources of conflict.
- xiii. It can supply data for costing contracts.
- xiv. It can give negotiators a basis for evaluating their work, thereby helping them to prepare for future rounds of negotiations.
- xv. It can also be useful as a simulation technique in detailed negotiator training sessions.
- xvi. Finally, it can facilitate the delegation of competence to negotiating teams and can be used to ensure the performance of negotiators.

### **SELF-ASSESSMENT EXERCISE**

1. Discuss the concept of collective bargaining by objective.
2. Contact an industrial union official in your organisation or in another organisation. Request from the industrial official the lists of initial demands or proposals and counter-proposals tabled by the parties at the latest round of negotiations. In addition discuss with him on the outcome of negotiation, and compare with the initial demands.

### **3.3 The Interactive Negotiation Phase**

Some initial interactions may take place during the pre-negotiation phase when the parties start corresponding, making initial demands and counter-proposals, and testing the water during brief telephone conversations. Such information interaction is useful in preparing oneself for the real thing, probing the other side's point of view and trying to decide what to expect. It is however not yet in itself the real thing that happens when face-to-face negotiations take place between the parties' representatives.

The "real thing" starts with the official opening round, when the parties exchange greetings, sit down and start getting down to the nuts and bolts. During this phase, the two parties lock horns and systematically try to persuade each other to modify stances with regard to interests and positions. Certain negotiating tactics are employed during this highly complex phase, in the context of the grand negotiation approach or strategy. Remember that negotiating strategy relates to the grand approach to the negotiation process. Tactics, on the other hand, relate to the specific actions of the parties when they interact during the negotiation phase.

### **3.3.1 Specific Guidelines during the Interactive Phase**

Knowledge and skills play an important part during this phase. The following are some useful specific guidelines for negotiators during this negotiation phase:

1. Follow the agenda as closely as possible.
2. Maintain order at all times.
3. Keep to the facts and do not discuss people as such (i.e. separate people from the problems).
4. Take note of and use body language and gestures, and use them effectively.
5. Listen more and speak less ("two ears, one mouth") – ask the right questions in the right way in order to obtain the right information.
6. Be on your guard at all times.
7. Confirm at regular intervals that you have understood, and obtain confirmation that the other party understands.
8. When in doubt about anything, stop to caucus on the matter.
9. Take your time; never speak, act or decide hastily.
10. Always be pleasant, frank and courteous.

11. Treat everybody with the respect they deserve.
12. Be sensitive to cultural and language differences.
13. Take accurate notes and constantly be on the lookout for alternatives as well as inaccurate information and arguments.
14. Offer the other party a variety of possible choices or options, and make sure that everything is understood in the context of the real, relevant interests.
15. Behave in an emotionally stable manner – do not allow yourself to be unnerved by militant action or heckling. Let a colleague do the talking if you get angry.
16. Check progress regularly and summarise the state of the process – make sure that everybody understands.
17. Always be flexible as regards your negotiating positions or points of view, and keep reminding the other party of the interests under discussion.
18. Negotiators should concern themselves not only with what the other party is saying or doing, but should also continually find out what the real interests and reasons are which underlie the stated positions or problems.
19. Ask for detailed explanations when something is not clear.
20. Respect the other party's need to save face, and be humane.
21. Do not begrudge them or their dignity.
22. Be constantly on the alert for the other party's real intentions, not only with regard to objectives and positions, but also when it comes to their actual interests and priorities.
  
23. Build a reputation for being fair, but firm.
24. Take each negotiating decision in the light of the other decisions; in other words, weave all the interests into a single whole.
25. Pay careful attention to all communications; do not interrupt, and listen to what is said and what is not said. Never hesitate to make quite sure that you understand a point exactly as it is intended.
26. Remember that negotiation in the industrial sphere is essentially a process of compromise. There is no such thing as winning or getting everything you want.
27. Try to understand the "people" on the other side of the table – their personalities, fears, interests, observations, needs, and so forth, for this is an approach that pays dividend.
28. Keep assessing current negotiations in terms of their effect on future negotiations; remember that collective bargaining results in long-term relationships.
29. Remain positive and assert yourself.
30. Sanctions can be used, but must never be abused.
31. Pay careful attention to the wording of every clause in the agreements you negotiate. Words and phrases (or expressions) often contain valuable information.

32. Read agreements carefully before signing anything. Do not overlook the fine print.
33. Conclude the negotiations by summarising the key points agreed upon, and break eye contact. Then get up and shake hands in a pleasant, civilised way.

### **3.3.2 Use of Persuasive Communication in Negotiation**

The key aspects of the interactive phase are communication, persuasion and debate. During this phase of the negotiations, the parties discuss and debate the merits of their respective arguments. One needs to remember that the goal of negotiation is agreement – “negotiation for the sake of negotiation” is no good to anybody. Persuasive skills are therefore crucial.

#### **SELF-ASSESSMENT EXERCISE**

Identify some guidelines necessary for the interactive session in negotiation.

### **3.4 The Concluding Phase**

The final phase of active negotiations should be borne in mind throughout, that is, the phase when agreement is reached and recorded and summaries of all agreements are compiled. All parties should openly take responsibility for conveying and implementing the matters agreed upon to their respective constituencies. Before the parties leave, they must make sure that everybody understands all the issues in the same way. Never unnecessarily hurry the final steps of the interactive phase. Remember that the way in which the parties say goodbye to each other and depart sets the tone for future negotiations and determines the spirit in which both are likely to implement the agreements.

The correct implementation of agreements is an important issue. As you already know, a successful interactive phase generally ends with some other type of agreement (contract) which can be put on paper. This means that all differences must have been settled or agreements reached on specific problems. There are, of course, times when negotiations are not entirely successful. In such cases, dates have to be set for future negotiations, or, in the case of a deadlock, the parties have to follow the appropriate dispute-resolution procedures.

Both parties have to respect all agreements, even when this is difficult, because this promotes trust and leads to mutually advantageous, long term relations. Contract administration is the key concept here.



### **3.5 The Post-Negotiation Phase**

The post-negotiation phase usually covers the entire period stipulated by the agreements. During this period, the parties ensure that all role players keep to these agreements (on, for instance, procedures and other matters such as wages and conditions of service). The grievance and disciplinary procedures followed during this phase are naturally extremely important.

The role of trade union representatives (shop stewards) during this phase is also of critical importance, and good communication and daily contact with all other relevant role players are some of the key elements. Trade union representatives must ensure that every clause of the agreements is honoured. When negotiations take place in the framework of bargaining councils, inspectors from these councils also have an important role during the post-negotiation phase.

The entire concept of “bargaining in good faith” becomes relatively meaningless if any of the parties neglect the post-negotiation phase. All agreements must be implemented honestly and sincerely.

The interactive phase may be regarded as the dramatic climax of the collective bargaining process, but experience is the key. Trade unions are often more interested in the post-negotiation phase. That is why trade union representatives play such an important role during this phase. They have to see to it that agreements are implemented smoothly from day to day, for, if they are not, such agreements will not be worth the paper they are written on. Any problems that arise should be brought to the attention of the trade union and/or management so that the necessary follow-up meetings and discussions can be arranged.

#### **SELF-ASSESSMENT EXERCISE**

Outline and discuss the various phases of negotiation in collective bargaining.

### **4.0 CONCLUSION**

You can appreciate from the foregoing analysis that negotiation is very critical to the realm of collective bargaining. In this unit, you have learned a number of issues that relate to the nature of negotiation, the basic approaches to negotiation, and the roles, tasks and qualities of the negotiators who normally represent various parties in collective bargaining. You have also learned about the process involved in negotiation as far as collective bargaining is concerned.

## 5.0 SUMMARY

You should understand by now that negotiating in the industrial relations context is an art and takes a lot of practice. Incompetence in this area can be costly. It may mean that unhealthy levels of conflict persist; agreements may not be reached or else those collective (or individual) agreements that are reached may have negative effects for the organisation in its pursuit of success.

In the next study unit, you will be taken through strikes and industrial disputes. This becomes imperative as you have already been exposed to negotiation in collective bargaining, which serves as the internal mechanism for resolving strikes and industrial disputes.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. List 15 qualities and abilities of typically successful negotiators.
2. Identify and discuss the various phases of negotiation in collective bargaining.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 2     STRIKES AND INDUSTRIAL DISPUTES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition of a Strike
  - 3.2 Types and forms of Strike or Industrial Action
  - 3.3 Management of Strikes or Industrial Dispute
    - 3.3.1 Collective Bargaining
    - 3.3.2 Mediation
    - 3.3.3 Conciliation
    - 3.3.4 Board of Inquiry
    - 3.3.5 Industrial Arbitration Panel
    - 3.3.6 National Industrial Court
    - 3.3.7 Essential Services and Strikes
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment

## 7.0 References/Further Reading

### 1.0 INTRODUCTION

Strikes and other forms of industrial action are an inherent part of collective bargaining and, by extension, of industrial relations in general. Strikes are the ultimate “weapon of power” that may be used by industrial against employers (if necessary). You may regard strikes as completely unnecessary. Many workers may have taken part in strikes themselves; and yet others may have had to deal with a striking industrial force. Whatever is the case; strikes (and other forms of industrial action) are an issue which many people find it easy to identify. Strikes are highly visual events, and people usually know from media coverage when a prominent strike is in progress.

Due to the fact that one cannot always be certain that negotiations (collective bargaining) will be “free” of serious industrial conflict, it is necessary to develop a good understanding of strikes and other forms of industrial action. From a management viewpoint, strikes are a very important issue. In this unit, therefore, the emphasis falls on the management of strikes as a form of industrial action.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the term strike
- outline and discuss the various types and forms of strike
- identify and explain strategies for management of strikes or industrial disputes.

### 3.0 MAIN CONTENT

#### 3.1 Definition of a Strike

A strike is regarded as the partial or complete, concerted refusal to work, or the retardation or obstruction of work, by persons who are or have been employed by the same employer, or by different employers, for the purpose of remedying a grievance or resolving a dispute in respect of any matter of mutual interest between employer and employee.

According to Akubuiro (2003), in terms of incidence of strike, there are hosts of strike such as:

- i. **Official strike:** This refers to all strikes which are approved by the union.
- ii. **Unofficial strike:** As the name indicates, refers to the strike not sanctioned by the union executives but initiated especially by the shop stewards.
- iii. **Unconstitutional strike:** This refers to all strikes caused by the union leaders but is in breach of the constitution or did not follow legal procedures.
- iv. **Work to rule:** This indicates that the workers still report to work, do some routine assignment but do not exceed the normal time for work.
- v. **Dealing with equipment:** This means that workers cannibalise the major work tools thus making work impossible.

In terms of the costs of strike, the following areas are affected:

- number of man hours lost
- loss of business
- disruption of operations
- dampen of the workers morale
- enmity created between management and workers
- goodwill and image of the company destroyed
- loss of valued customers
- distortion in the projected earnings
- loss of output
- loss of sales and revenue
- payment of compensation to customers
- loss of competent employees.

### **SELF-ASSESSMENT EXERCISE**

List and explain the various forms of cost associated with strike actions.

## **3.2 Types and Forms of Strike or Industrial Action**

The types and forms of a strike are often the result of the cause of a strike. There are many types or forms of industrial action, and these can be classified according to their different approaches or structures. Common types or forms of industrial action include the following:

1. **The wildcat strike:** This type of strike occurs suddenly and is not preceded by any notice or intensive negotiations. It can assume various forms.
2. **The go-slow strike:** Here, employees perform their work, but at a snail's pace. They work strictly according to the rules, and sometimes even slower. They thus refuse to maintain normal production rates and volumes.
3. **The solidarity strike:** In the case of the solidarity strike, employees at one plant or company stop work in solidarity with other employees who wish to enforce a demand made on their employers.
4. **The rotating strike:** Here, groups of employees at different plants or in different departments or sections take turns to stop work according to a set pattern.
5. **The boycott:** In the case of a boycott, industrial is not necessarily withheld, but employees bring pressure to bear by way of other drastic action. For example, in the case of an overtime ban, employees refuse to work overtime. Production boycotts involve mainly trade union members and their families who stand together and refuse to buy the products (or services) produced by the employer.
6. **Picketing:** This is a form of demonstration of power. Employees and/or their representatives from groups inside or outside the workplace and state clearly that they are dissatisfied about something. Picket lines are usually a peaceful way in which striking workers make public (and advertise) their industrial action with the purpose of encouraging others to join them. Workers normally stand in front of their workplace with placards. In addition, they try to convince suppliers and customers not to enter the premises.

It is important that an industrial relations manager is familiar with the various types of industrial action so that he or she can decide how such action should be managed.

### **SELF-ASSESSMENT EXERCISE**

List and explain the forms of strike which can occur in an organisation.

### **3.3 Management of Strike and Industrial Dispute**

When a strike is embarked upon by an industrial union, there arises an industrial or trade dispute arising from some unresolved disagreement between the union and the management of an organisation. In most cases, as you know, the disputes are resolved through negotiation or collective bargaining. In the event of failure to reach a compromise by the two parties, a third party intervention is sought.

### **3.1.1 Collective Bargaining**

This represents an internal mechanism for negotiation normally put in place towards resolving industrial disputes. The representatives of both the management and the workers meet at a round table to collectively discuss and resolve the issues at stake. The process involves representatives of each group coming together with the mandate to work out some solution to the raging dispute collectively.

Akubuiro (2003) observes that this represents a better way of ensuring democratic practice, rather than avoidance or withdrawal, in the workplace to achieve “integrative problem solving”, through which people or groups must find ways of cooperating in the same organisation on the basis of their own agreed rules and procedures.

The third party intervention involves the use of a third party in the settlement of disputes or strikes. Such third party intervention involves a process, which goes through some stages. These stages can be classified into distinct phases in a progressive manner as analysed below.

### **3.3.2 Mediation**

It involves the appointment of some people by both union and management. These people are normally the knowledgeable experts in industrial relations. In Nigeria, the officials of the Federal Ministry of Labour and Productivity are normally involved in the mediation of disputes between industrial unions and their employers. The essence of mediation, as you are aware, is the need to make the union and management involved in the dispute to reach an agreement towards the resolution of the dispute or strike. As it were, the advice of the mediator is not binding on both parties.

### **3.3.3 Conciliation**

The issue of reconciliation comes into play when the mediators cannot resolve the dispute between the union and the employer. Fundamentally, the party that feels dissatisfied by the intervention of the mediator will declare a trade dispute. This is an indication that the

government should intervene. The government thereupon such declaration, will appoint a reconciliatory whose duty is to ensure the settlement of the dispute between the two parties. The conciliator's award is again not binding on the parties.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between mediation and conciliation as they relate to management of strikes.

#### **3.3.4 Board of Inquiry**

The board of inquiry as a fact-finding body is normally set up by the government to probe into the dispute and give recommendation on the way to resolve the problem. The board is usually constituted with membership drawn from a circle of those people who have expert knowledge in industrial relation.

The statutory procedure for the use of the board of inquiry as incorporated in the Trade Dispute Act of 1976 is as follows:

The parties in dispute put it in writing to the Minister of Industrial that they cannot resolve their problem through voluntary means.

The Minister of Labour has the responsibility to:

- appoint a person to act as a conciliator for the purpose of striking a settlement deal between the parties in dispute
- constitute a board of inquiry where the reconciliation machinery fails to achieve settlement of the dispute
- refer the dispute to the Industrial Arbitration Panel (IAP) when all efforts made fail to resolve the dispute
- take the dispute to the National Industrial Court (NIC) for the settlement of the dispute. The National Industrial Court is the last resort in the event of prolonged dispute between a union and the management of an organisation. The (NIC) acts as the final court of appeal for industrial disputes.

#### **3.3.5 Industrial Arbitration Panel**

The panel as a standing body arbitrates over industrial disputes which are not amenable for resolution through the other means that might have been exhausted by the parties in dispute.

The Industrial Arbitration Panel is usually made up of 10 members. Such membership includes a chairman, the Vice Chairman and other members. The employers association normally appoints two members



and the workers organisation appoints two members as well. The Minister of Labour has the prerogative to appoint the remaining members of the panel, who are supposed to be expert assessors in industrial disputes.

The responsibility of the panel involves holding meetings to review the cases involved in the disputes and recommend appropriate award. This task must be carried out within a period of 42 days in the absence of other period allowed by the Minister of Labour.

On the strength of the panel's recommendation, the minister is duty bound to publish the details of the panel's award and gives 21 days within which any of the parties in dispute can raise objections to the award of the panel.

In the absence of any objection from both parties to the dispute, the minister publishes the award of the panel on the dispute in the government gazette with the intent of confirming the award.

The dispute, however, goes to the National Industrial Court as may be referred by the Minister of Industrial, if there is any objection to the award of the Industrial Arbitration Panel.

### **3.3.6 National Industrial Court**

The National Industrial Court has the responsibility for the determination of the disputes referred to it by the Minister of Labour. The court as the last resort in cases of industrial disputes has membership of a president and other four members. The president must have been a judge of the high court and the other members must be reputable assessors, appointed by the Federal Executive Council.

The law permits the president of the court, apart from the members as indicated above, to appoint four other persons, out of whom two are suggested by the employers association and two others from the union to assist the court for special opinions.

The court has an exclusive jurisdiction to:

- make final awards for the purpose of settling the disputes referred to it
- determine questions regarding the interpretation of any awards made by the industrial arbitration panel and the terms of settlement.

The court is to handle only cases which cannot be settled by the Industrial Arbitration Panel. Nevertheless, the Minister of Labour has the right to refer a case to it without necessarily going through Industrial Arbitration Panel especially if the case is essential one. The court is to handle cases within seven days of notice.

The court is the final court of appeal in all industrial disputes. Nevertheless, any party to a case who feels that his constitutional rights have been violated can appeal to the government, as the constitution takes precedence over the ruling of the court. Legal practitioners are allowed to stand for parties involved in cases in this court. The court can review its order.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between internal and external strategies in the management of industrial disputes.

### **3.4 Essential Services and Strikes**

By virtue of the Trade Disputes (Essential Services) Act of 1976, there are those government workers who are barred from embarking on strike. And therefore they cannot even form unions.

The Act provides that essential services refer to:

- i. The public service of the federation or of a state which shall for the purposes of this Act include service in a civil capacity, of persons employed in the armed forces of the federation or any part thereof and also, of persons employed in any industry or undertaking (corporate or incorporate) which deals or is connected with the manufacture or production of materials for use in the armed forces of the federation or any part thereof;
- ii. Any service established provided or maintained by the government of the federation or a state, by local government council or any municipal or statutory, or private enterprise for:
  - a. supply of electricity power or water or fuel of any kind;
  - b. sound broadcasting or postal telegraphic, cable, wireless telephonic communications;
  - c. maintaining ports, harbours, docks or aerodromes;
  - d. burial of dead, hospitals, the treatment of the sick, the prevention of disease;
  - e. dealing with outbreaks of fire;

- iii. Service in any capacity in any of the following organisations:
- a. the Central Bank of Nigeria
  - b. the Nigerian Security Printing and Minting Company
  - c. any body corporate licensed to carry on banking business.

According to Akubuiro (2003), the arguments in favour of this prohibition rest on the principle that government services as well as those of other identified establishments are essential to the health, safety and welfare of the society. And the strike is an economic weapon, which should not be used in these areas.

### **SELF-ASSESSMENT EXERCISE**

What are the reasons responsible for classifying some services as being essential in relation to strike action?

## **4.0 CONCLUSION**

The above analysis has shown you that strikes are sometimes inevitable in any economy. Therefore, it is very essential for the government to get involved in the settlement of industrial disputes. The reason, as you have observed from the above analysis, is that government services as well as those of other establishments in the economy are essential to the health, safety and welfare of the society. Therefore, strikes are to be minimised at all cost. Hence, the government has instituted some machinery for the settlement of disputes so as to prevent the workers from embarking on strike action.

## **5.0 SUMMARY**

The unit has espoused the intricacies of strike action by the workers. Hence, in this unit the concept of strike and the costs associated with strike are treated. Other issues analysed in the unit include types of strike and forms of strike or industrial action, management of strikes or industrial dispute, and essential services and strikes.

In the next study unit, you will be taken through the discussion on the nature and types of organisational conflict.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Identify and explain the types and forms of strikes.
2. Mention and discuss the various methods by which industrial action or strike can be managed.

## 7.0 REFERENCES/FURTHER READING

Adeogun, A. A. (1987). "Strikes and Trade Disputes in the Public Sector." In T. Fashoyin, (Ed.). *Collective Bargaining in the Public Sector in Nigeria*. Lagos: Macmillan Nigeria Publishers

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## UNIT 3 NATURE AND TYPES OF ORGANISATIONAL CONFLICT

### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Nature of Industrial Conflict
    - 3.1.1 Functional Conflict
    - 3.1.2 Dysfunctional Conflict
  - 3.2 Various Types and Levels of Conflict
    - 3.2.1 Interpersonal Conflict
    - 3.2.2 Interpersonal Conflict
    - 3.2.3 Intragroup Conflict
    - 3.2.4 Intergroup Conflict
    - 3.2.5 Suspected (Latent) or Observed Conflict
    - 3.2.6 Unmistakable or Actual Conflict
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    - 3.2.8 Engineered or Orchestrated Conflict

- 3.3 Causes or Sources of Conflict
- 3.4 Variables that Moderate and or Aggravate Conflict
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

## **1.0 INTRODUCTION**

Fundamentally, trade unions would never have originated and developed had it not been for the inherently conflict-laden nature of the work situation. Workers began to form these “collectivities” in order to “stand together” and thus correct the imbalance of power in the workplace.

Conflict has to be handled in various ways and on a day-to-day basis. While trade union-management conflict (between representatives of these groups) is dealt with largely by way of collective bargaining, the optimal management of conflict in any organisation that hopes to succeed in the modern business world entails a good deal more.

In this unit, therefore, you are introduced to the important aspects of conflict in the workplace. As it were, you must understand that, while conflict management is dealt with here in a separate study unit, it cannot be studied in isolation. Consequently, you must integrate this theme with all your industrial relations studies and knowledge.

You have to understand that conflict has to be handled professionally so as to support the organisation in its pursuit of success. For this reason, it is extremely important that you understand the dynamics of conflict and that you develop the necessary skills for managing and controlling it.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the nature of industrial conflict
- discuss the various types and levels of conflict
- identify and describe the causes of conflict
- identify and describe the variables that moderate or aggravate conflict
- explain the conflict management process.

## **3.0 MAIN CONTENT**

### **3.1 Nature of Industrial Conflict**

Most people are of the opinion that the concept conflict has a very negative connotation. And most people are opposed to conflict. In fact, people would more often than not prefer to avoid it altogether than to handle it. The most likely reason for this is that conflict is very often associated with hostility, defensive behaviour and protracted trouble leading to loss, suffering, damage and bad intentions. In short, conflict is commonly perceived as a negative element that should be avoided as much as possible.

As it were, most informed people regard these assumptions as being incorrect. To start with, they point out that conflict is a normal “by-product” of all human interaction, which is why it is present in any work situation. Tension in work situations is common, and specialists in conflict management are therefore constantly searching for new ways of handling conflict in the industrial relations sphere.

You should therefore accept that conflict is a fact of life and rather try to understand it. It is, as we have mentioned, an essential element in all social interaction. If one accepts that a measure of conflict is unavoidable, then the task of conflict management should be to understand why and how various forms of conflict occur, and how they can be identified and used to the advantage of all parties involved.

Conflict situations are common in all organisations, and such conflict is usually accompanied by certain types of behaviour. Naturally, conflict is always present in the industrial relations context. For instance, if a trade union wants to negotiate a wage increase of 22 percent, and employer representatives regard eight percent as the maximum increase that can be granted, conflict arises. Members of the management negotiate an increase they should settle on – some may feel that, if they could negotiate an increase of, say, 10 percent, this would be acceptable to the workers, whereas others may feel that nothing more than 6 percent would be acceptable. In other words, in this situation, there is also conflict within the management group.

You can understand then, that conflict occurs when there is a gap between various parties’ points of view, or when they have contradictory objectives, needs and ideas. If this were not so, collective bargaining would not be necessary - not even integrative bargaining or inter-organisational bargaining, or any restructuring of attitudes.

Conflict may occur even when there is only a perception that such a gap or contradiction exists. From the foregoing, you can appreciate the fact

that it is impossible to formulate a single, uncontested and “correct” description of conflict.

### **3.1.1 Functional Conflict**

A number of studies have shown that conflict, correctly handled, can be a powerful, constructive force that invigorates a social entity and in fact revives relationships.

For example, conflict can:

- i. Be a source of energy, thus becoming a catalyst for change and adjustment.
- ii. Be used to maintain internal group identity and solidarity when groups are in conflict with one another - thus it can be instrumental in meeting the need “to belong”.
- iii. Stimulate the structuring or regulations of situations so that rules, procedures and process can be designed for the management of conflict.
- iv. Sensitise people to different needs, perceptions and ideas, which results in better understanding of people.
- v. Motivate parties to assess the power balance between them.
- vi. Be used as the catalyst for a new, cooperative type of relationship, especially if the parties, in handling the conflict, can identify common ground.
- vii. Make the parties more sensitive and objective when seeking solutions to problems.
- viii. Help to define the limits of acceptable behaviour in the future.
- ix. Help to defuse accumulated frustration and tension, thereby creating a more positive climate.

### **3.1.2 Dysfunctional Conflict**

Conflict can, of course, become dysfunctional (i.e. can damage relationship and organisations) when it is too intense (or even not intense enough), but such type of conflict can also be put to good use. As noted earlier, it can strengthen relationships and produce negotiated results that are beneficial to everybody. However, if the potential advantages or benefits of conflict are to be realised, the whole topic

must be thoroughly understood and conflict must be managed professionally, not only during collective bargaining but on a day-to-day basis as an integral part of management.

### SELF-ASSESSMENT EXERCISE

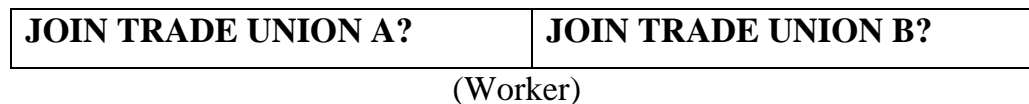
Distinguish between functional conflict and dysfunctional conflict, pointing out their similarities, if any.

## 3.2 Various Types and Levels of Conflict

Functional conflict is that type of conflict, which actualises the positive effect that is inherent in any conflict situation. There are others ways of categorising different types of conflict without labelling them “dysfunctional” or “functional”. One of these methods focuses on the level in the system where conflict occurs.

### 3.2.1 Intrapersonal Conflict

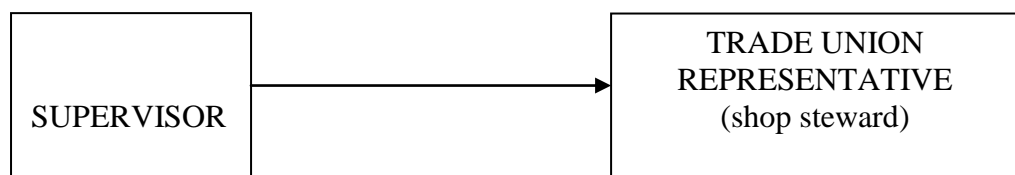
It is a conflict that occurs within an individual (e.g. an employee cannot decide which trade union to join).



**Fig. 3: Intrapersonal Conflict**

### 3.2.2 Interpersonal Conflict

Interpersonal conflict is a conflict between two individuals (e.g., a supervisor treats a trade union representative unjustly because he or she belongs to a trade union which the supervisor thoroughly dislikes).

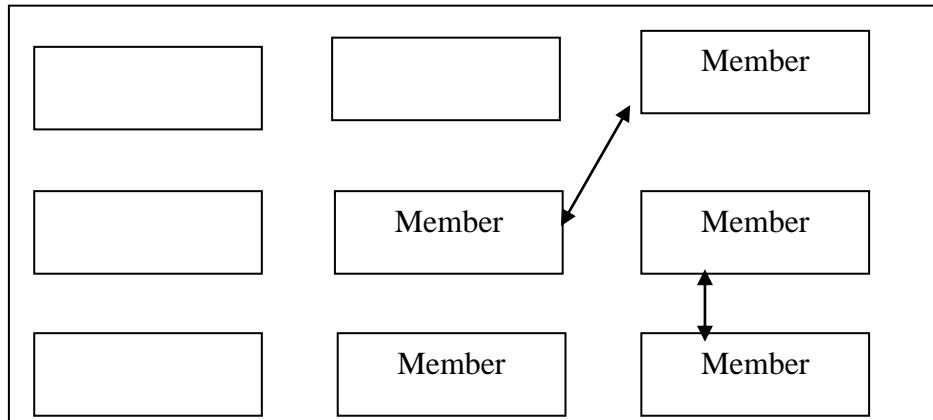


**Fig. 4: Interpersonal Conflict**

### 3.2.3 Intra- Group Conflict



Intra-group conflict is a conflict between members of the same group (e.g. differences of opinion arise between members and officials of the same trade union about how to approach negotiations or differences arise between members of the management team about wage negotiation zones).



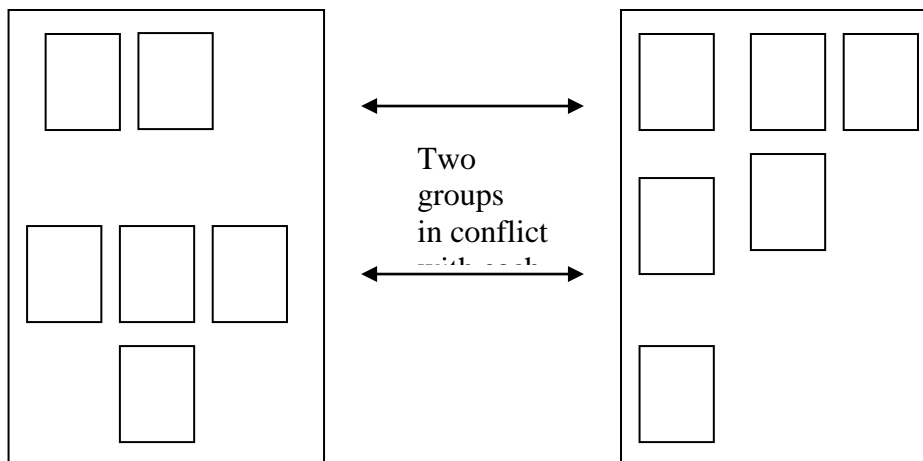
**Fig. 5: Members of the Same Trade Union in Conflict with One Another**

### 3.2.4 Intergroup Conflict

Intergroup conflict is a conflict between various groups (e.g., differences of opinion between the management team as a group and trade union representatives as a group, or between various departments in an organisation).

**MANAGEMENT**

**TRADE UNION**



**Fig. 6: Intergroup Conflict**

### 3.2.5 Suspected (or Latent) or Observed Conflict

This relates to the likely potential for conflict which is experienced by a person or group, but which has not been manifested in their behaviour. In other words, there is only “suspected” conflict, because no outward signs of it have yet appeared.

### 3.2.6 Unmistakable or Actual Conflict

This type of conflict is usually observed between people or groups during the later phases of conflict episodes. It may even occur in the form of “abnormal”, defiant or aggressive behaviour.

### 3.2.7 Spontaneous or Natural Conflict

This type of conflict may arise from natural causes, such as the simple fact that people are different.

### 3.2.8 Engineered or Orchestrated Conflict

This occurs when one party deliberately creates conditions that promote conflict. For instance, if person A dislikes person B, A might tell tales about B to C, thereby causing conflict between C and B.

## SELF-ASSESSMENT EXERCISE

Identify and discuss various types of organisational conflict.

### 3.3 Causes or Sources of Conflict

Conflict has many causes, including the following:

1. **Different objectives:** This is particularly in the case where people seek to realise opposing objectives, but, at the same time, need one another i.e. interdependent. This is what happens in the case of employers and employees. Employees need jobs and employers need employees, but employees want more money and want to work shorter hours, whereas employers want to cut down on costs, including industrial costs, and want employees to work longer hours, harder and more efficiently.
2. **Limited resources:** This is closely related to the previous cause. Due to limited financial resources and time restrictions, managers typically want workers to put more into their jobs, whereas

workers want to get more out of them. This leads to competition between the parties for scarce resources.

3. **Structural imbalance:** This arises when parties perceive imbalances in a system; in other words, when for instance, a perception exists that some people have too much money and power, whereas others have none at all. This perception is part of the Marxist theory that criticises capitalism because it creates an unfair structural imbalance between the owners of capital and the working class. Class conflict therefore arises, and “status” becomes an important variable. This emerges clearly from the multiple levels of organisational structures, where jobs are graded – some “higher” (in status) and some “lower”.
4. **Communication or information-related causes:** These may include the following:
  - i. **Lack of communication:** The interdependence and integration of job-related actions requires effective communication between individuals and groups, something that does not always happen in practice.
  - ii. **Availability of information:** The conservation, retrieval and interpretation or, rather, misinterpretation of information may in itself be a cause of conflict.
  - iii. **Interruption in the flow of information:** Conflict also occurs when the flow of information is interrupted. This may mean that people do not know what is going on, or that they are kept in the dark. Information is sometimes deliberately blocked, or incorrect information is furnished (disinformation). In addition, correct information may be misinterpreted because of a phenomenon known as psychological noise.
  - iv. **Language differences:** This is evident where so many different languages are spoken. Managers often think that some workers are saying something negative, when the problem may simply be that they do not understand the workers’ language. This is a possible cause of conflict and disunity.
  - v. **Problems with the media:** Information gathered by the media is not always accurate, which means that the “news” they disseminate may create further conflict. Sometimes, of course, the media are out to create sensation, in which case inaccurate or exaggerated information may increase the levels of conflict between the parties.

Other potential sources of conflict include; historical factors, ideological differences, low levels of trust, cultural differences, a flawed collective bargaining system, differences in education levels, and uncertainty and ambiguity.

### **SELF-ASSESSMENT EXERCISE**

Identify and explain the various ways communication in organisations can induce conflict. Suggest means through which such problems can be minimised.

### **3.4 Variables that Moderate and/or Aggravate Conflict**

While some factors may be the direct cause of conflict between industrial and management, others may at times simply be variables that raise or lower conflict levels. For instance, an organisation's industrial relations history might influence current cooperation or conflict levels. Or, to put it more directly, when a trade union and management have had serious differences for some time, it is likely that conflict negotiations are going to take place in that organisation, even after the historical issues have been resolved. The following are some of the factors that can aggravate or temper conflict:

#### **1. Mutual recognition of legitimacy**

An important factor in industrial relations is the extent to which the two parties recognise the validity of the other's objectives. This recognition of legitimacy also means that the other party is accepted as a partner in dialogue. The entire collective bargaining process is based on acceptance of the other party's right to hold an opinion and to act in a certain way.

The negotiation process is therefore, based on the extent to which the parties recognise one another's viewpoints and right to a viewpoint, and accept one another's right to exist and to use certain methods of operation. In the absence of such recognition and acceptance, conflict levels will probably increase.

#### **2. Personal qualities of the leaders**

Obviously, the personalities of trade union leaders and management representatives may have a significant effect on how the relationship between the two groups develops. You will appreciate the fact that a

highly authoritarian personality; that is a person who is conservative, callous, power hungry and hostile to outsiders is more likely to create distrust and advocate a “win lose” approach to collective bargaining.

### **3. Professionalism and maturity of the parties**

People who have learnt from past conflict situations are usually better equipped to handle conflict than inexperienced persons. By the same token, parties who do not understand conflict and who are not trained to handle it may act incorrectly, thus causing the conflict to rise to dysfunctional levels.

### **4. Competing goals**

In a sense this refers to a relationship between parties who compete for scarce resources. The division of economic benefits between industrial and management self-evidently becomes a cause of conflict. Collective relationships could therefore be more harmonious if both parties use every opportunity to cooperate in matters of mutual interests.

Many of the issues faced by management and industrial are power-related, and a power struggle may be dealt with in a number of ways. On the one hand, trade unions may see the entire collective bargaining process in the light of absolute power, in which case they will engage in a constant battle for supremacy, and any advantage which they gain will be seen as a loss to the employer. If, on the other hand, management and industrial see their task as a matter of problem solving, both will try to reach a compromise when faced with conflict, or at least a solution that will require a minimum of sacrifice from both parties. In other words, conflict levels are raised or lowered according to whether the parties choose an integrative or divisive type of bargaining.

### **5. Super-ordinate goals**

An issue closely related to the previous one is the matter of super-ordinate goals. It has been found that the most effective way of reducing excessively high intergroup levels of conflict to optimal levels is to lay down a series of super-ordinate objectives or goals. This places the emphasis on “us” rather than on the separate parties (industrial and management).

The areas and modes in which hostility and frustration between management and industrial (hence, dysfunctional conflict levels) may be reduced could include the following:

- training and education programmes that benefit both parties

- joint inspection of the reduction of expertise and waste
- promotion of occupational health and safety in the workplace
- promotion of human dignity, regardless of race, gender, colour, etc.
- measures to alleviate the housing needs of workers and their families
- pursuit of a better –quality working life.

These are potential areas of common interest for which more integrative or cooperative bargaining styles are needed. In other words, it involves working towards a situation that is to everybody's advantage. Basically there are some external factors which can cause conflicts in an organisation. Industrial relation in organisations cannot be viewed in isolation. Any study of industrial relations must take into account the general social and political milieu in which management and industrial find themselves.

The government promulgates and enacts industrial legislations in accordance with which management and trade unions are required to function. Such legislations are designed to institutionalise conflict between these two parties. The IAP and the Industrial Court were for instance established as independent entities with the tasks of assisting management and trade unions to resolve the conflict between them.

It is important that we distinguish between pure conflict resolution and true conflict management (Bendix, 2001). Conflict resolution refers to the achievement of an agreement between two parties who initially differed regarding a particular matter. However, it often happens that such an agreement is reached because one of the parties has more power than the other and the “weaker” party merely acquiesced. In this situation, one or more of the parties will consequently still be dissatisfied, despite the agreement that has been reached. To truly manage conflict, no duress must emanate from one of the parties, or from a third party. Both parties must be satisfied with the outcome and the potential for future conflict must be reduced. The overarching goal must therefore be to improve the relationship between the two parties.

### **SELF-ASSESSMENT EXERCISE**

Identify and discuss factors which may aggravate organisational conflict.

## **4.0 CONCLUSION**

From the foregoing analysis, you can appreciate the fact that industrial conflict cannot be avoided or wished away by the management of any organisation. Hence, it is imperative that you should understand the

nature of the conflict, their manifestation, factors that aggravate it and how to manage it in your own organisation.

## **5.0 SUMMARY**

This unit addressed the importance of conflict and the management thereof in industrial relations. Conflict among the various members in organisations is inevitable. Therefore, you have been exposed to the various forms of conflict, their causes or sources, and the variables that tend to create conflict situations. In the next unit, you will be taken through the various ways of resolving industrial conflict.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1.
  - a. Describe the nature and significance of conflict.
  - b. List and discuss at least eight potential benefits of conflict.
2. Explain at least five categories of possible cause or sources of conflict in collective bargaining.

## 7.0 REFERENCES/FURTHER READING

Bendix, S. (2001). *The Basis of Industrial Relations*. Kennyn: Juta.

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## **UNIT 4      FRAMEWORK FOR MANAGEMENT OF                  ORGANISATIONAL CONFLICT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Conflict Process
  - 3.2 The Conflict Episode
  - 3.3 Conflict Management and Resolution
    - 3.3.1 Competition
    - 3.3.2 Avoidance
    - 3.3.3 Accommodating
    - 3.3.4 Compromise
    - 3.3.5 Collaboration
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutored-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

In the previous unit, you are introduced to the intricacies of industrial conflict in terms of the nature of industrial conflict, various types and levels of conflict, causes or sources of conflict and the variables that moderate and or aggravate conflict. In this unit, the discussion is focused on the various ways through which the organisation can encourage the resolution of industrial conflict.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the concept of conflict process
- explain the meaning of conflict episode
- identify and explain the strategies for conflict management and resolution
- identify and explain the appropriate situations to use conflict-handling orientations.

### **3.0 MAIN CONTENT**

#### **3.1 The Conflict Process**

An organisational conflict has been viewed as a perceived condition that exists between parties in which one or more of the parties perceives goal incompatibility and some opportunity for interfering with the goal attainment of others.

There are three propositions about conflict, as observed by Albanese (1998). These propositions are that: conflict arises within a context of interdependence; conflict can occur or grow out of the similarities of the requirements of organisation members; and conflict can emerge out of the differences in the requirements of organisation members. Managing conflict requires both the reduction and stimulation of the level of conflict.

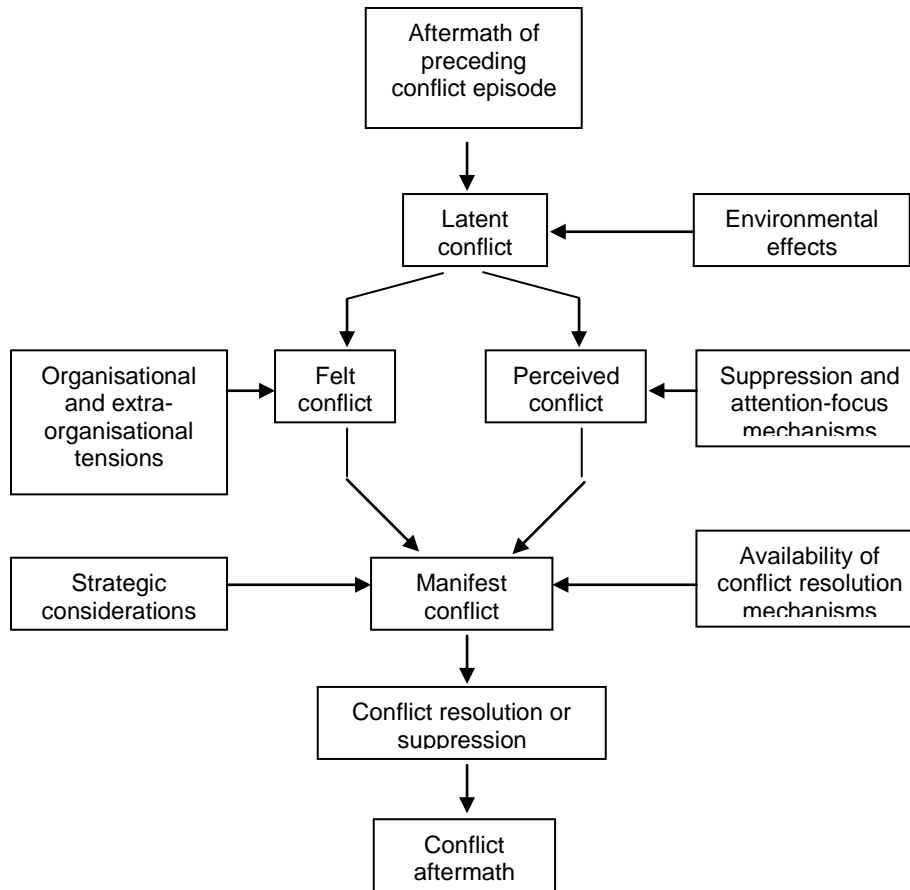
For an inept understanding of the resolution of industrial conflict, there is the need to throw more light on the conflict process. Albanese (1998) posits that conflict is a dynamic process in nature. It also means that conflict involves an element of time sequence and a series of events rather than a discrete event that occurs at one moment.

Furthermore, according to Kilmann and Thomas (1978), as quoted in Albanese (1998), the process models of behaviour place the parties in conflict in a temporal sequence of events. And behaviour is assumed to be directly influenced by preceding events and anticipation of subsequent events.

Knowing how to manage and cope with conflict, as observed by Albanese (1998), is a skill of increasing importance to managers. This view is true because of a variety of forces, operating within and outside the organisations that make conflict a more probable dimension of managerial problems. Basically conflict can affect all components of job performance; such as role perception, abilities and skills, motivation, and the situational context.

#### **3.2 The Conflict Episode**

The conflict episode, according to Albanese (1998), portrays that conflict is a series of stages: latent conflict, perceived conflict, felt conflict, manifest conflict, conflict resolution, and conflict aftermath. Basically, therefore, a conflict episode is a gradual escalation of conflict through the series of stages. Figure 7 portrays vividly the conflict episode.



**Fig. 7: The Conflict Episode**

Source: Albanese, R. (1998)

1. **Latent conflict:** It provides the necessary antecedent conditions for conflict in organisations. The basic types of conditions are competition for scarce resources, role conflict, competition for positions in the organisation, and divergence in the goals of organisation members.
2. **Perceived conflict:** It is the conflict about which organisation members are aware. It may, according to Albanese (1998), result from misunderstanding or lack of understanding and does not necessarily emerge out of latent conflict. Some latent conflicts are never perceived as conflicts; that is, they never reach the level of awareness.
3. **Felt conflict:** Felt conflict is a situation whereby A is aware that B and A are in serious disagreement over some policy, but it may not make A tense or anxious, and it may have no effect whatsoever on A's affection towards B.

This happens most often in organisations whereby the head of marketing department is aware that the head of sales department is in serious disagreement with him over, say, a promotion policy. However, this situation may not make the former to be tense or make him to lose interpersonal affection for the latter in the organisational relationship.

**4. Manifest conflict:** The manifest conflict takes the overt behaviour including sabotage, open aggression, apathy, withdrawal, and minimal job performance. This situation can occur when a subordinate is in conflict with his superior officer such as his head of department. The subordinate as expected, may resort to withdrawal, apathy, and sabotage. The subordinate may even resort to open confrontation against the superior officer, which will affect his job performance.

**5. Conflict resolution:** The conflict resolution or suppression can range from approaches that essentially avoid facing up to the conflict to approaches that confront the conflict in an attempt to resolve it so that all the parties achieve their goals.

**6. Conflict aftermath:** This represents the conditions that result from the resolution of conflict. According to Albanese (1998), if the conflict is genuinely resolved it can lead to an improved relationship between organisational participants. On the other hand, if the conflict is inadequately resolved, it can provide the conditions for additional conflict.

### **SELF-ASSESSMENT EXERCISE**

Enumerate and discuss the various stages of conflict episode.

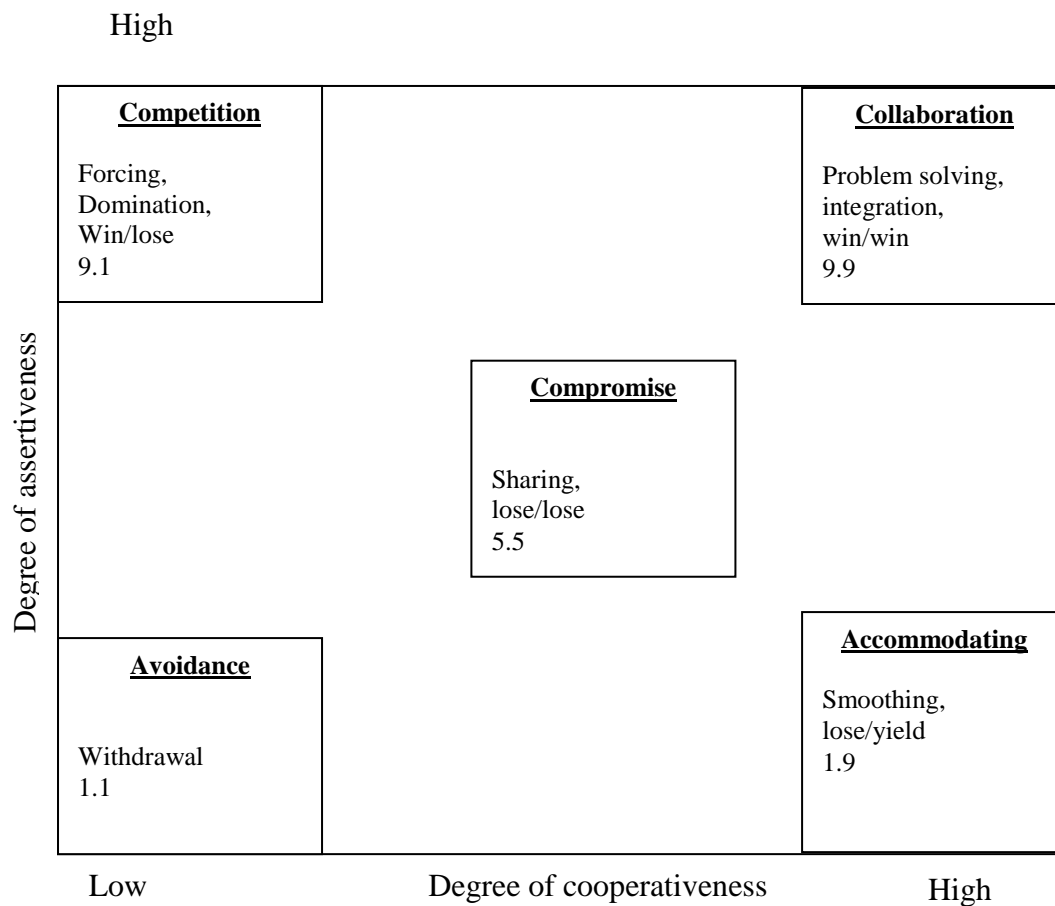
### **3.3 Conflict Management and Resolution**

Mary Parker Follett, as quoted in Albanese (1998), proposed three main ways of dealing with conflict such as domination, compromise, and integration. Accordingly, domination is regarded as a style used by someone operating from a position of power. This is a style regarded these days as a “win-lose style”. On the other hand, integration style is the “win-win” style of managing conflict. The style involves the use of creative, problem-solving approach to conflict management. Compromise indicates creating a situation for the parties in conflict to partake in share of some winning and losing.

In modern times there is two-dimensional approach to the management of organisational conflict. In essence, therefore, the approach is viewed in terms of a two dimensional graph. One axis of the graph represents a person’s degree of concern for his or her own interest or goals. The

other axis of the graph represents the person's degree of concern for the other person's interest or goals. This is a simplistic view of the modern approach to the management of organisational conflict because, as you are aware, the parties to a conflict, in addition to individuals, can be groups, departments, or other social groupings.

The graph of figure 8 serves the basis for the discussion of the management of organisational conflict in terms of the modern approaches to conflict resolution.



**Fig. 8: Graph of Conflict-Management Styles**

Source: Albanese, R. (1998)

The Y-axis of the graph represents the degree to which the person in conflict asserts his or her own goals. The X-axis represents the degree to which the person co-operates with the other person. There are five basic conflict-management styles as portrayed in figure 8. These styles are competition, avoidance, accommodating, compromise and collaboration, and they are discussed below.

### 3.3.1 Competition

The approach involves high assertiveness and low competitiveness. The style is essentially power oriented and approaches conflict in terms of a win-lose strategy. On the negative side, according to Albanese (1998), a competitor may suppress, intimidate, or coerce the other parties to a conflict. Hence, it may result in making others to be afraid to communicate with the superior officer who uses this style.

The competing style could prevent the real causes of a conflict from being noticed, and therefore, the style tends to generally create forces which aggravate the conflict and does little to bring about innovative, constructive solutions acceptable to all the parties involved in the conflict.

On the positive side according to Albanese (1998), the style is useful in many circumstances such as: when you know you are right on a conflict issue; when important but unpopular courses of action must be taken; and when a quick, decisive action must be taken.

The style therefore, is frequently used by managers because of the fact that they are in position of formal authority and they often are able to assert their views and impose them on their subordinates. Nevertheless, such assertive behaviour may not be as effective in the long run when compared with more cooperative type of behaviour from the managers.

### 3.3.2 Avoidance

Albanese (1998) posits that an avoiding style may reflect the failure to address important issues and a tendency to remain neutral when there is a need to take a position and therefore, of no value as a model of managing a conflict. An avoidance approach may also involve the exhibition of detachment from conflict and a readiness to comply or conform that indicates an indifference position.

The style is useful in circumstances when: a conflict situation has relatively minor implications for managerial effectiveness; there appears to be little chance for a person to win; and the benefits of confronting a conflict situation are overshadowed by the potential damage of confrontation. The avoidance style is also appropriate when it is imperative to reduce tensions, to regain perspective, and to generate additional information.

### 3.3.3 Accommodating

The accommodating style portrays low position on assertiveness and high consideration for cooperativeness. Accordingly, Albanese (1998)

posits that a person who uses an accommodating style as the primary approach to conflict management may be showing too little concern for his personal goals. This can lead to loss of influence and recognition. Nevertheless, the style may be employed for gaining acceptance and affiliation.

The inherent snag in the style is the fact that conflicts can be resolved without each party to the conflict presenting their views in a forceful manner. An accommodating person may appear to be agreeable cooperative, but on a subtle posture. Nevertheless, underling the accommodating style may be a failure to realise that interpersonal relations can be strengthened by a process of working through conflicts. The accommodating style is useful when: the issue in conflict is more important to the other person; one of the other style is more disadvantageous than the accommodating style; maintaining harmony is important; it is advantageous to allow the other person to experience winning; and an accommodating style on one issue may make the person more receptive on another, more important issue.

### **3.3.4 Compromise**

The style involves considering expediency above principle as regards seeking short-term solutions at the expense of long-term objectives. The approach enables each party in conflict to share in some degree of winning and losing position.

Albanese (1998) posits that if the compromise position is base on a genuine consideration for reaching a solution to a conflict, then the style can be a variant of the win-win strategy. On the other hand, if it serves to prevent an airing of the real issues in a conflict, and it tends to undermines trust between the parties in conflict, then the approach more closely approximates to a lose-lose strategy.

The compromise style is a common practical approach to conflict management it often conforms to the realities of situations in organisational setting. This becomes imperative when a conflict is not important enough to warrant the time and “psychological investment” in one of the more assertive modes of conflict management. Furthermore, compromise may serve as the only viable way of handling a conflict situation in which two equally strong and persuasive parties are interested in working out a solution to the conflict. It is also useful when the time allowed for the resolution of a conflict does not favour the consideration of any other style.

### 3.3.5 Collaboration

The collaborative approach involves the position of high assertiveness and high cooperativeness in terms of personal goals and the goals of others respectively. Hence, the style can only be used when the parties to a conflict are ready to consider it as problem-solving situation.

Albanese (1998) observes that a problem-solving approach requires the following conditions:

1. There is an attempt to depersonalise the conflict in the sense that the parties to the conflict channel their energies to solving the problem rather than defeating each other.
2. The goals, opinions, attitudes, and feelings of all parties to the conflict are seen as legitimate and acceptable concerns, and all the parties are seen as playing a constructive role.
3. The parties realise that a conflict issue can make a constructive contribution to the quality of human relationships if the issue is worked through in a supportive and trusting climate in which opinions, information, and differences are freely aired and openly shared.

The collaborative style to conflict management, based on the above requirements is not an easy approach because of the fact that people who engage in conflict may be greatly emotionally involved. Hence, it may be difficult for the parties involved to treat the conflict as a problem-solving situation; which is simply asking the parties for a complete rethinking of all elements of the conflict situation.

The general view is that the collaborative style should be used to manage conflict when:

- i. The source of the conflict is rooted in semantic misunderstandings because the style may allow doubts and misconceptions to surface.
- ii. The issues involved are very important to both parties, thus warranting the time and effort required in using it.
- iii. The issues in conflict cannot be compromise.
- iv. They have implications for long-term benefits to all parties involved in conflict.
- v. The parties involved are mutually dependent, where the use of creative resources by the parties involved is important.

The collaborative style should be used in managing conflict with a lot of caution due to the following reasons:



- i. The conflict issue may not be important enough to justify the time and effort required.
- ii. The parties involved may lack the necessary problem-solving skills.
- iii. The conditions of support, trust, and open sharing of information may be absent.
- iv. The parties involved may lack power parity, thus making candid and creative interaction difficult.
- v. The conflict issue may be such that neither party can cooperate with the other, for instance, a conflict arising out of differences in values that are “non-negotiable”.

Hence, the collaborative style to conflict management is not always appropriate because it is not the “one best way” to resolve and manage conflict. The style can only be used when all the parties share appropriate cooperative values such as openness, trust, sharing, and mutual respect and support for each other.

Below is the summary of the situations under which each of the conflict resolution strategies can be appropriate as succinctly espoused by Robbins (1989).

<b>Conflict-Handling Orientation</b>	<b>Appropriate Situations</b>
<b>Competition</b>	<ol style="list-style-type: none"> <li>1. When quick, decisive action is vital.</li> <li>2. On important issues where unpopular actions need implementing.</li> <li>3. On issues vital to the organisation’s welfare and when you know you are right.</li> <li>4. Against people who take advantage of non-competitive behaviour.</li> </ol>
<b>Collaboration</b>	<ol style="list-style-type: none"> <li>1. To find an integrative solution when both sets of concerns are too important to be compromised.</li> <li>2. When your objective is to learn.</li> <li>3. To merge insights from people with different perspectives.</li> <li>4. To gain commitment by incorporating concerns into a consensus.</li> <li>5. To work through feelings that interfered with a relationship.</li> </ol>
<b>Avoidance</b>	<ol style="list-style-type: none"> <li>1. When an issue is trivial, or more important issues are pressing.</li> </ol>

- |                      |    |  |
|----------------------|----|--|
|                      | 2. | When you perceive no chance of satisfying your concerns.   |
|                      | 3. | When potential disruption outweighs the benefits of resolution.  |
|                      | 4. | To let people cool down and regain perspective.  |
|                      | 5. | When gathering information supersedes immediate decision.  |
|                      | 6. | When others can resolve the conflict more effectively.   |
|                      | 7. | When issues seem tangential or symptomatic of other issues.  |
| <b>Accommodating</b> | 1. | When you find you are wrong-to allow a better position to be heard, to learn, and to show your reasonableness. |
|                      | 2. | When issues are more important to others than yourself – to satisfy others and maintain cooperation.           |
|                      | 3. | To build social credits for later issues.  |
|                      | 4. | To minimise loss when you are outmatched and losing.   |
|                      | 5. | When harmony and stability are especially important.   |
|                      | 6. | To allow subordinates to develop by learning from mistakes.  |
| <b>Compromise</b>    | 1. | When goals are important but not worth the effort or potential disruption of more assertive methods.           |
|                      | 2. | When opponents with equal power are committed to mutually exclusive goals.                                     |
|                      | 3. | To achieve temporary settlements to complex issues.  |
|                      | 4. | To arrive at expedient solutions under time pressure.  |
|                      | 5. | As a backup when collaboration or compromise in unsuccessful   |

**Fig. 9: When to Use the Five Conflict-Handling Orientations**

Source: Robbins, S. P. (1989)

## **SELF-ASSESSMENT EXERCISE**

Differentiate between compromise and competition as strategies for managing conflict.

### **4.0 CONCLUSION**

The foregoing analysis has enabled you to appreciate the fact that organisational conflict is a series of stages, which involve latent conflict, perceived conflict, felt conflict, manifest conflict, conflict resolution, and conflict aftermath, a process called conflict episode; a gradual escalation of conflict through the series of stages. From the preceding study unit, you observe that organisational conflict cannot be avoided or wished away by the management of any organisation. Therefore, it is imperative that you should understand the nature of the available strategies through which organisational conflict can be managed and resolved by the management.

### **5.0 SUMMARY**

This study unit has been used to discuss the nature of the process of organisational conflict, the conflict episode and the conflict management and resolution. The strategies for the management of conflicts in organisations are elaborately treated to drive home the fact that there is no one best way to manage and resolve organisational conflict. You have appreciated the fact that the application of any of these conflict resolution strategies depends on the nature of the conflict and the amount of time and energy required to resolve a given conflict.

In the next study unit, you will be taken through industrial democracy to underscore the need to involve the workers in the determination of the decisions that affect their life at work and the organisation affairs as a whole.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Enumerate and discuss the various strategies through which organisational conflict can be managed and resolved.

### **7.0 REFERENCES/FURTHER READING**

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## **UNIT 5 NATURE AND GOALS OF INDUSTRIAL DEMOCRACY**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Contents
  - 3.1 An Overview of Industrial Democracy
  - 3.2 The Concept of Worker Participation
  - 3.3 Goals of Industrial Democracy
  - 3.4 Reasons for Allowing Worker Participation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The worldwide trend towards worker participation is in line with the principles of democracy. It has to do with the empowerment of workers (directly, or indirectly by way of their representatives) in the context of the organisation.

There is a trend, worldwide, towards changed modes of governance and management in organisations, especially as a result of the attempts on the part of organisations to position themselves so as to be competitive in the new millennium. These changes apply particularly to adjustments concerning the modern day employment relationship. Internationally, notions of “empowerment through democracy” are pre-eminently affecting the work relationship. Communist, socio-economic systems are being replaced on a large scale by the free market-oriented and democratic systems. Change, even in the market-driven economies of the world, is taking place at an ever-increasing rate.

Workers can now expect a greater degree of participation in organisational decision making. Various structures, such as bargaining councils and collective agreements are put in place in many countries to promote participation, and organisational rights were expanded in order to realise this aim. The most important structure for the promotion of worker participation is the workplace forum.

Consequently, in this unit, we shall focus on the empowerment of workers (directly, or indirectly through their representatives) within the organisational context.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the concept of industrial democracy
- explain the meaning of worker participation
- identify and explain the goals of industrial democracy
- identify and explain the reasons for worker participation.

## 3.0 MAIN CONTENT

### 3.1 An Overview of Industrial Democracy

According to Pons and Deale (1998), industrial democracy refers primarily to participation in management decision-making processes by the workers in organisations. In other words, to an industrial relations system in which the democratic rights of workers are recognised, empowerment in the workplace is allowed, and employers and employees are seen as partners. Employees must be afforded the opportunity of directly or indirectly participating in the management and decision-making processes of the organisation. And the development of industrial democracy must be driven by industrial legislation.

Nel (2002) describes the underlying basis of industrial democracy as follows:

A respect for the dignity of man which must not be arbitrarily disregarded in the promotion of the interests of the total society. It requires an equal opportunity for advancement to all men, regardless of race, religion, national origin, political belief or any other personal characteristic apart from the requirements of the job. It calls for certain minimum standards of life relating to wages, leisure, education, health, and safety. And it involves a general atmosphere or climate of opinion which minimizes class differences, rejects the master-servant relationship, and regards all men as spiritually equal, even though they may differ in intellectual or physical abilities.

In the same vein, Elliot (1992) as quoted in Nel (2002) describes industrial democracy as given below:

Broadly, industrial democracy involves workers (normally through their trade unions) claiming rights to have a greater say over matters affecting their work lives. This involves the running of the country's economic and industrial affairs which in turn

involves those who are in positions of authority handing over some of their powers to representatives of workers.

You can, therefore, appreciate the fact that industrial democracy is related to the role and status of workers in industrial community. Pons and Deale (1998) define industrial democracy as the extent to which workers and their representatives influence the outcome of organisational decisions. Here, two aspects are of importance, namely the extent of participation in decision making (the number of decisions) and the importance/value which workers attach to the specific decisions.

Two important factors that have come to the fore in the above discussion are those of participation and representation. Recognition of these factors is essential for the creation of industrial democracy in an organisational setup.

### **SELF-ASSESSMENT EXERCISE**

Explain, in your words, the meaning of industrial democracy.

### **3.2 The Concept of Worker Participation**

Anstey (1997), defines worker participation as “a process which recognizes the needs and rights of employees – individually and collectively – to participate with management in organisational decision-making areas beyond those usually associated with collective bargaining.”

Salamon (1998), on the other hand, defines participation as “a philosophy or style of organisational management which recognises both the need and the right of employees, individually or collectively to be involved with management in areas of the organisation’s decision-making beyond that normally covered by collective bargaining,” and as “those initiatives by the state, unions and employees which promote the collective rights of employees to be represented in organisation decision-making.”

Nel (2002) defines participation as the involvement of one group of employees (not managers) in the decision-making processes of the organisation which were traditionally the responsibility and prerogative of another group of employees (managers).

Bendix (2001) describes worker participation as “the involvement of the employee in the organisation and planning of the work process, in the establishment of procedures and future processes, in the decision-making bodies of the undertaking.” She also clearly states that

participation can assume different forms; from disclosure of information and consultation to joint decision making and shared ownership, with the goal of participation being exclusively the realisation of industrial democracy in the workplace.

Swanepoel (2001) regard worker participation as those attempts on the part of management to give workers the opportunity to become involved with, or to participate in the decision-making processes which are related to their daily activities as well as to the functioning of the organisation as a whole. Worker participation thus refers to any process by which the relationships of power in the organisation are changed directly or indirectly outside the confines of the traditional form of power sharing by way of collective bargaining. Some methods of ensuring better communication in an organisation, such as meetings and committees, may thus also be regarded as forms of worker participation.

From the array of definitions above, worker participation thus mainly entails those processes by which non-managerial employees are afforded the opportunity of participating in (and feeling part of) decision making and of exerting a significant influence on decision-making areas which, traditionally were regarded as the “employer’s prerogative.” Consequently, management will, to some extent, have to give up some of its powers and resort to more participatory management styles and methods.

### **3.3 Goals of Industrial Democracy**

The realisation of democracy in the economic environment means that all workers must, directly or indirectly, be given the opportunity of participating in the management, and thus the decision making of the organisation. However, democracy is usually seen as comprising only direct participation in these processes.

Nel (2002) opines that industrial democracy is important to workers because it results in an increased share in the control of the organisation, in the economy and in the community as a whole. In addition, for other reasons, management also starts becoming more positive about industrial democracy, seeing it as a way of promoting the more effective operation of the organisation.

Essentially, participation means that workers who work under the supervision of others, as well as all those workers affected by the activities of a particular organisation, should have a say in the decisions regarding these activities.



The following goals of worker participation can be identified:

- a. The ethical goal, which is concerned with the personal growth of the worker.
- b. The political goal, which is aimed at extending the individual's civil rights in the organisation – an aim which is in line with the concept “democracy.”
- c. The social goal, which is concerned with the promotion of healthy relationships in the organisation, which will have a beneficial effect on the organisation as well as on the community.
- d. The economic goal, which is aimed at the promotion of productivity and profitability.

### 3.4 Reasons for Allowing Worker Participation

Salamon (1993) posits that there are chiefly four reasons that participatory structures are established in organisations, namely:

- i. **Morale:** It is an ideological belief in the right of workers to share in decisions which affect them.
- ii. **Power:** It is the pragmatic reaction of management to the collective power of workers within the organisation.
- iii. **Trade union:** It constitutes direct trade union activities which “compel” management to allow a greater degree of worker participation.
- iv. **Political:** it refers to the policy and legislation emanating from the political system which compels organisations to accept systems allowing greater participatory management.

Bendix (2001) also advances some reasons why management and trade unions support participatory programmes, which are as highlighted below.

- i. Management sees participation as a way of increasing the commitment and cooperation of workers.
- ii. Trade unions see it as a way of increasing worker influence and control in the workplace.
- iii. Workers see participation as a way of overcoming employer-employee conflict and of achieving cooperation between management, trade unions and employees.
- iv. There is an economic benefit flowing from participation.

### SELF-ASSESSMENT EXERCISE

What are the reasons which inform the promotion of industrial democracy?

## 4.0 CONCLUSION

You will understand from the analysis above that industrial democracy is a compelling aspect of managerial decision making in the modern industrial undertaking. The rationale for the involvement of workers in decisions affecting the affairs of the organisation is because the workers are regarded as partners in progress by the management. It is also necessary for the management to involve the workers in managerial decisions in order to ensure high level of morale and performance among the rank and file of the workers in the organisation.

## 5.0 SUMMARY

This unit has been used to discuss the concept of industrial democracy and the meaning of worker participation in organisational decisions. In addition, the unit also discusses the goals of industrial democracy and the reasons for allowing workers to partake in the decisions affecting the operations of the organisation.

In the next unit, you will be taken through the discussion on forms and techniques of worker participation in organisational affairs. This is in regards to the various forms of worker involvement and techniques which can be adopted by the management of an organisation towards ensuring that workers are accorded some modicum of freedom to participate in the decision-making processes of the organisation.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the relationship between industrial democracy and worker participation.
2. What are the reasons for allowing the workers to partake in decisions affecting the operations of the organisation?

## 7.0 REFERENCES/FURTHER READING

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**MODULE 4**

Unit 1	Forms and Techniques of Workers' Participation in Organisational Affairs
Unit 2	Workers' Participation through Workplace Forums
Unit 3	Economic and Financial Participation by Employees
Unit 4	Trade Unionism in Nigeria
Unit 5	Employers Association in Nigeria
Unit 6	Health and Safety of Workers in Work Environment

**UNIT 1      FORMS AND TECHNIQUES OF WORKERS' PARTICIPATION IN ORGANISATIONAL AFFAIRS**

**CONTENTS**

1.0	Introduction
2.0	Objectives
3.0	Main Content
3.1	Elements of Workers' Participation
3.2	Degrees of Power Sharing in Participation
3.3	Forms of Workers' Participation
3.4	Different Levels of Workers' Participation
3.5	Techniques of Workers' Participation
3.5.1	Participation by Suggestion
3.5.2	Participation through Quality Circles
3.5.3	Participation by Consultation
3.5.4	Participation through Co-Determination
3.5.5	Participation through Teams
3.5.6	Participation through Self-Government
3.5.7	Participation through Trade Unions
3.6	Workers' Participation through Workplace Forums
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

**1.0 INTRODUCTION**

The realm of industrial democracy is the subject of elaborate analysis in the preceding unit. You will recall that industrial democracy involves granting the workers some modicum of participation in the formulation of policies that affect their lives at the workplace in particular and the operations and fortunes of the organisation in general.

The pertinent question at this juncture is how can the organisation ensure the workers' effective participation in decisions that affect the quality of their work-life? Hence in this unit, you are taken through the various ways through which the organisation can ensure workers' participation in its affairs regarding the decisions that affect the operations of the organisation.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the elements of worker participation
- explain various degrees of power sharing in worker participation
- identify and explain the techniques of worker participation in decision making
- mention and discuss various forms of workplace forums.

## **3.0 MAIN CONTENT**

### **3.1 Elements of Workers' Participation**

According to Nel (2002), participation by workers consists primarily of three interrelated elements which may manifest themselves in organisational decision-making processes in a number of ways. If one of these elements is absent, worker will be unable to participate in organisation decision making. The extent to which influence, interaction and information sharing occurs will also determine the level of participation. These elements of participation are discussed below.

#### **i. Influence**

Nel (2002) holds that the highest of participation occurs when the employer and workers have equal influence in decision making. At the lowest level of participation, managers retain all the influence and make the final decision. It is however possible for worker to have a greater degree of influence over decision making while the final decision remains the prerogative of management for example when management undertakes to consider seriously the alternative proposals of workers before taking the final decision.

#### **ii. Interaction**

This element is chiefly concerned with the problem solving activity of both management and workers. Interaction, in this context, refers to their attempts to reach agreement on the actions to be taken to realise the organisation's goals. Interaction between management and workers is

therefore the hallmark of participation, since it will be impossible to involve workers without any form of interaction.

### **iii. Information sharing**

If management wishes to interact meaningfully with workers, it must be willing to make information available to them, and must be willing to consider seriously information which they provide. The aim of information sharing between manager and workers is to understand each other's viewpoints in order to reach an agreement, which of course, also presupposes interaction.

### **SELF-ASSESSMENT EXERCISE**

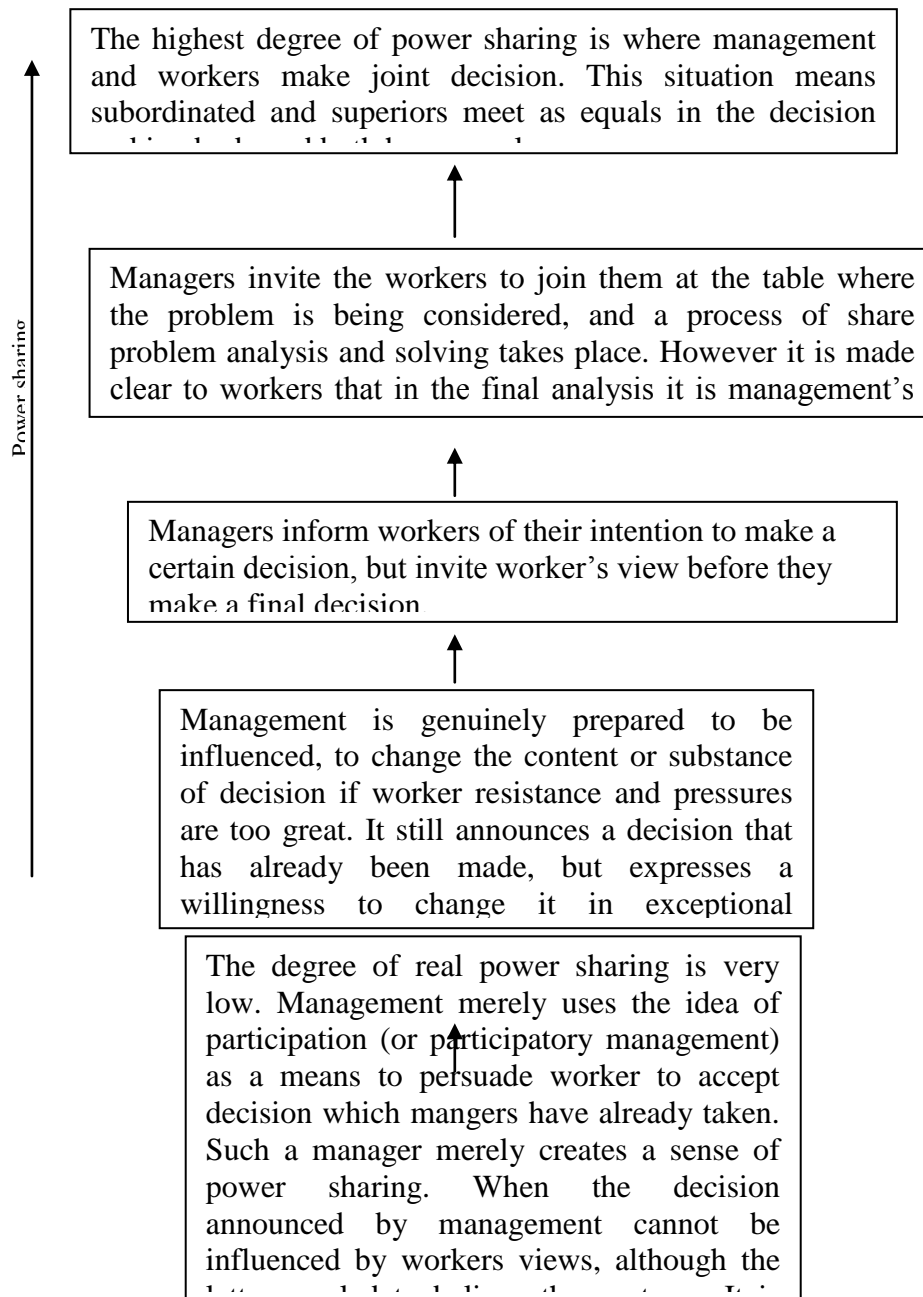
What are the critical elements of worker participation?

### **3.2 Degrees of Power Sharing in Participation**

Nel (2002) is of the view that participation will always entail a measure of power sharing. Briefly, power may be defined as the ability on the part of someone to get something done in a particular way and or through other people.

Legitimate power refers to that power which a person has purely on the basis of the position which he or she holds. When workers (non-manager) are involved in the decision making of a manager, they share the decision-making power and this power is linked to the position concerned, and therefore only the manager had power.

The degrees of power sharing from high to low are set out in Figure 1.



**Fig. 1: Degrees of Power Sharing**

Source: Adapted from Nel, P. S. (Ed.). 2002

It is clear that interaction and information sharing occur throughout in varying degrees. At the first level of power sharing, there is however no measure of influence, but as the degree of power sharing increases, so does the level of influence.

## **SELF-ASSESSMENT EXERCISE**

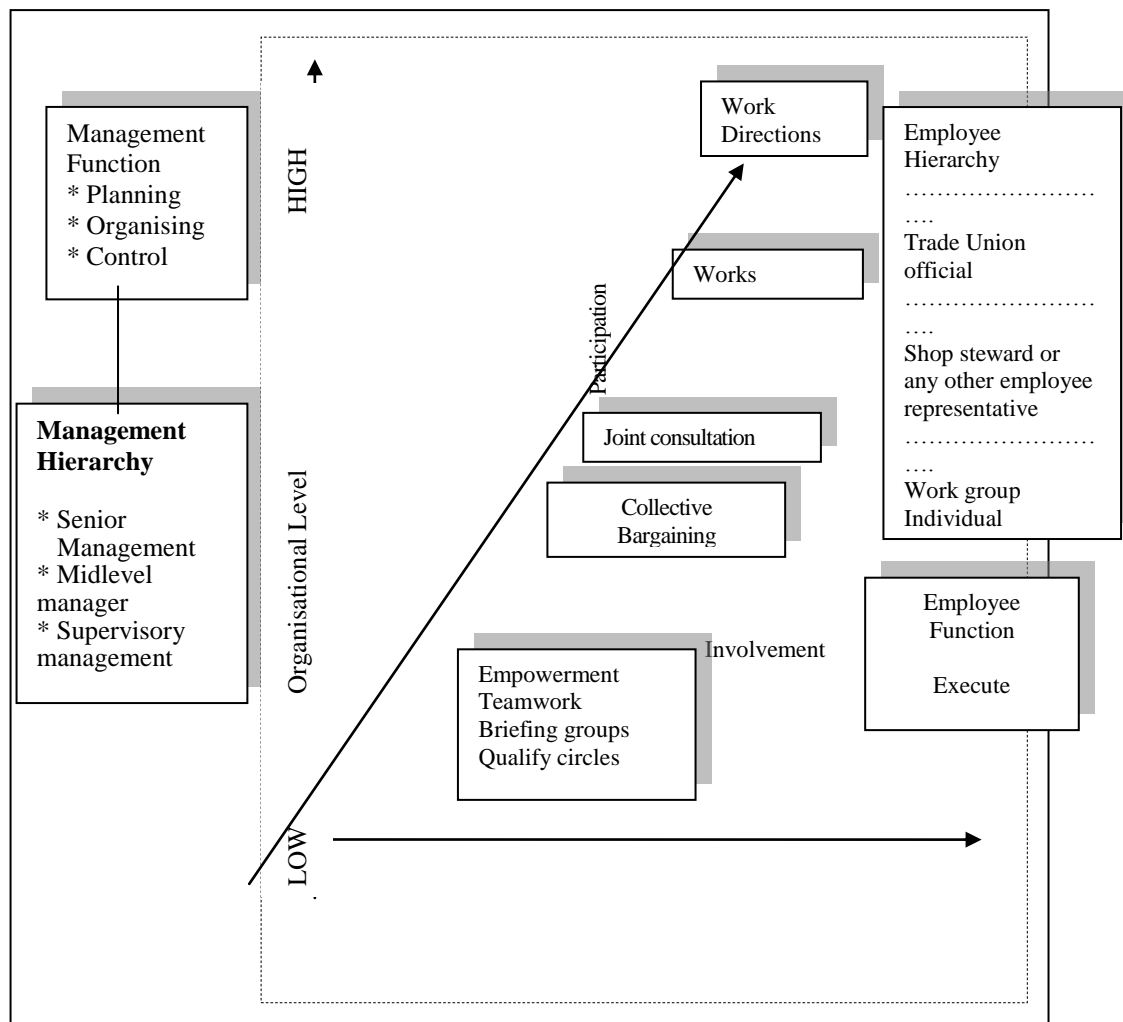
Identify and discuss the various degrees of power sharing in worker participation

### **3.3 Forms of Workers' Participation**

Traditionally, the role of management in organisation is seen as the management and coordination of organisational activities through planning, organising, motivating and control. The role of the worker, in turn, is to be recruited and trained to carry out specific tasks. However, the need arises to bridge this gap between the roles of management and workers. According to Salamon (1998), forms of interaction between the workers and management should be brought about by means of which workers while continuing to fulfil the role of workers can participate (directly or indirectly) in certain functions which have traditionally been classified as management functions (Figure 2).

There are various ways in which such interaction can be achieved for example through joint consultation and collective bargaining. Walker (1975) is of the view that such interaction between management and the workers is influenced by factors such as the method or degree of participation, the level in the organisation, and the scope of participation.





**Fig. 2: Forms of Worker Involvement and Participation**

Source: Salamon (1998)

Some writers propose four basic forms of participation, namely shop floor participation, works councils, collective bargaining and representation on company boards. Other forms of participation have also been developed in specialist areas such as health and safety, productivity, pension fund and training.

Nel (2002) observes that participation in the work environment can assume different forms. It can take place from within the organisation (internally) or by way of parties outside the organisation (externally). Internal participation can, in turn, also assume different forms, namely statutory or voluntary participation. Statutory bodies for worker participation include workplace forums and safety committees, while voluntary participation is achieved by means of methods such as quality circles, team work and task teams.

Participation may also be direct or indirect. Direct participation occurs when a worker participates, personally and directly, in the decision-making processes of the organisation. Usually such participation is voluntary and there is thus no form of representation.

Indirect participation, on the other hand, can occur only by way of representation. Workers elect representatives from among their ranks to participate in the decision-making process on their behalf. These representatives are usually shop stewards or fellow workers who work in the same workplace. When workers are represented by persons outside the organisation, such as by full-time trade union officials, this is known as participation by way of external representation

#### **i. Direct workers' participation**

In the opinion of Nel (2002), direct worker participation customarily entails that the subordinate participants speak for themselves about work or matters related to work. It is regarded as a process of job enrichment and enlargement where the worker is offered the possibility of extending the depth and width of his work tasks, but without any control over organisational planning or goal setting.

Where the worker is involved in the process giving rise to increased productivity, it is important that he or she should share in the financial rewards resulting there from. To be of value, direct worker participation must also include the following elements:

- the provision of all information relevant to the particular task/work
- consultation regarding changes which will affect the worker
- personal involvement of the worker in the decision making process.

Direct worker participation is usually with low-level participation because this is the level at which workers operate and where they are usually best able to contribute. It is important to note, however, that without some form of direct worker participation, it is unlikely that indirect worker participation will be successful.

#### **ii. Indirect workers' participation**

This refers to all those forms of participation which occurs through representation. Normally, such forms of participation occur at higher levels in the organisation and tend to be power-centred.

There are various statutory bodies which facilitate indirect worker participation. This type of participation takes place when, in addition to their operational tasks, worker represent their fellow workers on management boards, boards of directors, works councils and other committees. Such representatives must be democratically nominated and elected, and the election procedures are usually laid down in an organisation's policy documents.

According to Salamon (1998), based on figure 2, there are two contrasting strategies in worker involvement as you can observe from the following analysis.

**a. Direct forms of involvement:** These forms of worker involvement (e.g. empowerment, team work, briefing groups, quality circles) focus on the individual worker or work group, and on the immediate operational situation (task centred). Such strategy may be referred to as one of decreasing involvement, since employers initiate such a development for their own purposes (involvement is offered) and, as part of the changes, power and responsibility are transferred from employer to worker in respect of a limited series of job-related decisions (e.g., work methods, task allocation, quality maintenance).

However, the content of this phase is confined primarily to the implementation phase of operational decisions that have already been taken by management. The aim of this approach is to motivate the individual worker, to increase job satisfaction and to heighten the degree to which the worker identifies with the goals and decisions (as determined by management) of the organisation.

**b. Indirect forms of participation:** Indirect forms of participation, for example the expansion of collective bargaining, the establishment of works councils/workplace forums, and the appointment of worker directors, focus the attention on the execution of their "managerial prerogative" and on the balance of power between management and workers in the decision-making process of the organisation.

This strategy may be referred to as one of increasing participation, because it aims at protecting workers' interests by expanding their collective influence to include a wider range of decisions at higher levels in the organisation. Furthermore, the initiatives for developing these forms of participation can come from workers and their representatives. Hence indirect participation requires representatives. Thus, this form of participation is concerned primarily with extending the worker's influence by means of a process of joint decision making in respect of policies and organisational planning which, formerly, were the exclusive prerogative of management.

It should therefore be clear that a distinction must be drawn between involvement and participation. Worker involvement is regarded as extension of the power to make decisions and of business information, rewards for performance and technical and social skills to the lowest levels of the organisation. All the elements of this definition are very important.

It is instructive to note that without the power to take decisions, worker participation is merely superficial; it is naïve and potentially harmful if there is inadequate information about the organisation; rewards are necessary to bring individual motivation in line with organisational goals; and effective participation requires technical and social skills. Worker involvement is reflected in the way in which it is managed and structured rather than merely by attitudes of individuals.

Anstey (1997) identifies three types of worker involvement, namely:

- i. Involvement by suggestion:** It is usually generated by structures such as quality circles. These structure function in parallel with the formal organisational structure and require no change.
- ii. Task involvement:** It entails those forms of involvement where worker in self regulating teams acquire greater control over day-to-day decisions which directly influence their tasks. These types of approaches automatically change the job/post design.
- iii. High-level involvement:** It includes the above two approaches but goes further in that it involves workers in the management of the organisation. Far-reaching changes, including the sharing of power and information, skills development and changed human resource systems, are anticipated in such work environments.

#### **SELF-ASSESSMENT EXERCISE**

- i. Distinguish between worker involvement and worker participation. Give examples in each case.
- ii. Distinguish between direct and indirect forms of worker participation in organisation.

### **3.4 Different Levels of Workers' Participation**

Nel (2002) makes a clear distinction between three levels of participation in an organisation, namely low-level, middle-level and top-level participation. These three levels are expanded on in table 1.

**Table 1: Levels of Participation**

Level	Description	Decision making	Form of participation	Bodies
Low-level participation	This kind of participation usually refers to the tasks of the worker and its particular aim is to prevent job alienation. Low-level participation promotes job satisfaction and extends the scope of workers tasks.	Low-level operational work; task-based decision making.	Direct.	Team work and quality circles.
Middle-level participation	Middle-level participation occurs when, for example, a worker in a multi-plant organisation participates in the decision making process of the plant regarding aspects such as rules, regulations, disciplinary procedures, etc.	Middle-level decision making.	Indirect.	Health and safety committees, works councils, workplace forums.
Top-level participation	Top level participation takes place when workers participation in the decision making of top management.	To management and worker representative decide on strategy aspects which are of importance to the organisation as a whole.	Indirect participation from outside the organisation.	Representation by trade union officials.

Source: Adapted from Nel, P. S. (Ed.). 2002

It is clear that the higher the level of participation in an organisation, the greater the likelihood that only representation will be involved in the decision- making process.

### **SELF-ASSESSMENT EXERCISE**

Identify with examples, the various forms of worker participation at various levels of organisational management.

### **3.5 Techniques of Workers' Participation**

The various worker participation techniques may be employed at any of the levels of participation or with any form of participation. Nel (2002) identifies the following techniques:

### 3.5.1 Participation by Suggestion

Participation by suggestion involves individual workers trying to influence employer decision making at a localised level, e.g., at plant or shop floor level. It often concerns decisions which are of direct relevance to a worker's job; the emphasis is generally on day-to-day decision making of limited application within the organisation as a whole. Methods such as speak –up sessions and suggestion-box systems may be used.

This technique focuses on offering workers an opportunity to make suggestions, for example, about the use of raw materials, technological improvements, ideas on cost saving, how to increase work efficiency by means of new techniques or equipment, improvements in communication, better supervisory practices, and the like.

There will often be committees, sometimes consisting of both worker and management representatives, whose responsibility it is to review evaluate and consider these suggestions. A worker may ask his or her shop steward to put forward a suggestion on his or her behalf. Thus, this participation is always direct in nature and may be informal.

### 3.5.2 Participation through Quality Circles

The concept of quality circles has generally become a very popular technique for getting lower-level workers involved in upward problem solving, and, consequently, in decision making.

Munetsi (1998) defines a quality circle as a team of workers which meets on a regular basis in order to analyse and solve worker-related problems. Nel (2002) observes that a quality circle is essentially work discussion group which usually consist of six to ten workers from the same section or department of an organisation. Such groups meet regularly, for instance weekly or fortnightly, to identify, investigate, evaluate and consider problems in their work environment. These problems are work or production related, with the focus falling on quality improvement. Meeting takes place during working hours, when ideas are pooled in order to come up with solutions to problems in the working place and thus improving the quality of work output.

Anstey (1997) sees quality circle as the most common form of direct participation. He defines a quality circle as consisting of a small group which meets voluntarily for the purpose of exercising quality control functions in the workplace. Usually, such a group forms part of a larger, organisation-wide quality improvement program. Quality circle does not

require significant changes in the relationship of power within a traditionally, hierarchically structure in the organisation.

The members of quality circles are volunteers with the same objectives and experience. They should preferably be well trained in aspects such as data collection, statistical and analytical methodologies, and general problem solving techniques. A quality circle consists of a leader, a facilitator and a steering committee.

More often than not, departmental heads, section heads or supervisors assume the role of leaders of quality circles. However, leaders may also be elected from among the ranks of workers or group members. The leaders have a coordinating and liaison function and must possess sound leadership skill. The facilitator is appointed by the steering committee and is also a member of such committee. He or she coordinates and keeps record of all activities, organises meeting and arrange for submissions to management. The facilitator provides the necessary support and such committee must be representative of all faces of the business. The committee must provide the guidelines and resources which a quality circle needs, and must plan the implementation of proposals.

Further functions of the steering committee include: monitoring progress and measuring the cost effectiveness of quality circle activities; arranging publicity for quality-circle activities and achievements; and controlling the degree of expansion of the quality circle. Final decisions on changes in the workplace are usually not taken by the quality circle. Instead, suggestions are made and possible solutions are passed on to the sections of departmental head for a final decision regarding the implementation thereof.

Nel (2002) observes that an important characteristic of quality circles, which distinguishes such circles from other forms of participation by suggestion, is that the workers who form part of quality circles receive training in respect of problem-solving skills which they need in carrying out their activities

Munetsi (1998) regards quality circles as a way in which participatory management can take place at the level of the worker. By means of quality circles, the needs of workers for recognition and status are satisfied. In this way, worker themselves are held responsible for the quality of their output, and this leads to the development of individual talents, to the benefit of both the individual and organisation.

Usually, the use of quality circles goes hand in hand with a significant improvement in productivity and the quality of products. The increased

cost saving, cooperation and team spirit within the context of the quality circles lead to the development of the leadership skill of supervisor and to the improvement of communication and relation between management and workers. Munetsi (1998) observes that the individual member of the quality circle feels that he or she has achieved something if his or her personal contribution are acknowledged and rewarded.

Anstey (1997) identifies some characteristics of quality circles such as: membership is voluntary; members are drawn from a single workplace; all members have the same status; quality circles function parallel to, or within existing organisation structures; member themselves identify problem and select projects; members are trained in problem-solving skills and meeting procedures; project management and submission, decision-making skills and methods; meetings, though held regularly, are short in duration; and there is little pressure as regards time.

Other characteristics of quality circles are that: there is facilitator assistance; solutions to problems are evaluated on the basis of their cost effectiveness; solutions are submitted to management for approval; quality circles implement and monitor their own solutions; and quality circles have little power.

Anstey (1997) also identifies eight critical success factors in quality circles such as: management commitment and support; involvement and support on the part of worker and trade unions; training; organisation and financial stability; personal characteristics of facilitators; the individual's characteristics and organisational preparedness.

### **SELF-ASSESSMENT EXERCISE**

Identify the basic and explain the critical success factors in quality circles.

### **3.5.3 Participation by Consultation**

Participation by consultation is a technique whereby workers, through their representatives, periodically confer with their supervisors or with more senior employer representatives. This is done in structured manner by means of, for example, a committee, board or other similar structure.

Consultation committees usually comprise a number of managers and workers with sufficient experience. The workers are elected on merit and their objective is to represent the other workers. Committees are formed primarily to enable representatives to devote attention to specific issues, such as the improvement of worker-welfare facilities. These committees are therefore involved in the decision-making process



through consultation with the employer, with a view to influencing the latter's decision in respect of specific aspects.

Marchington, Goodman, Wilkinson and Ackers (1992), as quoted in Nel (2002), define joint consultation as a mechanism for manager and employee representatives to meet on a regular basis, in order to exchange views to utilise members' knowledge and expertise, and to deal with matters of common interest, which are not the subject of collective bargaining.

An important facet of this form of participation is management's sincerity in considering the criticisms and proposals of workers usually as put forward by their representative. Management must genuinely be prepared to consider proposals before a final decision is taken. And it must also be prepared to give reasons for decisions where the proposals in question are not accepted.

It should thus be clear that, although workers theoretically participate in decision making within the organisation, they are usually regarded only as advisors, with the final decision remaining the prerogative of management. However, worker representatives are able to provide valuable information about the attitudes and opinions of workers. This information must be borne in mind when final decisions are taken. In this way, management is able to develop sensitivity for the ideologies and values of workers. By keeping such values in mind when taking decision, management will be able to create a relationship of trust between itself and the workers, thereby improving cooperation between workers and management.

Nel (2002) observes that there are, however, certain factors which limit the use of committees, for example, the limited number of workers who by means of a committee form part of the decision-making process. Shop floor and unskilled workers are often not selected to serve on such committees because they possibly do not have the necessary knowledge, skills and experience.

### **3.5.4 Participation through Co-Determination**

Nel (2002) holds the view that, the principal characteristic which distinguishes this form of participation from the others is the fact that workers (mostly through their representatives) and the employer (represented by management) are held jointly responsible by the owners of the enterprise (the shareholders) for the consequences of their decisions. This form of participation calls for commitment by the employers and the workers representative to the process, since decision can only be taken jointly.

### 3.5.5 Participation through Teams

A team is regarded as a small number of people with complementary skills who are constituted for a common purpose, performance goals, and approach for which they hold themselves mutually accountable.

Teams have become an important part of the modern management approach. Frequently organisations commit themselves to a “team approach” or to participatory management without truly understanding the main purpose of such approaches. The concept is misunderstood and is wrongly applied in that it is seen as a goal in itself rather than as a way of improving performance. It would appear that teams are not necessarily constituted in order to develop people or for problem solving, to increase quality and to address specific functions. Teams may be regarded as way of achieving cooperation.

Some four types of team can be identified such as follows:

- i. Cooperative network designs:** These require the interaction of interdependent contributors who cooperate for the purpose of releasing specific information.
- ii. Parallel teams:** These exist independently of formal organisation structures. They propose ways of improving performance and of solving business problems.
- iii. Project and development teams:** These have specific tasks assigned to them; for example, the development of new products and information system, research and development, and plant design, such teams are usually self-managing/autonomous and have the power to take decision. However, they have to consider the requirements of the customer.
- iv. Work teams:** These are responsible for producing goods and services. These teams exercise control over production, sales administration, management and service delivery.

Anstey (1997) identifies the following characteristics of effective teams:

- i. Performance driven.
- ii. Strong and accountable leadership.
- iii. Established round task-their composition is functional to the goal.
- iv. Clear performance goals – training and developments, and the use of technology skills and resources are functional to these goals.

- v. Small and encourage communication, dedication and accountability.
- vi. Assume greater responsibility for work performance.
- vii. Exercise greater control over their own management.
- viii. comprise members who are committed to the team approach, and who have the appropriate technical, decision-making, problem-solving and facilitation skills.
- ix. Comprise members who have a range of skills, thereby allowing greater flexibility in the utilisation of people and job rotation, and in reducing rigid job classifications and grading.
- x. Provide ongoing training and development with the aim of improving the capacity to form groups of full-time members.
- xi. Reflect shifts in the functions and titles of key role players: managers and supervisors become group leaders and workers become group members and group representatives.
- xii. Involve trade unions, where these are present, as important role players in the planning and implementation of team systems.
- xiii. Require organisational regrouping in respect of all systems.

### **3.5.6 Participation through Self-Government**

It involves the management of the organisation being taken over by nominated members of the workforce, which according to Nel (2002), is only at the instance of the overthrow of the country's capitalist system. Nel (2002) also observes that there is a place for worker-controlled organisation in a mixed economy. Worker co-operatives are an example of a situation where the workers own the enterprise and share in its profits.

#### **SELF-ASSESSMENT EXERCISE**

Differentiate between participation through co-determination and participation through self-government.

### **3.5.7 Participation through Trade Unions**

This is a process whereby the workers are represented by the trade unions in decision-making forums such as collective bargaining, interpretation of collective agreements on wages, working hours and conditions of service, dispute-settlement procedures and the administration of collective agreements. Since it is practically impossible for all the workers to participate in all the decision-making processes of an organisation, representatives must be elected to bargain collectively on behalf of individual workers.

## 4.0 CONCLUSION

Based on the preceding analysis, you can appreciate the fact that there cannot be any form of industrial democracy in any organisation without defined forms of participation in decision-making processes by the representatives of the workers. Therefore, you have been exposed to the various strategies through which workers can be opportuned to participate in organisational decision-making process.

## 5.0 SUMMARY

This unit has been used to explain the elements of power sharing and degree of worker participation. In addition, the unit is used to discuss the various forms of workers' involvement in decisions that affect the affairs of the organisation. In addition, the unit is also used to discuss the various techniques through which the workers can be represented in the decision-making processes of organisations so as to garner their motivation and desired level of productivity. Furthermore, the unit has also been used to discuss worker participation through workplace forums.

In the next unit, you will be exposed to the area of economic and financial participation by employees; defined strategies for ensuring pecuniary benefits, out of the fortunes of the organisation, for the workers.

## 6.0 TUTOR-MARKED ASSIGNMENT

Enumerate and explain the different methods or techniques through which workers' participation in the decision-making processes can be ensured in organisations.

## 7.0 REFERENCES/FURTHER READING

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## **UNIT 2      WORKERS’ PARTICIPATION      THROUGH WORKPLACE FORUMS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Functions of the Workplace Forum
  - 3.2 The Functioning of Workplace Forums
    - 3.2.1 Consultation
    - 3.2.2 Joint Decision-Making
    - 3.2.3 Disclosure of Information
  - 3.3 Advantages and Disadvantages of Workplace Forums
  - 3.4 Limitations in Respect of the Establishment of Workplace Forums
  - 3.5 Obstacles to the Establishment and Implementation of Workplace Forums
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The purpose of workplace forums is not to replace collective bargaining, but to supplement it by providing a structure in terms of which workplace issues (excluding wage-related issues) can be negotiated in a non-hostile way. Such issues include restructuring, the introduction of new technology and work methods, the organising of work, and health and safety. When workers have a greater say in management decision making, employers derive benefits in the form of increased productivity and efficiency. Profit sharing, flexible job design, training and development all lead to increased productivity and profitability. According to Anstey (1997), other positive consequences of worker participation include improved communication, decision making, worker acceptance of decisions, management capacity and accountability.

According to Backer and Olivier (1996), three forms of participation are provided for by workplace forums:

- i.      **The sharing of information:** Management is expected to submit reports on the past performance of the organisation, as well as on expected performance in future.

- ii. **Consultation:** Worker has a right to be consulted regarding specific issues.
- iii. **Joint decision making:** Management is obliged to arrive at decisions jointly with the forum.

A workplace forum has the following functions:

- i. It must strive to promote the interests of all workers in the workplace, irrespective of whether or not they are trade union members.
- ii. It must strive to increase efficiency in the workplace.
- iii. It must be consulted by the employer with a view to reaching consensus on specific matters.
- iv. It must be allowed to participate in joint decision making regarding specific issues.

According to Nel (2002), the aim of workplace forums is to establish a more participatory culture in a particular environment traditionally characterised by a hostile employer-employee relationship. To realise this aim, a clear distinction must be drawn between collective bargaining on the one hand and the indirect worker participation on the other (i.e. worker participation through representation by co-workers at shop floor level). Collective bargaining focuses chiefly on the division of wealth generated by organisations, whereas workplace forums are concerned rather with the transformation processes involved in an organisation's attempt to generate wealth.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the difference between collective bargaining and indirect worker participation
- explain the functions of workplace forum
- state the advantages and disadvantages of workplace forums
- enumerate the limitations and obstacles to the establishment and implementation of workplace forums.

## 3.0 MAIN CONTENT

### 3.1 Functions of the Workplace Forum

The principal functions of the workplace forum according to Pennington and Van Zyl (1997) and Finnemore and Van der Merwe (1996) are to:

- democratise the workplace
- lay the foundation for cooperation rather than hostile relationships between employers and workers
- promote the interests of all workers
- promote worker participation in decision making
- increase productivity and profitability
- support (and not undermine) collective bargaining by performing those functions for which collective bargaining is not suitable.

The hope has been expressed that the introduction of workplace forums will provide a mechanism for meaningful consultation between employers and workers regarding all workplace issues falling outside the sphere of traditional wage negotiations.

### **3.2 The Functioning of Workplace Forums**

Workplace forums are structures which have been created to allow a specific form of participation, namely indirect participation from within the organisation. Ultimately, however, the success or otherwise of workplace forums will depend on the processes which are employed and not on the structure as such. These processes are largely interactive, and, consequently, interpersonal in nature. Members of the workplace forum and employees representing the employer will endeavour to solve problems and take decisions by making use of various interpersonal processes, such as the disclosure of information, consultation, the holding of meetings, and joint decision making (Nel, 2002).

The functions of workplace forums fall into three different areas, namely consultation, joint decision making, and the disclosure of information (Finnemore and Van der Merwe, 1996). The trade union(s) and the employer must reach consensus on matters for consultation and matters for joint decision making. The objective of workplace forums is to find joint solutions to problems. Although the parties concerned must have a thorough knowledge of the statutory requirements before they can proceed with negotiations, they can expect numerous problems if they cannot agree on fundamental aspects such as matters for consultation and matters for joint decision making. According to Van Zyl (1997), the role players must thus be willing to:

- jointly change the organisational culture from one of traditional hostility to one of cooperation
- jointly improve the organisation by encouraging it to perform better, with the goal being to ensure that all interest groups benefit from the process.



The objectives of workplace forums cannot be achieved if such forums are used to realise one party's goals at the expense of the other.

### 3.2.1 Consultation

According to Slabbert *et al.* (1998), the central theme of consultation is that management retains the managerial prerogative to take the final decision. But, in terms of the Labour Relations Act, management can take a final decision about specific matters only after it has consulted the workplace forum on such matters and has endeavoured to achieve consensus. The employer must give the workplace forum the opportunity to make alternative proposals, and, if he or she does not agree with them, must give reasons for his or her decision. Matters for consultation may be regulated by a collective agreement with the representative trade union. However, where there is no collective agreement, the labour union is entitled to be consulted by the employer, and its proposals sought, regarding any of the following matters:

- workplace restructuring, including the announcement of new technology and new work methods
- changes in work organisation
- partial or total closure of plants
- mergers and transfers of ownership in so far as this impacts on the workers
- the dismissal of workers for reasons based on operating requirements
- exemptions from any collective agreement or any legal measure
- job grading
- criteria for merit increases or the payment of discretionary bonuses
- education and training
- production development plans
- export promotion.

When the matters for consultation are regulated by a collective agreement, such agreement may not necessarily include all of the above matters, or it may not be confined only to the above matters. The following serve as examples of matters which can be included for consultation with a workplace forum:

- shift systems and overtime
- summaries of strategic business plans
- investment decisions
- productivity
- quality control

- redundancy
- guidelines for recruitment, selection, termination of service, promotion and transfer
- strategies and policies in respect of affirmative action
- social benefits
- health and safety matters.

A bargaining council, or a collective agreement between a representative trade union and an employer, or any other law, may give a workplace forum the right to be consulted regarding additional matters (such as those indicated above) in a workplace falling within the registered area of a bargaining council.

Usually, any employer who has appointed two or more health and safety representatives is obliged to establish a health and safety committee. Such an employer must then consult such committee about certain matters. A representative trade union and an employer can furthermore agree that:

- i. The employer will consult the workplace forum with the aim of initiating, developing, promoting, monitoring and reviewing health and safety in the workplace.
- ii. A meeting between workplace forum and the employer can constitute a meeting with health and safety committees as required by the aforementioned legislation.
- iii. One or more of the members of workplace forum must be health and safety representatives for the purpose of such legislation (Pennington and Van Zyl, 1997).

### **3.2.2 Joint Decision Making**

According to Nel (2002), the most important difference between consultation and joint decision making is that in the case of consultation, an attempt is made to achieve consensus, whereas with joint decision making consensus must be achieved. Swanepoel (2001) regards consultation as a one-sided process and joint decision making as a two-sided process. Thus, during consultation, management retains the sole right to take the final decision, but, during joint decision making, joint decision-making power is shared by both parties. This implies that each party has a right to veto, and that no decision can be taken before agreement is reached.

In the case of joint decision making, the managerial prerogative is effectively done away with. The employer may not take final decisions, or proceed with the implementation of proposals, before consensus has

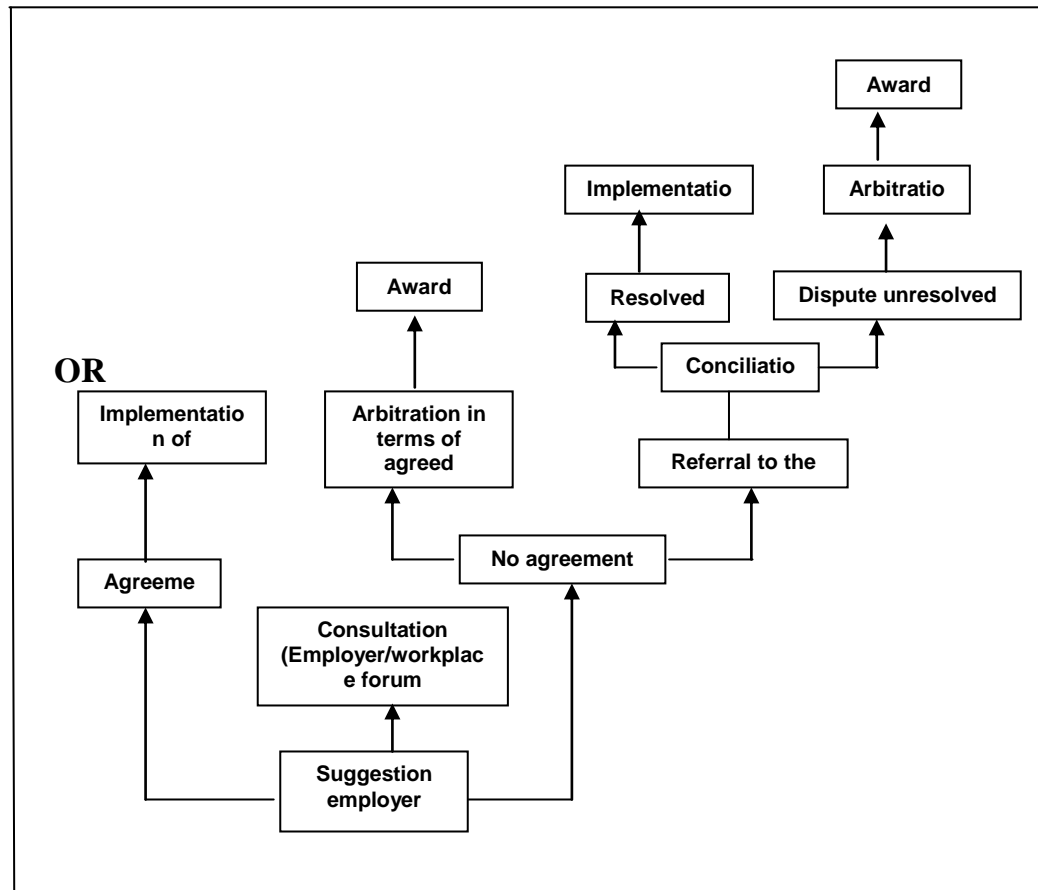
been reached with the workplace forum. Since everyone must be satisfied with the proposal, the real challenge lies in creating a climate of cooperation. Both parties must realise that the specific matter is a joint problem and that specific skills will be necessary to arrive at a joint solution (Nel, 2002).

As in the case of matters for consultation, issues for joint decision making can also be regulated either by a collective agreement with the representative trade union(s), or, where there is no such collective agreement, by the employer consulting the workplace forum and reaching consensus with it regarding the following (Pennington and Val Zyl, 1997):

- i. Disciplinary codes and procedures.
- ii. Rules pertaining to the proper regulation of the workplace in so far as these apply to conduct not related to the work performance of employees. Measures designed to protect and advance persons disadvantaged by unfair discrimination.
- iii. Changes by the employer or by employer-appointed representatives on trusts or boards of employer-controlled schemes, to the rules regulating social benefit schemes.

A representative trade union and an employer may conclude a collective agreement conferring on the workplace forum the right to joint decision making in respect of additional matters in that workplace and/or removing any matter from the list of matters requiring joint decision making.

If consensus cannot be reached with the workplace forum, the employer can refer the matter for arbitration in terms of any agreed procedure. The IAP must attempt to resolve the dispute through conciliation. Should it not succeed in doing so, the employer may request that the dispute be resolved through arbitration. The dispute-settlement process is represented schematically in Figure 1.



**Fig. 1: The Dispute-Settlement Process**

Source: Swanepoel *et al.* (2002)

After the establishment of a workplace forum, such forum can request a meeting with the employer in order to review the following:

- i. Criteria for merit increases or the payment of discretionary bonuses.
- ii. Disciplinary codes and procedures.
- iii. Rules relating to the proper negotiation of the workplace in so far as they apply to conduct not related to the work performance of employees in the workplace.

The employer is requested to submit its criteria, disciplinary codes and procedures, and rules in writing to the workplace forum for consideration. The above discussion indicates that rights in respect of joint decision making can be extended by a collective agreement.

## **SELF-ASSESSMENT EXERCISE**

Explain by differentiation, the functioning of Workplace Forums by means of consultation, joint decision making.

### **3.2.3 Disclosure of Information**

According to Madikizela (1998), workplace forums are viewed as promoting participatory management through the disclosure of information, consultation and joint decision making. Information is a core element in the functioning of workplace forums, since they would be unable to function without the disclosure of information. Such disclosure must therefore be seen as an essential characteristic of participation. Disclosure of information brings about transparency in the workplace, thereby strengthening the relationship of trust between management and workers.

Regular meetings of the workplace forum must be held at which the employer reports on the financial and employment situation of the organisation, as well as on its anticipated performance. The workplace forum is entitled to all relevant information which is necessary to engage effectively in consultation and joint decision making, except when the:

- information is legally privileged
- the disclosure of the information would be a contravention of any law or any order of court
- information is confidential and disclosure thereof may cause substantial harm to an employee or the employer
- information is private personal information relating to an employee (the employee's consent is necessary before such information may be disclosed).

If a dispute arises about the disclosure of information, any of the parties may refer the dispute in writing to the IAP. The IAP must attempt to resolve the dispute by means of conciliation. Should the dispute remain unresolved, any party may request that it be resolved by means of arbitration.

The Commissioner must first decide whether or not the information is relevant. Should the Commissioner decide that the information is in fact relevant, and if it is information that may cause substantial harm to an employee or the employer, the Commissioner must balance the harm that the disclosure is likely to cause to an employee or employer against the harm that the failure to disclose the information is likely to cause to the ability of the workplace forum to engage effectively in consultation and joint decision making. If the Commissioner decides that the balance

of harm favours the disclosure of the information, he or she may order the disclosure of the information on terms designed to limit the harm likely to be caused to the employee or employer. The Commissioner may also order that the information not be disclosed for a specific period if such disclosure would amount to a breach of confidentiality.

According to Nel (2002), many managers (as representatives of employers) view the disclosure of information negatively - they see it as an attempt to deprive management of its decision-making prerogative. Traditionally, management was not well disposed to disclosing information to employees, but used the withholding of information as an instrument of power to increase its own power base.

The goal of consultation, joint decision making and the disclosure of information is to improve work relationships by providing a forum which enables workers to participate in decision making in the workplace, to increase efficiency and to gain a competitive advantage (Baskin and Satgar, 1995).

However, both labour and business have certain reservations in this regard. Pennington and Van Zyl (1997) have come to the following conclusion.

Although the Labour Relations Act attempts to bring about cooperative relationships between management and trade unions (including the workforce), many of the fears and reservations regarding workplace forums (and, specifically, regarding the disclosure of information, consultation and joint decision making) centred on the "element of power". It may be that not one of the parties will be prepared to change the traditional, hostile relationship because it fears that its power base will be eroded. The syndrome of "us" against "them" is still very prevalent.

Table 1 gives an indication of the objections of labour and business to the disclosure of information.

**Table 1: Objections to the Disclosure of Information**

<b>Business</b>	<b>Labour</b>
<ul style="list-style-type: none"> <li>• The type of information that must be disclosed</li> <li>• The fact that an employer can be compelled to disclose confidential information of a strategic nature.</li> <li>• The possibility of information being exploited, which can lead to the suppression of business initiative.</li> <li>• Each organisation is unique and is affected differently by production, market conditions, competitive advantage and trust or mistrust between management and workers.</li> <li>• Market fluctuations make it difficult to formulate a definite strategy in respect of the disclosure of information.</li> <li>• No distinction is drawn between the disclosure of information for the purposes of collective bargaining and the disclosure of information for the purposes of consultation and joint decision making.</li> <li>• There is no code of conduct which provides guidelines as to what information must be disclosed.</li> </ul>	<ul style="list-style-type: none"> <li>• Issues which are important to employers, for example productivity, are clearly set out, whereas those which are important to workers, such as social, gender and racial equality, are not addressed at all.</li> <li>• Issues which are addressed by bargaining councils (such as wages) are separated from consultation and joint decision making (such as productivity).</li> <li>• Joint decision-making rights are weak, since they are limited to specific human resource issues, such as disciplinary codes and affirmative of conduct action. Production issues are excluded from joint decision making, because, in this regard, a workplace forum only has the right to consultation and to the disclosure of information. Thus, it is felt that, in this way, the employer gains an unfair advantage.</li> </ul>

Source: Swanepoel *et al.* (2002)

According to Pennington and Van Zyl (1997), the following are also viewpoints that come strongly to the fore:

- i. The unity of workers will be undermined if they have to compete with one another and if they are held jointly responsible (together with management) for upholding the capitalist system.
- ii. Trade unions will have to be identified with both the capitalist system and management, thus giving up their pursuit of

socialism. This will mean that workers will lose faith in the trade unions.

- iii. Issues such as the improvement of productivity and international competition will not assist workers in their pursuit of job creation, since employers will want to keep their workforces small.
- iv. Workers will have to give up their right to strike in respect of matters which are covered by agreements reached through joint decision making (Lehulere, 1995).

Industrial legislation, on its own, cannot be relied upon to resolve the problems existing between Nigerian business and labour. Although the Industrial Relations Act addresses matters such as consultation, joint decision making and the disclosure of information in a fair amount of detail, and attempts to lay a foundation for cooperation in the workplace; it cannot provide that single element which is necessary for employer-employee cooperation, namely mutual trust. A relationship which is characterised by mutual trust and a willingness to put aside past differences will help in resolving problems that arise when negotiations have to be conducted regarding sensitive issues. The building of cooperative relationships will serve as a basis so that workplace forums can be introduced with the least amount of conflict.

### **3.3 Advantages and Disadvantages of Workplace Forums**

In their investigations, Pennington and Van Zyl (1997) conducted interviews with fourteen trade unions. The principal advantages and disadvantages of workplace forums which were mentioned during these interviews are set out below.

#### **Advantages**

- i. Workplace democracy (including fair labour practices), participation and cooperation will be promoted.
- ii. In those workplaces where the literacy levels of workers are high, workplace forums will foster participation.
- iii. The provisions relating to the disclosure of information will benefit trade unions and workers.
- iv. Workers will receive instruction and training which they would not otherwise have received.
- v. There will be a greater degree of interaction between trade unions and workers, since workers will approach trade unions for advice regarding workplace forum issues.
- vi. Workplace forums can give trade unions the opportunity to increase their capacity, in that the training of workplace forum representatives will be funded by the organisation itself,



administrative facilities will be provided for the workplace forum, and finance will be provided for consultations with experts.

### **Disadvantages**

- i. In certain economic sectors, workers will possibly not be able to become involved in complex matters owing to low levels of literacy. Workplace forum representatives will have to undergo intensive training in order to be able to deal with these matters. The danger exists that workers will, first of all, not be able to understand these matters, and, secondly, will not be able to make a meaningful contribution to the discussion.
- ii. Workplace forums could undermine trade unions, especially where trade unions are weaker.
- iii. Management could possibly manipulate the workplace forum.
- iv. Trade union representatives may not have sufficient time or resources to deal with workplace forum issues, to attend meetings, and to give advice.
- v. There is a fear that workplace forum representatives are going to replace trade union representatives.
- vi. Trade unions do not have sufficient control over workplace forums.

### **SELF-ASSESSMENT EXERCISE**

Enumerate the various advantages and disadvantages inherent in workplace forums.

## **3.4 Limitations in Respect of the Establishment of Workplace forums**

### **1. Training**

According to Pennington and Van Zyl (1997), the following aspects must be addressed very early in the implementation process:

- i. Workers must receive training thorough instruction regarding workplace forums and the Industrial Relations Act. During such instruction, matters such as the goal, role and functions of workplace forums must be addressed.
- ii. Workers must be trained so that they understand all matters that will be dealt with by the workplace forum and can make a contribution in such regard.

- iii. The "how" and "when" of training representatives so that they will be able to perform their functions effectively, must be determined early.

The following are the training requirements in this regard:

- general business principles, including productivity, international competition, workplace efficiency and business ethics
- financial principles as applied in the business
- leadership training
- communication skills
- relationship-building skills
- negotiating skills
- decision-making skills
- consultations skills
- training in respect of labour legislation
- adult basic education
- numerical skills

Training must not be conducted only on a one-off basis, but must be ongoing. Pennington and Van Zyl (1997) are of the opinion that it is not only the workplace forum representatives who need training, but also management, for managers often lack important skills such as communication and negotiating skills.

## **2. Resources**

Trade unions do not always have sufficient resources to make a success of workplace forums. Consider, for example, the amount of time that officials will have to spend in meetings, and on providing assistance and support. According to Baskin and Satgar (1995), some trade unions may also not have the expertise to provide the necessary professional services. Thus, trade union officials will be required to provide advice regarding matters with which they are unfamiliar, such as productivity, technology, financial analysis, industry trends and strategic planning. Trade unions will have to ensure that they have sufficient resources to deal with these matters, and that their members have the skills necessary to render an effective service in meeting the requirements of workplace forums. If workplace forum representatives feel that trade unions officials cannot provide adequate support, such representatives may become alienated from the trade union.

### 3. Relationships

The building of positive relationships is one of the principal factors that must be addressed in ensuring the involvement and commitment of management. According to Pennington and Van Zyl (1997), the following aspects regarding the building of such relationships are important.

Management may see the introduction of workplace forums as undermining its managerial prerogative. One possible way of overcoming this obstacle is to concentrate on the benefits which workplace forums provide for all the parties concerned. It should therefore be stressed that addressing matters such as productivity, for example, will have direct benefits for the business.

It is important that senior management obtains, and retains, the commitment of other management levels to the process since line and middle-level managers will be affected the most by the introduction of workplace forums. The following recommendations may be made in order to achieve this objective:

- i. During training, the benefits of workplace forums should be explained.
- ii. The roles which various groups will have to play in the process should also be explained.
- iii. The various groups must be involved in the design of the forum and in drawing up its constitution.
- iv. All groups must be fully represented in the workplace forum.

Pennington and Van Zyl (1997) are of the opinion that commitment to the process will be promoted if all role players understand the process. Training is therefore also important in promoting commitment and participation. To obtain management's commitment to the process, trade unions must "sell" workplace forums to management as being a sound business decision.

Management feels that it does not have a choice with regard to the implementation of workplace forums. The onus rests on trade unions to initiate such forums, after which management is obliged to give its cooperation. This can result in resistance on the part of management to the implementation process, even though, on the face of it, management may appear to be giving its cooperation.

#### 4. Statutory requirements

Many trade unions and organisations may elect to establish a non-statutory workplace forum rather than a workplace forum. Essentially, this means that they can facilitate it through negotiations between management and trade unions as regards various aspects, with the resultant collective agreement becoming the directive element.

To establish statutory workplace forums, trade union representatives must be highly skilled. However, in many economic sectors, trade union representatives do not have the essential business skills. As a result, the trade unions concerned will be placed under pressure to provide the necessary training and support.

#### SELF-ASSESSMENT EXERCISE

What are the limitations associated with the practice of workplace forums?

### 3.5 Obstacles to the Establishment and Implementation of Workplace Forums

Various obstacles have been identified by employers, workers and trade unions as factors which will influence the implementation or otherwise of workplace forums in organisations. According to Anstey (1997), Bendix (2001), Finnemore (1997), Nel (2002), Pennington and Van Zyl (1997), Pons and Deale (1998), and Slabbert *et al.* (1998), some of these obstacles are the following:

- i. Trade unions are sceptical about the implementation of workplace forums, because they see such forums as a threat to their power base. Consequently, they are hesitant to initiate workplace forums.
- ii. Management sees participative management in the form of workplace forums as a way of undermining its “managerial prerogative”.
- iii. Traditionally, the relationship between employers and workers has been characterised by conflict. And it is not clear whether workplace forums will succeed in transforming this hostile relationship into a more cooperative one.
- iv. Attitudes will have to change. The parties must endeavour to make joint decision making the norm. The old, hostile approach must make way for consensus and mutual respect. However, the parties in the Nigerian industrial relations system are still hesitant about changing their attitudes, and continue to expect the other party to change.

- v. The introduction of workplace forums requires a change of mindset on the part of employers and workers, a change which not all concerned are ready to make. Fear of change is therefore hampering the process.
- vi. Low literacy levels of workers prevent effective participation in decision making.
- vii. Workers do not have a good enough grasp of business, and of business principles, and this prevents them from taking informed decisions.
- viii. Mistrust between management and workers are not conducive to joint decision making.
- ix. Mistrust between trade unions and management gives rise to hostile relationships, a problem that cannot easily be overcome.
- x. Workers believe that “bread-and-butter” issues are not being addressed by management or trade unions.
- xi. Organisations cannot, or will not, allocate resources (office space, telephones, etc) for the operation of workplace forums.
- xii. Ideological problems exist - trade unions pursue socialism, while management pursues capitalism.
- xiii. The history of committees in workplaces indicates a lack of success on the part of such bodies. There is thus the fear that a workplace forum will be “just another committee” that fails to bring about cooperation between management and workers.
- xiv. Past events, such as the establishment of works councils and committee systems, have left behind “a bad taste”, the reason being that management attempted to use these committees to eliminate trade unions. This, in turn, resulted in mistrust among management, workers and workers representatives.
- xv. There is not a need to be creative in trying something new.
- xvi. Employers and trade unions feel that they do not have sufficient money or time to make workplace forums a success.
- xvii. Conflict may arise when it comes to the division of power and wealth.
- xviii. The structures (i.e. workplace forums themselves) are in place, but there is a lack of skills (e.g. problem-solving skills).
- xix. Workplace forums must be careful that they do not pay attention only to short-term objectives. Their goal must be to plan for the future, to realise long-term goals, and to obtain commitment.
- xx. Most organisations already have participatory structures and would rather retain these established structures than implement workplace forums.
- xxi. The Industrial Relations Act does not clearly set out what must be regarded as relevant.
- xxii. Unilateral initiation of workplace forums by representative trade unions is seen as a problem.

xxiii. The following matters were not borne in mind when proposing a model for workplace forums:

- size of the organisation
- business sector
- phase of development in which the organisation finds itself
- capital and labour intensity
- levels of skills that must be employed
- sophistication of personnel
- industrial relations practices in different organisations.

### **SELF-ASSESSMENT EXERCISE**

What are the major obstacles that can militate against the establishment and implementation of workplace forums?

## **4.0 CONCLUSION**

In the preceding section, you should have observed that workplace forums have a very definite role to play in the promotion of worker participation in organisations. However, there are still numerous obstacles that must be overcome, as well as negative perceptions which must be eliminated. It is therefore important that industrial relations managers (and any manager for that matter) are acquainted with the principles of worker participation, and understand how these principles can be put into practice by means of structures such as workplace forums.

## **5.0 SUMMARY**

The potential of worker participation dynamics in empowering workers and in improving the quality of industrial relations, thereby promoting competitiveness among organisations, is great. As it were, there are many challenges which will have to be professionally managed and dealt with in this regard. The principal challenge in this context is probably that of changing “the hearts and minds” of the primary role players in organisations so that they realise the value of participation and can begin working actively in bringing about a situation in which there is greater industrial democracy and worker empowerment.

Therefore, in this study unit, we attempted to provide you with the necessary knowledge of worker participation to bring about this change. In the next study unit, we shall consider an important aspect of industrial democracy, which has to do with economic and financial participation by the employees in the fortunes of the organisations in which they are stakeholders.

## 6.0 TUTOR-MARKED ASSIGNMENT

1. Name and explain the three core elements of worker participation.
2. List and explain the obstacles that militate against worker participation in organisations.

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## **UNIT 3      ECONOMIC AND FINANCIAL PARTICIPATION BY EMPLOYEES**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Nature of Financial Participation by Employees
  - 3.2 Types of Financial Participation by Employees
    - 3.2.1 Profit Sharing
    - 3.2.2 Employee Share Ownership Scheme
    - 3.2.3 Group Financial and Bonus Incentive Schemes
    - 3.2.4 Individual Performance Incentive Schemes
  - 3.3 Relationship between Financial Participation and Collective Participation
  - 3.4 Effectiveness of Financial Participation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

### **1.0 INTRODUCTION**

The most important dimension of any employment relationship is economic in nature. The economic or financial participation, therefore, makes a lot of considerable sense to the employees. Such participation of the employees in the fortunes generated by the organisation may take various forms such as profit sharing, individual and group bonus incentive schemes, and share ownership schemes.

You should have realised that these schemes are indeed not new in many companies. Their recent popularity does underscore a comparative trend in the recognition of the need towards devolution of financial participation to lower levels of the organisation.

In this unit, therefore, the focus is on the various forms of economic and financial participation by the workers in organisation.

### **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the rationale for financial participation by workers
- identify and explain the various types of financial participation



- analyse the relationship between financial participation and collective bargaining
- discuss the effectiveness of financial participation on firm's fortunes.

### **3.0 MAIN CONTENT**

#### **3.1 Nature of Financial Participation by Employees**

Financial participation is, for all intents and purposes, an individual-based form of participation based on the willing consent of an individual employee. Therefore, it has nothing to do with distribution of power in and governance of organisations.

It is instructive to note that financial participation on its own cannot advance industrial democracy, since worker influence is generally limited as minority shareholders. It has been observed that financial participation is more likely to work successfully where the trade union movement is strong and is able to influence the type and implementation of the schemes involved in such participation.

Some employers are of the view that financial participation such as share ownership reflects the employer's right to deal directly with the employees to enhance their stake in the organisation and therefore, a separate matter from that of collective bargaining. It has also been observed that it is aimed at enhancing the commitment of the workers to free-market economy, and achieving added wealth through organisational commitment.

The participation is also aimed at the co-optation of workers into a management ethos; which is regarded as an ideological goal. In another perspective, such involvement of the workers in sharing out of the fortunes of the company represents a manipulative form of managerial control aimed at humanising capitalism and its work processes, which by and large is in the interest of better productivity.

Such workers participation is regarded as a form of stakeholding whereby the employees are given a genuine stake in the prosperity of the business and are likely to substantially benefit by its success. Therefore it is aimed at wealth distribution between the organisation and the workers, and thereby to facilitate wealth creation by linking organisational commitment to workers' rewards.

Furthermore, it is seen as a strategy for seducing employees away from collective forms, indirect or representative participation, towards individual, consensual forms of direct involvement, such as financial

participation and quality circles. It is a provision of a personal, economic stakeholding in the organisation through the various schemes associated with the participation.

It is largely meant to move away from interest-based models of collective bargaining towards decentralised, joint consultation problem solving, strike-free agreements and single-union agreements. In Nigeria, there is the example of the then FSB International Bank Plc whose employees were allowed to participate in its equity ownership.

In some countries such as the United Kingdom, share schemes are used by companies mainly to encourage workers to identify more with the goals of their organisations as well as for tax advantages.

### **SELF-ASSESSMENT EXERCISE**

Identify and discuss the reasons for the use of financial participation for the workers.

## **3.2 Types of Financial Participation by Employees**

The following are the main types of financial participation which are in practice in some organisations.

### **3.2.1 Profit Sharing**

This is the most prevalent type of financial participation found in some companies around the world. The scheme is considered by many employers as preferable to share ownership schemes, as effort and reward are considered more measurable, especially if the short-run rewards or returns are offered, based on measurable performance in particular sectors. Examples of such sectors are the batch manufacturing and retailing.

The share of profits fluctuates with the economic performance or fortunes of the firm. Profit sharing may not therefore provide a stable level of income over time. The scheme may take the form of end of year bonus and Scalon plan.

### **3.2.2 Employee Share Ownership Scheme**

According to Kurland (1988), the scheme is used as a tool for broadening participation of employees in company profits and decision making. It is also used to increase an employee's stake and commitment to the prosperity of the business. In countries such as the United States,

legislation is in place for creating tax advantages for encouraging the corporate bodies to establish such scheme for their workers.

Nevertheless, rival causal or intervening variables may account for superior performance and not the scheme. For example, productivity increases in large companies may occur independently as a result of the impact of other factors such as particular economies of scale, technical innovation, sophisticated human resource management, together with other forms of participation.

More so changes in organisation structure and culture such as devolution of decision making down to the lower levels in the organisation, and the associated autonomy, are also factors in productivity improvement. There is an indication that in wholly employee-owned firms in some countries, the mix of such scheme and other forms of participation can be linked with growth and productivity improvement.

The scheme can combine several elements. These include benefits, incentive and productivity schemes, services and retirement benefits. It may also take the form of a reward system, with a basic salary supplemented with cash bonuses and equity shares linked to the proceeds of a company. It is a two-way, interactive process between management and employees and a means for workers to participate both as workers and as shareholders in contributing to the goals of the company.

And depending on the tax laws of a country, it can be an in-house, tax exempt stock exchange for both new equity purchases and the repurchase of outstanding shares. It may also offer workers a source of dividend income. It can also bring capital gain to the workers as a means by which people without savings and ownership can become owners of new wealth. In the past, capital gain has been available to those who were already within the ownership framework.

### **3.2.3 Group Financial and Bonus Incentive Schemes**

These are schemes which are used largely by the manufacturing companies. Trade unions are always interested in negotiating a group productivity bonus scheme than an individual, performance-based scheme. The main purpose of bonus incentive schemes is to enhance economic performance and motivation by means of financial reward.

### **3.2.4 Individual Performance Incentive Schemes**

Individual performance incentive schemes are mainly used in non-union or partially weakly unionised firms at all employee levels, but

predominantly in use in the United States of America. In other countries, such schemes are used mainly for the executives in the management levels. Other categories of employees that can enjoy such schemes are the personnel in the sales force of an organisation.

### **SELF-ASSESSMENT EXERCISE**

Differentiate between employee share ownership and profit sharing scheme.

### **3.3 Relationship between Financial Participation and Collective Bargaining**

An important issue in the use of financial participation for the workers is its relationship with the collective representations of the employees.

Poole (1988) observes that the modern development of financial participation schemes at employee levels is concerned with managerial styles of industrial relations. He further argues that the weakened position of trade unions in several Western countries has enabled managers to actively promote financial participation, rather than being constrained to accept extensions of collective bargaining or board-level union representation.

Empirical evidence has portrayed that financial participation schemes tend to be part of a consultative process and are likely to be unilaterally introduced than in non-unionised firms. And there is a consistent tendency for companies with financial participation schemes to have various other types of employee participation than those without it.

It is being envisaged that participation is most likely to develop in areas of economic growth or unrest, or conversely, when an individual organisation is in decline. Nevertheless, ailing organisations may often resort to participative initiatives to try to survive. A glaring example is the case of Chrysler Motor Corporation, which negotiated share ownership with agreements on wage cuts and interim job security guarantees. And such resulted in employees forfeiting some millions of dollars in pay increases over three years for equity of fewer amount.

In a situation where economic feedback, consultation and joint decision making are part of the culture of industrial relations in a firm, it is likely that these processes will be invoked in respect of the introduction of financial participation. This is more likely the case with stronger trade unions. In order to gradually build the ownership concept in any organisation, the share ownership scheme should be supplemented with frequent economic feedback relating to the performance of the firm.

The trade unions tend to consider managerial practices of direct employee involvement as undermining the independent nature of collective representation and the power base derived from collective mobilisation.

Attendant responses include:

- i. Direct rejection and vetoing of the introduction of financial
- ii. participation initiatives.
- iii. Active subversion once introduced.
- iv. Malicious compliance and subtle forms of protest.
- v. Grudging, passive acknowledgement such as the union endorsing
- vi. financial schemes, provided that they materially improve their material well-being of their members.
- vii. Exerting union influence beyond collective bargaining by
- viii. reconsidering participation in other forms and at levels of both
- ix. direct and indirect participation.,
- x. Centrally influencing corporate strategic decision making, for
- xi. example by means of pressure from the trade unions.

### **SELF-ASSESSMENT EXERCISE**

What are the forms of response from the trade union on the use of financial participation in place of collective bargaining?

### **3.4 Effectiveness of Financial Participation**

The effectiveness of financial participation is seen from the perspective of profit improvement and growth. Employee share purchase schemes have often been introduced in circumstances of financial crisis and when jobs and union membership are under serious threat.

The increasing popularity of direct employee involvement, whilst having important advantages for management and employees, can mask a deeper underlying distaste for unionism. Various types of participation can evolve incrementally at all levels of an organisation.

New forms for individual, consensual participation are different from participation by negotiation. Strongest resistance to participative practices which seek greater loyalty, commitment and motivation is more likely where unions are still developing and workers have strongly positive views about the instrumental benefits of union membership.

More so, a strong, powerful and established trade union movement is less likely to see these managerial approaches as potentially undermining its traditional role. Unions in these circumstances may

indeed be willing to consider alternative forms of participation in a more favourable light, given the durability of existing collective bargaining institutions and structures.

There is also a re-emerging debate in some advanced economies on the notion of democratising capital through collective capital formation as a means of socialising, rather than nationalising control in organisations. Such control can apply to several institutions, such as pension schemes and employee investment funds.

The idea of collective capital formation sees trade unions as major participation in this largely long-term transformative process. For instance, a well established trade union movement can bring about a social ownership and control, providing employment in union-owned business.

#### **4.0 CONCLUSION**

From the foregoing analysis, you can understand that financial participation is very critical in winning the commitment of the workers in the scheme of the harmonious relationship between the management and the workers. In this unit, you have learned a number of issues that relate to financial participation such as nature and rationale for financial participation, types of financial participation, relationship between financial participation and collective participation and effectiveness of financial participation

#### **5.0 SUMMARY**

You should understand by now that financial participation is inevitable in the modern industrial relations. This is borne out of the need to ensure a genuine commitment from the workers as well as earning reasonable returns for the organisation. Furthermore, the use of financial participation guarantees conducive atmosphere for industrial harmony; and engenders desired level of productivity in the organisation without the use of collective bargaining.

In the next study unit, you will be taken through trade unionism in Nigeria regarding its evolution, development and formation and registration, membership and its central organisation.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Identify the various schemes which can be used to guarantee economic and financial participation by the employees in an organisation.

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## **UNIT 4      TRADE UNIONISM IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Meaning of Trade Union
  - 3.2 Theories of Trade Unions
  - 3.3 Trade Unionism in Nigeria
    - 3.3.1 Factors for the Emergence of Trade Unions in Nigeria
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- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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### **1.0 INTRODUCTION**

The advent of trade unions in Nigeria dates back to the colonial period when in 1912 there emerged the Nigeria Civil Service Union. From the epoch making trail, some other trade unions sprang up in various organisations both in the public sector and the organised private sector of the economy. Empirical evidence has it that over a thousand trade unions were formed between 1912 and 1978 before the military government intervention.

In a restructuring exercise carried out by the military government in 1978, the number of trade unions in the country was reduced to 42. The number was further reduced to 29 by another military government in 1996. Since the advent of trade unionism in Nigeria, trade unions have not only protected the interest of workers (their members) but have also played prominent role in shaping the socio-political sphere of the country.



In this unit, therefore, you are exposed to the realm of trade unionism, theories of trade unionism, the peculiar nature of trade unions in Nigeria, and the central industrial movement in the country.

## **2.0 OBJECTIVES**

At the end of this study unit, you should be able to:

- explain the meaning of trade union
- analyse the theories of trade unionism
- explain the peculiar nature of trade union movement in Nigeria
- identify and explain the statutory requirements for the formation and registration of trade unions in Nigeria
- explain the classification of trade unions in existence in Nigeria
- explain the position of the central trade union in the country.

## **3.0 MAIN CONTENT**

### **3.1 Meaning of a Trade Union**

A trade union is simply an organisation of workers formed by such group of workers with a view to using it to protect their interests. According to the Trade Union Act (Amended) of 1978, a trade union is any combination of workers or employers, whether the combination in question would or would not, apart from the Act, be an unlawful combination by reason of any of its purposes being in restraint of trade, and whether its purpose do or do not include the provision of benefits for its members.

The definition of a trade union in legal terms is somehow ambiguous since employers' organisation too is regarded as a trade union. In view of Webbs as cited by Akubuiro (2003), a trade union is an organisation of workers whose major purpose is to improve or at least maintain the working conditions of their members. This is in cognisance of the famous declaration by Robert Peels as cited by Akubuiro (2003) that men who have nothing no property, except their manual skill and strength, ought to be allowed to confer together, if they think it fit for the purpose of determining at what rate they will sell their property.

The above views underscore the essence of a trade union movement in any industry or any country, and Nigeria is not an exception.

### **SELF-ASSESSMENT EXERCISE**

Explain the meaning of a trade union showing how a trade union is different from an employers' association.

### **3.2 Theories of Trade Unionism**

There are some theories which tend to justify the existence and therefore, the essence of trade unions in any country or an economy. Such theories are espoused below.

#### **1. The Webbs Theory**

The theory is referred to as the Webbs theory for the mere fact that it was propounded by Sydney and Beatrice Webbs, the founders of the famous London School of Economics, who happened to be husband and wife.

The theory postulates that workers are primarily bound together for the purpose of improving and maintaining their working conditions. Therefore, the workers regard it as a way to economically motivate each other. Webbs believe that workers are directly concerned with the wages and all related allowances, compensation packages, and hours of workers.

The Webbs argue that workers find themselves in a union because they realise that they are powerless fighting singly; hence the need to present a united front through their union in fighting for their rights and privileges.

Essentially, the Webbs postulate that when workers organise themselves into trade unions, they are interested in creating a potent means through which to pursue and achieve their economic freedom.

#### **2. The Selig Perlman's Theory**

As an American, Selig Perlman postulated that trade unions emerged from individual workers quest to deal with the problem of job scarcity.

Against such view, Perlman contended that the pattern of industrial organisation in any given economy depends on factors such as: the mix of union executive, their strength and ability to resist the capitalist who is the owner of the capital and the organisation; the job consciousness of a worker; and the role of the intellectuals.

#### **3. Frank Tannerbaum's Theory**

Tannerbaum postulated that workers are driven to form unions as a result of the sense of feeling of being alienated from both the job and the society. Therefore, the workers strive to use the union avenue to relief themselves of such alienation. In essence, workers do form unions

to create an avenue for collective and mutual relationship among themselves.

Tannerbaum believes that this kind of security was provided to workers by the formation of guilds. Hence unions only sprang up to represent the guilds. Tannerbaum contended that workers, therefore, formed unions to recreate and to take place of former guilds and not necessarily for economic gain.

#### **4. Karl Marx's Theory**

Max postulated that trade union is association of workers in which the workers organise themselves to overthrow the capitalist sector, which has been exploiting their industrial and then compete among themselves for available jobs.

According to Max, the only way by which the workers can make their lots better is by forming unions, with which they will overthrow the capitalist, their employers who constitute themselves as the masters. Hence, the workers would be in a good stead to control the means of production and thereby improve their working conditions.

#### **5. John Commons' Theory**

According to this theory, trade unions are formed as partners in progress with the employers. Therefore, trade unions are not opponents of the employers, or slaves or have-nots.

Commons postulated that unions came to be, so as to work hand in hand with the employers, with the believe that if the profit increases they themselves will share out of it.

#### **6. Robert Hoxies' Theory**

The theory suggests that workers drew themselves into unions not necessarily for any other reason but because of their psychological need to form groups, which can be used for every other thing.

The reasoning according to this theory is that trade union cannot improve the conditions of the workers. Rather it is the group effect whether formal or informal that achieves it.

### **SELF-ASSESSMENT EXERCISE**

Identify and explain the various theories propounded by eminent scholars to rationalise the advent of trade union movement.

### **3.3 Trade Unionism in Nigeria**

As you have observed in the introductory part of this unit, trade unionism in Nigeria started during the colonial rule, precisely in 1912 at the advent of the formation of the Nigerian Civil Service Union which has membership strength covering all the then workers in the civil service in the country.

A sprinter organisation called the Nigerian Union of Railway Workers sprang up in 1931 as a result of government policy which spelt a reduction in wages of the workers, the intent of which was to fight inflation.

The railway workers under the leadership of Michael Imodu reacted to the wage cut and they subsequently formed the Nigerian Union of Railway Workers. Hence the Nigerian Civil Service Union considered to be docile in fighting for the right of the workers was ditched by the railway workers, which later on became militant towards the colonial masters.

The formation of the Railway Workers' Union influenced other government workers to form their unions, notably the birth of the Nigerian Union of Teachers in 1931 as spearheaded by nationalists such as Rev. Kuti and Alvan Ikoku.

#### **3.3.1 Factors for the Emergence of Trade Unions in Nigeria**

Apparently you will understand that certain factors are responsible for the emergence of the trade unions in Nigeria. Such factors are as identified and discussed below.

##### **1. The colonial rule**

The colonial administration in terms of the behaviour of the colonial masters apparently prompted the formation of trade unions in the country. The workers under the colonial administration work under forced industrial and exploitative conditions to the advantage of the colonial masters. Hence the workers were looking for an avenue to fight for their rights. Above all, the wage cut of the 1931 gave some impetus to the emergence of radical trade unions in country.

##### **2. Impact of industrial revolution**

The expansion in industrial undertakings in Europe led to high demand for the country's agricultural endowments which serves as veritable raw materials for their industries. The inflow of capital gave rise to

expansion in employment which was in hundreds of thousands. By implication, the radical ones among the workers who were well informed spearheaded trade union movement.

### **3. Colonial government as major employer of industrial**

The colonial government was the main employer of industrial in the country. The fact that the workers were subjected to hardship, exploitation and poor wages coupled with the workers resentment for colonial administration gave rise to group formation among the workers and by extension the formation of trade union with which to confront the colonial masters.

### **4. Impact of the world wars**

The emergence of trade unions in the country is also attributable to the influence of the world wars during which the Africans were made to understand unionism better through their European counterparts.

### **5. Role of international industrial organisations**

The international union movements have tremendous influence on the formation of trade unions in Nigeria. There were industrial and trade unions whose membership cuts across countries and continents of the world.

The existence of such organisations enabled Africans including Nigerians to learn about unionism, and therefore serve as influencing factor for the formation and emergence of trade unions in the country. Examples of such international unions are the World Federation of Trade unions (WFTU) and International Federation of Christian Trade Union (ICFTU), among others.

### **6. Government policy**

The promulgation of the Trade Union Ordinance of 1938 in Nigeria also played some definite role in the emergence and growth of trade unions in the country. The Ordinance gave official recognition to the existence of trade unions and the freedom for the workers to participate in the formation of trade unions in the country.

### **7. Emergence of political parties**

The political consciousness of Nigerians during the colonial period gave rise to the formation of political parties in the country. Their activities

coupled with the influence of the internal industrial unions led to political agitation and the use of strike as political tool in Nigeria.

## **8. Class conflict and political development in West Africa**

The spate of strikes, class struggles and conflicts in West Africa during the colonial period also gave impetus to the emergence and spread of trade unionism in Nigeria.

The colonial period witnessed a spate of spontaneous strikes about poor conditions of service by the workers. For instance, there were the strikes by the Road Workers (1874) in Sierra Leone, Workers of Public Works Department (1877) in Nigeria, and Workers of Public Works Department (1919) in Ghana as well as in the French colonies.

## **9. Impact of the Great Depression**

The Great Depression of the 1930s, precisely from 1929-1932, with its effects also influence the rise of trade unionism in Nigeria. For instance, an effect of the depression in form of high unemployment led to the reduction in the civil service salaries. There was discontent among the civil servants in the West Africa colonies, as a result of which trade unions sprang up. Examples are Industrialers Union (1929) in Sierra Leone, Motor Drivers Union (1931) in Ghana, Railway Workers Union and Nigerian Union of Teachers (1931) in Nigeria and Barthrust Trade Union (1933) in Gambia.

### **SELF-ASSESSMENT EXERCISE**

Identify and discuss the reasons which have influenced the growth and development of trade unionism in Nigeria.

### **3.3.2 Structure of Trade Unions in Nigeria**

The structure of trade union refers to the classification or grouping of unions into related areas. In Nigeria, the trade unions can be grouped into major categories such as indicated below.

#### **1. General work union**

The unions under this group have membership cutting across various different grades in terms of employment. In other words, these unions are normally organised by people of different grades in terms of their status or positions in their organisations.

In essence, there is no discrimination against any category of workers in terms of membership. The unions, therefore, are open to all categories of workers in the related areas of work. A good example is the Coal Mining Union. Another example is the Association of Senior Civil Servants of Nigeria.

## **2. Craft unions**

The trade unions under this category are organised and run by professionals in specific trades regardless of their place of work. In other words these unions have membership that cuts across organisations whether in private or public sector. Example of such union is the Nigerian Medical Association, which has been formed to protect the interest of all doctors in both private and public sectors.

## **3. Industrial unions**

These are the trade unions which are formed by workers who are in the same industry. In other words, these are unions organised on industrial basis such unions for textile workers, bank workers, civil servants, petroleum workers, etc.

### **SELF-ASSESSMENT EXERCISE**

Identify and explain the distinct categories to which the various trade unions existing in Nigeria can be classified.

## **3.4 Formation and Registration of Trade Unions**

It is compulsory, as you will understand that a trade union must be formed and registered with the appropriate authority before it can operate in the country. The issues of formation and registration of trade unions are therefore considered herein.

### **3.4.1 Formation of a Trade Union**

For a trade union to be formed the following conditions must prevail:

- i. Membership strength of at least 50 workers.
- ii. A distinct identity different from the existing trade unions.
- iii. The name does not contain reference to a person, institution, etc.
- iv. The interests of members of the new union are not sufficiently represented by an existing trade union.
- v. The purpose of the union is lawful and apolitical.

### 3.4.2 Registration of Trade Unions

Trade unions can only be recognised if they are registered with the Registrar of Trade Unions. By virtue of the Trade Unions (Amended) Act of 2005, once a trade union is duly registered with the Registrar of Trade Unions, it is compulsory for an employer to accord recognition to such a union.

An application for registration shall contain among others the following information:

- a. Address to which communication may be addressed.
- b. When the union was formed.
- c. Mode of amending the union rules.
- d. Provision for appointing, removing and the duties of the union officials.
- e. Provision for investing union funds.
- f. Provision for auditing the books of the union.
- g. Provision for dissolution of the union.

The approval or registration of trade union by the Registrar of Trade Unions is contingent upon the following conditions:

1. At least 50 members of the union must sign the prescribe application form.
2. The membership of the union does not include the employer's name.
3. The membership of the union does not include senior staff or senior management to avoid conflict of interest.
4. The application contains the name under which the trade union wishes to be recognised.
5. The application contains an authentic office address.
6. The application is accompanied by two copies of the union rules.
7. The application is accompanied by a list showing:
  - a. The name, address, age and occupation of each of the persons by whom the application is signed.
  - b. The official title, name, address, age and occupation of each official of the union.

### SELF-ASSESSMENT EXERCISE

What are the requirements for the formation and registration of trade unions in Nigeria?



## 3.5 Membership and Funds of Trade Unions

### 3.5.1 Membership of Trade Unions

Member of a trade union means a person normally engaged in a trade or industry which the trade union represents and a person either elected or appointed by a trade union to represent workers interest.

Membership of a trade union cannot be refused on the ground that a person is of a particular community, ethnicity, town, religion or political opinion. The Trade Unions (Amendment) Act, 2005 does not protect a worker who does not want to belong to a trade union.

Thus the Act provides that: ‘notwithstanding anything to the contrary in this Act, membership of a trade union by employees shall be voluntary and no employee shall be forced to join any trade union or be victimised for refusing to join or remain a member.’

However, there are certain categories of public workers who are prohibited by the Trade Unions (Amendment) Act of 2005 from belonging to trade unions. Such persons are the:

1. Members of the Armed Forces
2. Members of the Police Force
3. Members of the Customs, Immigration and Prison Services
4. Workers of the Central Bank of Nigeria
5. Workers of the National Drug Law Enforcement Agency
6. Members of other services who are authorised to bear arms.

Nevertheless, such workers can set up joint consultative committees to protect their interests.

In another category, staff recognised as a projection of management in any organisation cannot be a member or hold office in a union. According to the industrial law, it is immaterial that such a person is junior or higher in rank than other members of the trade union. Furthermore, it is considered sufficient if his or her status, powers and duties belong only to a person exercising executive authority in the organisation.

Lastly, persons or workers of organisation under the age of 16 cannot belong to a trade union.

### 3.5.2 Funds of Trade Unions and Politics

Prior to the amendment of the Trade Union Act of 1978, the employer had a duty to make deduction from the wages of every worker who is eligible to be a member of any trade union and pay such deductions to the registered office of the trade union after deducting what is due to the Central Industrial Organisation.

The amended Act of 2005 has a provision which only requires an employer to make deductions from the wages of workers who are members of the union and not those who are eligible to be members.

Furthermore, there is no need for the operation of the contracting out system as workers must have indicated their intention to be members before union dues can be deducted from their wages.

Prior to the amendment of the Act, deductions are made from the salaries of the junior workers who are eligible to be members of the union unless they asked their employers not to do so. It is no longer the case by virtue of the provision of the Trade Unions (Amendment) Act 2005, which stipulates that membership of trade union, is now voluntary for all workers of organisation.

The Amended Act also provides that the employer would not have to deduct any sum due to the Federation of Trade Union. The trade unions would have to pay directly and on their own, their dues to the federation.

The Trade Union (Amendment) Act of 2005 forbids the trade unions in Nigeria from using the pool of funds generated from the union dues to engage in furthering political objectives.

The objectives that are deemed to be political objectives by the Act are as follows:

- a. Making contributions toward the funds of any political party.
- b. Payment of any expenses incurred (whether directly or indirectly) by a candidate or prospective candidate for election to any political office in Nigeria or any part of Nigeria, being expenses incurred before, during or after the election in connection with his candidature or election.
- c. Holding of any meeting or the distribution of any literature or document in support of any such candidate or prospective candidate.
- d. Maintenance of any person while he holds any political office in Nigeria or any part of Nigeria a political office to which he has been elected.

- e. Registration of electors in Nigeria or any part thereof.
- f. Holding of a political meeting of any kind or the distribution of political literature or political documents of any kind, unless the main purpose of the meeting or distribution is to further the regulation of the terms and conditions of employment of workers.

The Trade Union Act expressly states that: “unless the rules of a trade union otherwise provide, in so far as the funds of a trade union represent payments which the members are required to make under the rules, whether by way of subscriptions, dues or otherwise, those funds shall not be applied (whether directly, or through any other union, association or body, or in any other indirect manner) to the furtherance of any political objective.’

The above indicates that it is a blanket prohibition of expenditure of union funds in furtherance of political objectives. The implication is that where the rules of a trade union expressly permit it, the funds of the union can be used in aid of a political objective. For instance, if a union makes profits on the union’s investments such as stocks or treasury bills or real estate, the funds can be spent in furtherance of political objectives without violating the provision of the Industrial Union Act.

### **SELF-ASSESSMENT EXERCISE**

Mention reasons why union funds are prohibited from being used to further the cause of political parties or politicians.

## **3.6 Central Industrial Organisations in Nigeria**

### **3.6.1 Central Industrial Union in Nigeria**

The central industrial union is the central organisation which coordinates the activities of all industrial unions at the national level in the country. Hence it has some functions to perform for the affiliated unions in terms of protecting their interests and championing their cause for better working condition and enhanced environment for defined industrial productivity across the general spectrum of the economy.

The Nigeria Labour Congress (NLC) is the umbrella organisation for the industrial unions in both the public and the private sector of the country. And as such you will understand why the Congress (the NLC) has been in the vanguard of fighting for the rights of the Nigerian workers since its formation in 1976.

There were several attempts to form a central industrial organisation in the country before the advent of the Nigeria Labour Congress. The first

attempt according to available record, to establish a central industrial organisation was in November 1942, which led to the formation of the Federal Trade Union of Nigeria (FTUN). The body was only in existence for some few months before its untimely demise.

Another attempt in 1943 gave birth to a new body called the Trade Union Congress (TUC), which was accorded recognition by the colonial government. In addition the Nigerian Federation of Labour (NFL) was formed but it could not get much support from the trade unions in the country due to the fact that majority of the existing industrial unions refused to be affiliated with the new body. The situation led to its eventual demise.

Eventually a group of 29 national industrial unions came together to organise the All Nigeria Trade Union Federation (ANTUF) which was led by Ugochi Nzeribe an industrial activist who was Marxist inclined. As a result of such posture of the leader of the central organisation many of the moderate trade unions declined to be affiliated. Another body was formed almost within the same period, which was called the National Council of Trade Unions of Nigeria (NCTUN) precisely in May 1957.

The present national body, the Nigeria Labour Congress (NLC) was ultimately formed in 1976, which eventually became the only rallying central industrial organisation for all the trade unions in the country.

The objectives of the Nigeria Labour Congress (NLC) as set out for its formation are as follows:

1. To give a sense of direction to all trade unions in the country.
2. To remove ideological differences, this had affected other bodies before.
3. To rationalise the structure in the organisation and remove barriers to the source of finance.
4. To improve quality of leadership.
5. To strengthen its administration through adequate provision of required tools and human resources thereby enforce industrial laws and regulation.
6. The need to continue to support industrial organisations, e.g., the African Trade Union and the International Labour Organisation (ILO).

### **3.6.2 Federation of Trade Unions**

By virtue of the existence of the Trade Unions (Amendment) Act of 2005 the Nigeria Labour Congress is no longer the only registered federation of trade unions. The Central Industrial Organisation has been

replaced by Federation of Trade Unions. Nevertheless, the Nigeria Labour Congress shall continue to exist unless and until it is dissolved, amalgamated, judicially forfeited or its registration cancelled.

The amended act has also made provision which allows trade unions in different trades, occupations or industries to come together and form a federation. Hence there comes the need to replace the Nigeria Labour Congress with the Federation of Trade Unions.

The rationale for permitting the formation of other central trade unions or federation of trade unions is in tandem with democratic practices. This is in view of the fact that the existence of only one central industrial organisation is at variance with the country's constitution and some conventions of the International Labour Organisation.

A federation of trade unions may be registered if it satisfies, among other conditions, the following conditions:

- i. Its main objective is to represent the interest of employees.
- ii. It is made up of 12 or more trade unions, none of which shall have been a member of another registered federation of trade union.
- iii. It has been established by resolution of the national delegates conference of the trade unions that constitute its members.
- iv. It has adopted a name that does not resemble the name of another federation of trade unions.

The decision of the Registrar of Trade Unions to register or not to register a federation of trade unions is to be given within 90 days of application. The registered federation of trade unions shall be issued with a certificate of registration.

The amended Act also provides that those aggrieved by refusal are not given the right to appeal the decision of the Registrar just as is the case with refusal to register trade unions.

### **SELF-ASSESSMENT EXERCISE**

Give reasons which inform the granting of the existence of parallel central industrial organisations in the country.

## **4.0 CONCLUSION**

From above analysis, you can understand the fact that trade unionism is an integral aspect of modern industrial organisations, which is inevitable towards protecting the rights and interests of workers in their various

organisations. Hence you can appreciate why you have been a member of one trade union or the other at your workplace. It is also instructive for you to note that the Nigeria Labour Congress is not the only central trade union any longer because the amended trade union law has made provision for the formation of the federation of trade unions as parallel bodies to the Congress.

## **5.0 SUMMARY**

This study unit has been used to espouse on the essence of trade unionism in any industrial organisations. In particular, the unit is used to throw light on the nature of trade unions in the country, requirements for their formation and registration, structure of trade union in Nigeria, funds of trade unions and politics, membership of trade unions and the central organisation of trade unions in the country. In the next study unit, you will be taken through the realm of employers' organisation, an association which represents the interest of the employers of industrial in Nigeria.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Mention and discuss the theories of trade unionism.
2. List and explain the factors which favour the emergence of trade unions in Nigeria
3. Identify the requirements for the formation and registration of trade unions in Nigeria.

## **7.0 REFERENCES/FURTHER READING**

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## **UNIT 5 EMPLOYERS ORGANISATION IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Formation of the Nigeria Employers' Consultative Association
  - 3.2 Structure and Organisation of Nigeria Employers' Consultative Association
  - 3.3 Main Organs of Nigeria Employers' Consultative Association
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  - 3.5 Organisation of the NECA Secretariat
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- 6.0 Tutor-Marked Assignment
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### **1.0 INTRODUCTION**

For effective involvement of the government in the management of industrial affairs in the country, there is the need for the existence of a viable body within the organised private sector with which the government can rely on for consultation. As it were, the existence of such a forum will enable the government to secure a proper grasp of the intricacies of industrial relations in the industries upon which industrial policies can be formulated and implemented.

Therefore, in this unit, you are going to learn all about the existence of such a forum in the organised private sector. In essence, this unit is used to discuss the formation, organisation and structure of the Nigeria Employers' Consultative Association; an association which has been create by the organised private sector to function with the principal responsibility of articulating industrial issues towards helping the government to fashion out appropriate industrial policies in the country.

## **2.0 OBJECTIVES**

At the end of this unit, you should be able to:

- explain the reason for the formation of the Nigeria Employers' Consultative Association
- analyse the structure and organisation of the Nigeria Employers' Consultative Association
- identify and explain the services being provided by the Nigeria Employers' Consultative Association.

## **3.0 MAIN CONTENT**

### **3.1 Formation of the Nigeria Employers' Consultative Association**

The Nigeria Employers' Consultative Association (NECA) constitutes the central organisation for the employers in the organised private sector of the country. The formation of the body (NECA) was prompted on the strength of the suggestion by the government regarding the need for such a body to exist for consultation on social and industrial policy matters.

The Association was subsequently inaugurated on the 16<sup>th</sup> of January 1957 to serve purely as a consultative body within the organised private sector in the country. Initially the Association was structured out into geographical groups and industrial sectors mainly on an informal nature until the Trade Unions (Amendment) Decree 22 of 1978 was promulgated, which implied legal status for the sectoral employers' associations. Hence by virtue of this Decree, all the sectoral employers' associations in the country were accorded legal recognition as trade unions.

On the strength of the number of the employers' consultative associations existing in the country, NECA was re-organised into a quasi-confederation with membership structure such as follows:

#### **1. Ordinary Members**

These are individual companies or corporate bodies which employ a minimum number of 5 workers, and engage mainly in business or economic operational activities such as manufacturing, distribution, retailing, agriculture, mining, finance, transportation services, consultancy, etc, both in the private and the public sectors of the economy.



The present scenario is that such companies, which number over 500, form the bulk of the NECA membership.

## **2. Associate Members**

These members are the statutory corporations whose operational activities are carried on in similar way to that of an industrial undertaking, trade or business. Furthermore, they are the type of corporations which maintain separate accounts not forming part of the government at any level of the polity. The number of such corporations is now few in view of the accelerated privatisation policy of the Obasanjo administration.

## **3. Affiliate Members**

These members are the industrial and sectoral employers' associations, industrial groups or trade associations. Most of these organisations which are affiliate members of NECA are trade unions that are registered under the Trade Unions (Amendment) Decree of 1978.

Affiliate members of NECA include the following:

- i. Association of Automobile, Boatyard, Transport Equipment and Allied Employers of Nigeria.
- ii. Association for food, Beverages and Tobacco Employers.
- iii. Association of Furniture, Fixtures and Woodworking Employers of Nigeria.
- iv. Association of Metal Products, Iron and Steel Employers of Nigeria.
- v. Chemical and Non-Metallic Products Employers' Association.
- vi. Construction and Civil Engineering Employers' Association of Nigeria.
- vii. Employers' Association of Leather, Footwear and Rubber Industries of Nigeria.
- viii. Hotel and Personal Service employers' Association
- ix. National Association of Agriculture and Allied Employers.
- x. Nigeria employers' Association of Banks, Insurance and Allied Institutions.
- xi. Nigeria Association of Small Scale Industrialists.

### **SELF-ASSESSMENT EXERCISE**

Identify and discuss the various types of membership of the Nigeria Employers' Consultative Association.

### **3.2 Structure and Organisation of NECA**

The structuring and organisation of NECA, which have been on the basis of operational efficiency, informed the philosophy of grouping its members according to common interest such as functional, industrial and geographical categories.

On industrial basis, the grouping is on formal industrial employers' associations which are registered under the Trade Unions Act. On the basis of geographical grouping, the members within a state or an industrial or commercial locations (or clusters) have been constituted together for the purpose of common interest.

The implication is that representation of members to the governing council of the Nigeria employers' Consultative Association (NECA) is mainly on industrial and geographical basis.

### **3.3 Organs of the Nigeria Employers' Consultative Association**

The main organs of NECA are as highlighted and discussed below:

#### **1. The annual general meeting**

The annual general meeting represents the highest organ of NECA. Therefore, it has the responsibility of electing the officials, approving the audited accounts and the report of the administration of the association for any year. The organ also has the responsibility of appointing the members of the governing council of the association.

#### **2. The governing council**

The Council has the responsibility of formulating the policies of the Association. It also has the onerous responsibility of supervising the implementation of the association's policies so formulated by the Council from time to time.

The membership of the Council is made up of the elected officials and representatives of the industrial and geographical groups in addition to some few co-opted members. The meeting of the council comes up once every month in between the annual general meeting.

#### **3. The management committee**

The management committee is constituted to be responsibility to the governing council in terms of efficient implementation of its policies as

well as the elected officers and the chairman of the industrial relations committee.

#### **4. The industrial relation committee**

The committee represents the standing expert committee of the association, which has the responsibility of advising the governing council and members on industrial relations issues and other related matters.

The membership of this committee is drawn from the ordinary, associate and affiliate members of the association. Such members of the committee are normally selected on their own individual merit. The chairman of the committee is usually a member of the governing council. As an expert committee, it also has the responsibility of advising the association on issues pertaining to training and development of employees and other related matters.

### **3.4 Services of the Nigeria Employers' Consultative Association**

The Nigeria Employers' Consultative Association (NECA) as a forum for the employers in terms of addressing industrial matters, has some services which it provides for the member organisations. Such services are as categorised below:

#### **1. Clearing house**

The Nigeria Employers' Consultative Association (NECA) provides a viable forum for the employers in the country for activities such as meetings to discuss, consult and exchange views and information.

Through this forum, the association promotes cooperation among employers of industrial in various industries, trades and other business undertaking in the country.

NECA is also involved in coordinating the activities of the various industrial employers' associations and the geographical groups. Such onerous responsibility as discharged by NECA is to ensure that industrial and geographical employers' associations do not operate at cross purpose.

#### **2. Liaison and representation**

NECA serves as the organised private sector's representative and their mouth piece to the government at various levels of the polity.

The association also has the responsibility in maintaining working relations with the educational and training institutions in the country.

Furthermore, it also has the responsibility of representing the employers at both national and international fora such as:

- i. National Industrial Advisory Council (NLAC)
- ii. National Directorate of Employment (NDE)
- iii. Nigeria Social Insurance Trust Fund (NSITF)
- iv. Industrial Training Fund (ITF)
- v. Administrative Staff College of Nigeria (ASCON)
- vi. International Labour Organisation (ILO)
- vii. Internal Organisation of Employers (IOE)
- viii. Pan-African Employers' Confederation (PEC).

For effective articulation and representation of the employers' views and interest at the government level, NECA has the responsibility of working closely with the Manufacturers Association of Nigeria (MAN) and the National Associations of Chambers of Commerce, Industry, Mining and Agriculture (NACCIMA).

### **3. Advice and guidance**

NECA has the responsibility of giving advice to its member organisations on major national issues bordering on industrial matters. Furthermore, the association also gives routine advice to the members on matters such as employer-employee relations, relations with their industrial unions, human resource development and utilisation, human resource management and employee welfare services.

### **4. Human resource development services**

The association also renders full complement of human resources management services towards helping some of its member organisations in managing and developing their human resources.

NECA is also involved in assisting its member organisations in recruitment, selection and placement of suitably qualified candidates for their existing job vacancies. The association also assists in setting up employment policies, system of compensation and administration in non-unionised workplaces.

NECA also assists its member organisations in managing the career development of their employees and succession planning of their management team.

## **5. Training and education**

In discharging its responsibility of developing the member organisations' human resources, NECA undertakes advanced management courses and programmes for the employees of such member associations. Such reputable courses include Advanced Industrial Relations, Human Resources Development and Pre-retirement Seminar, among others.

NECA also routinely mounts specialised courses tailored to meet prevailing exigencies and trends in the various industries in which the member organisations operate.

Such specialised courses include: productivity improvement schemes; wages and salary administration; application of computer in personnel administration; and industrial relations seminars for chief executives of corporate bodies, among others.

## **6. Data bank**

NECA constitutes a data bank of knowledge, practice and information which is available for the member organisations' access and use in developing their operations.

In line with this onerous responsibility, NECA routinely conducts surveys for information in industrial and operational matters based on the needs of its members. For easy access of its member organisations to data, NECA makes available or circulates the results of such surveys to them.

Furthermore, NECA also assumes the responsibility of communicating other vital information and data to its members through circulars and memoranda of advice and guidance, and publications such as the NECA news, updates and bulletins, among others.

## **SELF-ASSESSMENT EXERCISE**

Mention and explain the various forms of services being rendered by NECA to its member organisations.

### **3.5 Organisation of the NECA Secretariat**

The administrative organ of the association has full-time staff on professional and administrative basis. Such staff members have the responsibility of carrying out the day-to-day operational activities of the

Association. They also serve the various organs of the association as well as implementing their decisions.

The NECA secretariat has a Director-General as its administrative head who, by implication is the Chief Executive Officer and an ex-officio member of the governing council of the organisation.

The Director-General as the Chief Executive of the association is being assisted by heads of professional departments and the administrative, accounts and protocol officers.

For effectiveness and efficiency, the NECA secretariat is structured out into units such as discussed below.

### **3.5.1 Industrial Relations Department**

The department has the responsibility of working closely with the industrial employers' associations and member organisations in the areas listed below:

- a. The promotion of sound system of industrial relations.
- b. The development of remuneration policies and practices consistent with national policies and tailored to the peculiar needs and capabilities of the private sector organisations.
- c. Employment and human resource policies and strategies at the company levels, taking into consideration problems associated with them.
- d. Industrial laws, disputes settlements, procedures and conflict resolution.
- e. Institution building and development.
- f. Collective bargaining, joint consultation, productivity and workers' participation.

### **3.5.2 Training, Human Resources and Research Department**

This department has the responsibility of reviewing and updating training and human resources development policies in line with the rapid economic and industrial changes in the private sector. It is also the duty of the department to offer assistance to various organisations in developing effective and efficient training and retraining schemes for improved productivity.

The department has the onerous responsibility to ensure that it utilises the most effective and efficient resources for widening the scope of existing programmes as well as establishing new ones.

The department is entrusted with the responsibility of developing and running in-plant training programmes and courses for member organisations.

The department has a research section which develops and maintains a regular flow of information on industrial matters through surveys and international literature search.

It is also the duty of the research section to regularly publish available programmes and courses, the *NECA News* (a quarterly journal), seminar and workshop papers, and newsletters.

The department also maintains an industrial statistical data-bank, on information retrieval basis, as a facility for the use of the member organisations. The areas of research programme of the department are: training methods and their effectiveness; development of industrial sectoral management staff; compensation costs on employers; and new work system.

### **3.5.3 Economic and Legal Department**

The department has the responsibility for managing the following operational activities of the organisation's secretariat.

- a. Economic policies
- b. National budget and development
- c. Industrial legislation
- d. Political policies
- e. Relations with government agencies
- f. Relations with Nigeria Labour Congress
- g. Relations with MAN and NACCIMA
- h. Public affairs
- i. Technical committee

### **3.5.4 Small Business Unit**

NECA has recorded a high level of membership coming from the small business operators who are members of the association, some with a labour force of just about ten workers. Therefore, there is need for the Association's involvement in promoting the small and medium enterprises in their operational activities.

This is why NECA's effort is geared towards providing training and consultancy services to the group of small businesses who are members of the association. The reason for such involvement of the association is to assist in formalising their operations and thereby contribute to their sound operational footing. To facilitate the achievement of this goal,

NECA has initiated viable linkages with the government and non-governmental organisations in order to help develop the small and medium scale enterprises in the country.

### **SELF-ASSESSMENT EXERCISE**

Discuss the nature of the organisation of the secretariat of Nigeria Employers' Consultative Association.

### **4.0 CONCLUSION**

From above analysis, you can understand the need for the existence of an employers' association in a country such as Nigeria. As a central body with a mandate to act as a consultative organisation on industrial matters for the employers of industrial in the country, and by implication, serves as a source of advice and information to the government for the formulation of appropriate industrial policy. You have also been exposed to the onerous responsibilities being discharged by the Nigeria Employers' Consultative Association to the member organisations of such an association in the course of carrying out its operations in the country.

### **5.0 SUMMARY**

This unit has been used to explain the rationale for the existence of an employers' consultative association. Furthermore, you have been taken through the various administrative organs being used by the Nigeria Employers' Consultative Association to discharge its duties to its members. In addition, the unit also treats the organisation of the Association's administrative secretariat, which is structured out into departments for effectiveness and efficiency.

### **6.0 TUTOR-MARKED ASSIGNMENT**

List and explain the various administrative organs, and their functions, that are being used by the Nigeria Employers' Consultative Association to carry out its mandate.

### **7.0 REFERENCE/FURTHER READING**

Akubuiro, N. H. (2003). *Industrial Relations and Industrial Laws*. Lagos: PMA Printers.



## **UNIT 6 HEALTH AND SAFETY OF WORKERS WITHIN WORK ENVIRONMENT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Reasons for Promoting Health and Safety at Work
  - 3.2 Duties of Employers and Employees in Health and Safety
    - 3.2.1 Employers' Duties in Health and Safety
    - 3.2.2 Employees' Duties in Health and Safety
  - 3.3 Health and Safety Policy
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    - 3.4.1 Reducing the Cost of Accidents
    - 3.4.2 Reducing Frequency and Severity of Accidents
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    - 3.4.4 Health and Safety Workstations
  - 3.5 Work Environment and Workers' Health and Safety
    - 3.5.1 Internal Factors
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    - 3.5.3 Siting of Buildings
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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### **1.0 INTRODUCTION**

The promotion of health and safety practices in the work environment reflects the need to ensure that the employees do not come to any form of harm on their jobs. The cliché goes that the productive workers are the healthy workers in any organisation. Therefore, it is obligatory on the employers to assume the onerous responsibility towards ensuring that the workers are genuinely protected and guided through appropriate framework on health and safety.

You have to understand the fact that employers can be held liable for injuries as a result of avoidable accidents at workplace, and the cost to the organisation can be astronomical.

In this study unit therefore, you will be taken through the discussion on the issues relating to the health and safety of the employees at the workplace.

## 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the reasons for the promotion of health and safety
- identify the duties of both the employers and employees in health and safety matter
- identify and explain the necessary considerations in health and safety policy
- identify the necessary precautionary measures in health and safety management
- mention and explain the factors to consider in establishing business operational premises to obliterate the effects of internal and external environment.

## 3.0 MAIN CONTENT

### 3.1 Reasons for Promoting Health and Safety at Work

In the workplace, the employees constitute the prime movers of operations. Hence their health and safety cannot be relegated to the backburner in the scheme of things in any organisation.

The role of the state in promoting health and safety through legislation merely reflects the overall concern for safe working environment in the offices, institutions and factories. Such health and safety regulations are in areas of ventilation, cleanliness, fire precautions, pollution, and provision of protective gadgets, among others. In addition, there are regulations directly relating to working practices.

The employers are therefore, advised to put in place appropriate safety measures and policy towards ensuring that workers health and safety are promoted in the work environment.

Maintaining health and safety at work is imperative due to several reasons. Such reasons are:

1. Healthy employees are probably the more effective ones in any organisation.
2. It is the responsibility of the employers to cater for the health and safety of the employees within the work premises.
3. The employer has legal obligations for the health and safety of employees at the place of their work.
4. Accidents and illness cost the employer money in terms of the medical, and legal expenses, as well as operating costs.
5. The company's image in the marketplace and the society will suffer if its health and safety record is bad.

6. Loss of valuable employees who may become incapacitated as a result of accidents at the workplace.
7. Court cases resulting from bodily harm on some employees as a result of accidents within the company's premises.
8. Loss of business as a result of public reaction on death of workers based on major operational disaster such as fire outbreak.
9. Disruption in operations as a result of major operational disaster associated with chemical leakage or fire outbreaks.
10. The need to guide against operational disruptions, loss of revenue, bad image and avoidable court cases on health and safety issues.

You will appreciate from the foregoing reasons that the need to take health and safety issues very seriously cannot be overemphasised.

### **SELF-ASSESSMENT EXERCISE**

What are the reasons for the promotion of workers' health and safety at workplace?

## **3.2 Duties of Employers and Employees in Health and Safety**

In health and safety practices at the workplace both the employers and the employees have strategic roles to play in ensuring that such practices are ingrained in the organisation culture.

Such roles of both the employers and the employees are as follows:

### **3.2.1 Employers' Duties in Health and Safety**

1. There must be health and safety policy in place for health and safety practices.
2. All systems of work and work practices must be safe.
3. The work environment must be safe and healthy.
4. All plant and equipment must be maintained to the necessary standard. There are specific rules about guards on machines.
5. Information, instruction, training and supervision should be directed towards safe working practices.
6. The safety policy should be clearly communicated to all the employees.
7. Carry out on a continuous basis, risk assessment generally in writing, of all work hazards.
8. Introduce controls to reduce risks at the workplace.
9. Assess the risks to anyone else affected by their work activities.
10. Share hazard and risk information with other employers operating on adjoining premises, contractors and customers coming into their premises.

11. Revise safety policy on continuous basis, in terms of safety rules and regulations in the light of current changes and legislation.
12. Identify and give special protection to employees who are particularly at risk within the work premises.
13. Provide continuous training and education to the employees in safety matters.
14. Provide information to employees about health and safety practices.
15. Engage the services of competent safety and health experts for constant advice on health and safety matters.
16. Provision of safety gadgets to the employees, where necessary.

### **3.2.2 Employees' Duties in Health and Safety**

1. Take reasonable care of himself or herself and others.
2. Assist the employers in enforcing safety and health rules.
3. Obey safety and health rules at all times.
4. Refraining from interfering intentionally or recklessly with any machinery or equipment.
5. Inform the employer of any situation which may pose danger to their safety and the health of others.
6. Take extra care in using and operating all machines and equipment.
7. Use machines and equipment properly.
8. Inform the employer of any defects in the operating system.

### **SELF-ASSESSMENT EXERCISE**

What are the areas of involvement of the employers in the promotion of workers' health and safety at workplace?

### **3.3 Health and Safety Policy**

Health and safety policy is considered imperative towards enhancing safety awareness, promoting good practice, and above all, complying with legal obligations. Hence many organisations, not just those handling dangerous chemicals or operating factories, have appropriate safety and health policies put in place to ensure adequate compliance and entrenchment of safety culture among their employees.

The safety and health policy may incorporate the following features:

- statement of principles in terms of safety rules and regulations
- detail of safety procedures
- requirements of the law on safety and health issues
- details instructions on how to use machines and equipment

- training requirements on health and safety
- procedure for reporting accidents
- the use of the first aid materials
- designated officers responsible for health and safety issues
- precautionary measures required of the employees
- directives on the compulsory usage of the safety gadgets and other materials
- responsibility of the senior managers on breaches of safety policy
- strategies for the involvement of the employees in the management of health and safety, e.g. the use of consultation with the unions and workplace committees.

### **SELF-ASSESSMENT EXERCISE**

Highlight the essential things that should be incorporated in health and safety policy.

## **3.4 Precautionary Measures in Health and Safety Management**

### **3.4.1 Reducing the Cost of Accidents**

1. The employer must enforce safety and health rules and regulations.
2. Employers must not allow workers to work beyond the normal working hours, especially in the factories.
3. The overtime period allowed for employees should not begin immediately after their shift hours.
4. Employers should encourage and compel the workers to make use of the safety equipment and gadgets.
5. The supervisors should be empowered to coerce the workers to obey safety measures.
6. Mounting constant checks on the operating systems particularly in organisations handling chemicals.
7. Instituting appropriate mechanism for proper and immediate reporting of accidents.
8. Statistical trends on accidents should be monitored and analysed to reveal areas of recurring accidents for special attention.
9. Instituting appropriate follow-up mechanism on accidents.
10. The use of accidents report form designed to identify problems and indicate corrective measures.
11. Communicate health and safety policy to all employees, e.g. through memoranda, newsletters, handbook, etc.

### **3.4.2 Reducing Frequency and Severity of Accidents**

1. Developing a safety consciousness among staff and workers, and encouraging departmental pride in a good safety record.
2. Developing effective consultative participation between management, workers and unions so that safety and health rules can be accepted and followed.
3. Giving adequate instructions in safety rules and measures as part of the training of new and transferred workers, or where working methods are changed.
4. Materials handling should be minimised and designed as far as possible for safe working and operation.
5. Ensuring a satisfactory standard.
6. Instituting good maintenance culture.
7. Full implementation of the appropriate code of practice for the industry and work environment.
8. Safety inspections should be carried out regularly to locate and define faults in the system that allows accidents to occur.

### **3.4.3 Preventing Fire Outbreaks**

1. Fire risks should be identified, particularly as regards sources of ignition, presence of combustible materials, and the means by which fires can spread.
2. The responsibility for fire prevention should be established.
3. A fire officer should be appointed for the organisation.
4. A fire prevention drill should be established and practised.
5. Secure the premises from external fire.
6. Standing instruction on the use of electrical appliances within the premises.
7. Disconnecting all electrical appliances after office hours.
8. Switching off all lights except the security light after office hours.
9. Banning smoking within the organisation's premises.
10. Keep the organisation's premises tidy at all times by burning the disused papers.

### **3.4.4 Health and Safety Workstations**

1. Heat and humidity levels must be adequate but not uncomfortable.
2. Radiation must be reduced to negligible levels.
3. Work must be periodically interrupted by breaks or change in activity.
4. The employer must offer free eyesight testing at regular intervals and provide any special glasses that may be needed for screen work.

5. Employees must be consulted about health and safety measures.
6. Training in the proper use of equipment must be provided.
7. Windows must have appropriate blinds.
8. Seats or chairs must be adjustable in height, and the back in height and angle; footrests must be made available if required.
9. Desks must be free from glare; there must be enough space to allow flexible arrangement of all equipment and documents.
10. Keyboards must tilt and be free from glare; the workspace in front of them must be sufficient for the operators to rest their forearms.

### **SELF-ASSESSMENT EXERCISE**

What are the measures to be adopted by an organisation towards the reduction of health and safety problems in the workplace?

### **3.5 Work Environment and Workers' Health and Safety**

The surroundings of the workplace include the immediate environment and the external environment as well as construction of the complex within which their particular office may be placed.

#### **3.5.1 Internal Factors**

Poor office design is responsible for “sick building syndrome” where poor lighting, inefficient air conditioning leads to persistent headaches and colds, etc. Other factors are as follows:

1. Heating, lighting and ventilation: Poor lighting and ventilation can affect workers health.
2. Noise: Constant loud noise, or intermittent noise at any level, is distracting and can be reduced by various methods.
3. Décor: A well planned colour scheme, decoration, plants can be an important factor in the psychology of work.
4. Furniture: Ergonomics includes the design of office equipment so that the furniture is designed to be comfortable and supportive, and to avoid causing muscular problems.
5. Computer networks: Information technology involves a lot of wiring, and there must be enough wiring ducts under the floor to satisfy the organisation's IT needs.
6. Cost: The benefits of the perfect ergonomically-designed office would still have to justify their cost.

### **3.5.2 Office Layout**

#### **1. Small closed offices**

These are linked by corridors with the advantage of privacy, peace and security. Some work requires peace and quiet environment.

#### **2. Open plan offices**

These are arranged like classrooms and lecture halls, to do away with the maze of walls and doors and make better use of space than small closed offices.

#### **3. Landscaped offices**

These are a variation of the open plan system, meant to overcome the latter's problems.

#### **4. Hot desking**

This is meant for the employees who work in the field. Under this system, the employees have a locker, and when they intend to be in the office, they phone in to book a desk space. The organisations which use such system are known to often provide better communal spaces.

The choice of the office style and the layout may depend on the use of work study and the amount of contact usually necessary between each section.

### **3.5.3 Siting of Buildings**

It is regarded as the first consideration in the acquisition or construction of offices or factories. Inherent considerations are discussed below.

#### **1. Location**

This has to do with the location of the business premises, whether in the urban area or at the outskirts of the town.

#### **2. Transport and communication**

This is the consideration on whether the available transport and communication links are sufficient to keep up the inflow and outflow of materials, goods, information and people.



### **3. Cost**

This is the consideration on whether the business can take advantage of lower land prices, lower rates and insurance costs or any concessions from the government on the outskirts of the urban areas.

### **4. The employees**

Accessibility to the organisation's premises; whether they can easily commute or whether there is a sufficient pool of suitable industrial in the area.

### **5. The customers**

This is the consideration on whether the customers of the firm based in the town; on how would the company keep in touch with them or attract new customers without an office in town to present public profile.

### **6. Facilities**

This has to do with the proximity of the firm's premises to facilities such as banks, postal and parcel services as well as shops, restaurants and recreation facilities for the convenience of the employees.

### **7. Financial considerations**

These largely determine the firm's attitudes to the above factors; the site, size and age of buildings acquired, and whether they are rented, bought or built, which will be determined by their cost. Such considerations will in turn determine operating costs such as insurance and rates, heating and lighting, maintenance and renovation.

Ergonomics which is the scientific study of the demands arising from a working environment and the capabilities of people to meet such demands can be used to determine the overall choice of the siting and location of an organisation's business premises.

## **SELF-ASSESSMENT EXERCISE**

Explain the term ergonomics. Give reasons for its use in the establishment of an organisation's premises.

## **4.0 CONCLUSION**

From the above analysis, you can understand the need which informs the necessity for the promotion of health and safety in the work

environment. In essence, the maintenance of health and safety at work should be considered as both a moral and a legal requirement on the part of the employers. Accidents at work can spell enormous cost implication for an organisation in terms of lost production, compensation, loss of competent workers, court cases and the like.

The management team is expected to set good example in health and safety matters, and they are expected to install equipment and procedures which tend to encourage safe working environment. It is instructive to note that the work environment do affect productivity. Hence, the use of good ergonomics can reduce discomfort by structuring the work environment and equipment to the demands of the personnel.

## **5.0 SUMMARY**

The unit has been used to explain the rationale for the promotion of health and safety in the work environment. Therefore, you have been taken through duties of employers and employees in health and safety, the health and safety policy, and the precautionary measures to be adopted in health and safety management. Above all, the unit also discussed the precautionary measures against the effects of the work environment on workers' health and safety.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1.
  - a. Give reasons why it is necessary to promote employees' health and safety within the work environment.
  - b. Highlight the duties of both the employers and the employees in the promotion of employees' health and safety in the workplace.
2. Identify the necessary precautionary measures imperative for the management of employees' health and safety within the work environment.

## **7.0 REFERENCES/FURTHER READING**

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