

Labor Relations Practices of Selected Companies

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Abstract

The purpose of this study was to assess the existing labor relations practices of selected companies as basis for development of labor relations program. This paper tests a hypothesis that there is no significant difference in the extent of use of labor relations tools when the selected companies were classified as large, medium, and small. In conclusion, companies recognized that effective implementation of labor relations is a partner to enhance individual efficiency and to improve organizational productivity. They believed that collective bargaining promotes harmonious employer-employee relationship. However, they are reluctant in arbitration as a mode of labor dispute settlement which by its nature dissimilar from a court proceedings. While arbitration has some disadvantages as cited, it has even more advantages which justify the wholeness of a company's labor relations program.

Keywords: employee discipline and privacy, collective bargaining, grievance machinery, arbitration, occupational health and safety

1. Introduction

Labor relations is the practice of managing organized employment situations. Employees, individually, may be able to exercise relatively little power in their relationship with employers. If they believe that they are not being treated fairly, then the labor relations law, guarantees them the legal right to organize and bargain with the employer collectively. When employees pursue this direction, the labor relations process begins. The process consists of a logical sequence of four events: (1) workers desire collective representation, (2) union begins its organizing campaign, (3) collective negotiations lead to a contract, and (4) the contract is administered (Bohlander and Snell, 2004).

The idea of labor relations is to have a positive relationship between subordinates and supervisors because this helps the company's operations run smoothly. It likewise provides a good corporate image because happy employees will naturally provide better customer relations which will further lead to improved productivity. This is one critical aspect to the success of the organization; thus HR managers should need to develop and implement an effective labor relations program.

2. Literature Review

Managers are discovering that the right to discipline and discharge employees – a traditional responsibility of management - is more difficult to exercise in light of the growing attention to employee rights. Disciplining employees is a difficult and unpleasant task for most managers and supervisors; many of them report that taking disciplinary action against an employee is the most stressful duty they perform. Balancing employee rights and employee discipline may not be easy, but it is a universal requirement and a critical aspect of good management (Bohlander and Snell, 2004).

The purpose of discipline is to encourage employees to behave sensibly at work. In an organization, rules and regulations serve about the same purpose that laws do in society; discipline is called for when one of these rules or regulations is violated. Rules inform employees ahead of time what is and is not acceptable behavior. Upon hiring, employers tell employees, preferably in writing, what is not permitted. The employee orientation handbook usually contains the rules and regulations. A fair and just discipline process is based on three pillars: clear rules and regulations, a system of progressive penalties, and an appeals process (Dessler, 2000).

When a manager must take action against an employee for violating an organizational work rule, the manager uses the organization's grievance and disciplinary procedures. When an employee has a complaint against the organization or its management, the employee normally uses the grievance procedure to resolve the problem (Byars, 2004). Disciplinary action taken against an employee must be for justifiable reasons, and there must be effective policies and procedures to govern its use. Such policies and procedures assist those responsible for taking disciplinary action and help ensure that employees will receive fair and constructive treatment. Equally important, these guidelines help prevent disciplinary action from being voided or reversed through the appeal system (Dessler, 2000).

The most common type of appeal procedure is an open-door policy that allows employees to bring appeals to successively higher levels of management. An open-door policy gives an employee the right to appeal a disciplinary action taken against him or her to the manager's superior. Another appeal procedure is for the

employer to establish an employment arbitration program. Employment arbitration is a dispute resolution program for employees (Byars, 2004).

In pursuing labor relations, organized companies negotiate a labor agreement. Negotiation is only one part of the collective bargaining process. Once bargaining begins, an employer is obligated to negotiate in good faith with the union's representative over conditions of employment. Good faith requires the employer's negotiators to meet with their union counterparts at a reasonable time and place to discuss these conditions. It requires also that the proposals submitted by each party be realistic. In discussing the other party's proposals, each side must offer reasonable counterproposals for those it is unwilling to accept. Finally, both parties must sign the written document containing the agreement reached through negotiations (Bohlander and Snell, 2004).

Another important aspect to foster good labor relations is the law on safeguarding employee's physical and emotional well-being. Managers at all levels are expected to know and enforce safety and health standards throughout the organization. They must ensure a work environment that protects employees from physical hazards, unhealthy conditions, and unsafe acts of other personnel. Through effective safety and health programs, the physical and emotional well-being of employees may be preserved and even enhanced (Bohlander and Snell, 2004).

3. Methodology

This is a descriptive study utilizing self-made survey questionnaire in which validity and reliability measures were established. To test the hypothesis, a survey on fifteen selected companies in the Philippines was conducted in 2005 in which the subjects were classified as large, medium, and small. The subjects were determined by employing stratified random sampling method, while the respondents were the HR managers, supervisors, and rank-and-file who were randomly picked out to represent each category.

Frequency and percentage were used to determine the existing labor relations practices of selected companies, and mean for the extent of use of labor relations tools. One-way ANOVA was used to compare the extent of use of labor relations tools when the subjects were classified as large, medium, and small as perceived by the respondents.

4. The Findings

In the analysis and interpretation of data, Table 1 with its graphical presentation revealed that the extent of use of labor relations tools was to a *very great extent*. Companies believed that effective implementation of labor relations is a partner to enhance individual efficiency and to improve organizational productivity. Majority of research on why employees unionize comes from the study of blue-collar employees in the private sector. These studies generally conclude that employees unionize as a result of economic need, because of a general dissatisfaction with managerial practice, and/or as a way to fulfill social and status needs (Bohlander and Snell, 2004). In the article "Collective Bargaining in 2005" of the European Industrial Relations Review, the article focuses on the collective bargaining round in France in 2005. The bargaining round was recognized for an increase in the number of corporate agreements and for the prioritization of pay systems. Although there was an overall decline in the number of agreements compared with 2004, there were key multi-sector agreements signed on job reclassification and teleworking.

Respondents however in this study were reluctant in the aspect of arbitration on labor disputes. Arbitration differs in several ways from a court case. An arbitration, most importantly, is heard and decided by a private individual who is paid by one or both sides to listen to the evidence and witnesses. The process limits the amount of information each side can get from the other. Moreso, an arbitrator's decision is usually cannot be appealed. If one party thinks the arbitrator's decision is unfair, unlike a court trial, he will not get a second chance to argue his case before a higher court. While the respondents tilted on the unfavorable side, the arbitration process has also advantages such as less formal than court trials. This informality can make the process easier for all parties involved, especially for those who are not used to litigation. And, in most instances, cases in arbitration are heard and decided much more quickly than court cases.

Table 1. Extent of Use of Labor Relations Tools as Perceived by HR Managers, Supervisors, and Rank-and-File

LABOR RELATIONS TOOLS	HR Managers		Supervisors		Rank-and-File		Mean of the Means	Interpretation
	Mean	Sd	Mean	Sd	Mean	Sd		
Employee discipline & privacy	4.67	0.58	4.45	0.51	3.65	0.85	4.26	Very great extent
Collective bargaining	5.00	0.00	5.00	0.00	4.60	0.75	4.87	Very great extent
Grievance machinery	4.67	0.58	4.82	0.66	4.40	0.88	4.63	Very great extent
Arbitration	3.33	2.08	2.73	1.96	1.80	1.24	2.62	Moderate extent
Occupational health & safety	4.00	1.00	3.77	1.07	3.65	0.93	3.81	Great extent
Over-all Extent	4.33	0.84	4.15	0.84	3.62	0.93	4.03	Very great extent

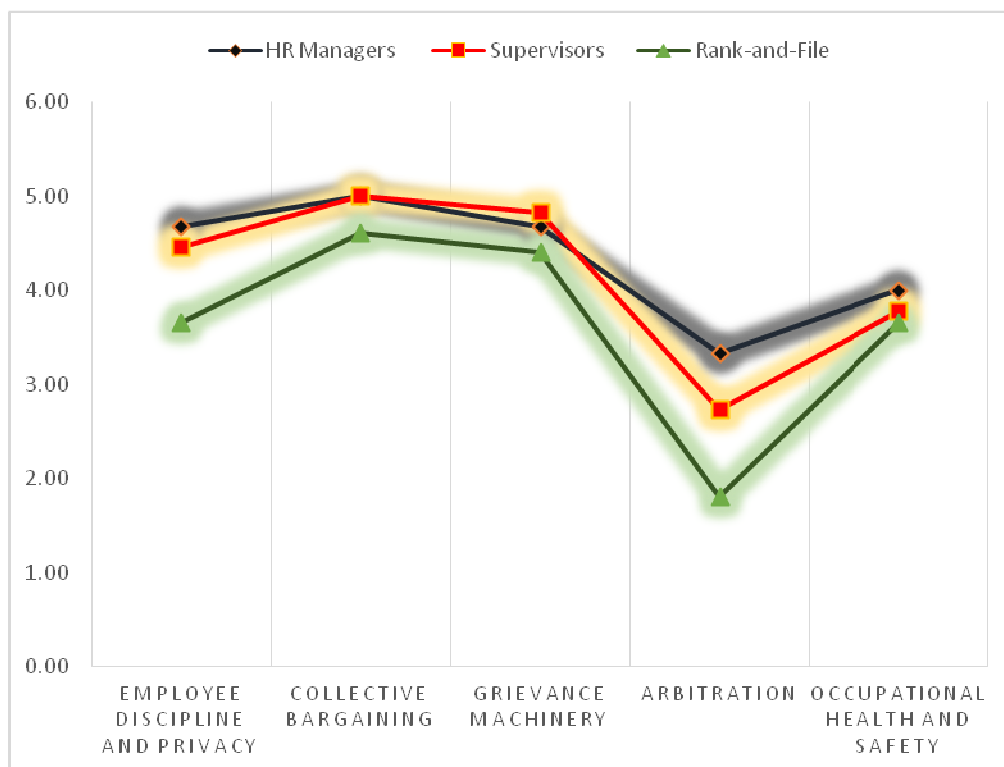


Table 2. Differences in the Extent of Use of Labor Relations Tools of Selected Companies

Sources of Variation	Sum of squares	Degrees of Freedom	Mean Squares	F - Value		Interpretation
				Computed	Computed	
Between groups	2.30	2	1.15	0.70	2.40	Not significant
Within groups	39.33	24	1.64			
Total	41.63	26				

There were no significant differences observed in the extent of use of labor relations tools among the selected companies as indicated by the F-ratio of 0.70 in Table 2. This implies that the extent of use of labor relations tools is almost the same in all of the selected companies regardless of their classification.

Table 3. Differences in the Perceptions of HR Managers, Supervisors, and Rank-and-File in the Extent of Use of Labor Relations Tools of Selected Companies

Sources of Variation	Sum of squares	Degrees of Freedom	Mean Squares	F – Value		Interpretation
				Computed	Tabular	
Between groups	3.02	2	1.51	0.11	2.23	Not significant
Within groups	593.28	42	14.13			
Total	596.30	44				

Table 3 shows that there is no significant difference in the extent of use of labor relations tools among selected companies as perceived by the HR managers, supervisors, and rank-and-file as indicated by the F-ratio of 0.11. This finding can be interpreted to mean that the three groups of respondents have almost the same perception in the use of labor relations tools.

5. Summary and Conclusions

Companies recognized that effective implementation of labor relations is a partner to enhance individual efficiency and to improve organizational productivity. They believed that collective bargaining promotes harmonious employer-employee relationship. However, they are reluctant in arbitration as a mode of labor dispute settlement which by its nature dissimilar from a court proceedings. While arbitration has some disadvantages, it has even more advantages which justify the wholeness of a company's labor relations program.

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