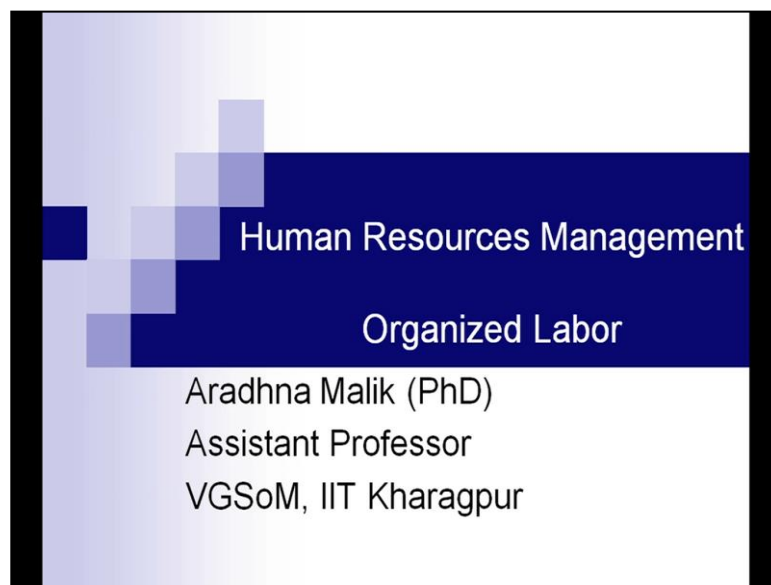


Principles of Human Resource Management
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Module No. #06
Lecture No. #19
Organized Labor

Welcome back, to the class on, Human Resources Management. I am Aradhna Malik. I have been, helping you, with this course.

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Let us get to. Today, we will talk about, Organized Labor. Okay.

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Sources

- Gilmore, S. & Williams, S. (Eds.) (2009). *Human Resources Management (Indian Edition)*. New Delhi: Oxford.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.

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Unions (Gomez-Mejia, Balkin & Cardy, 2012)

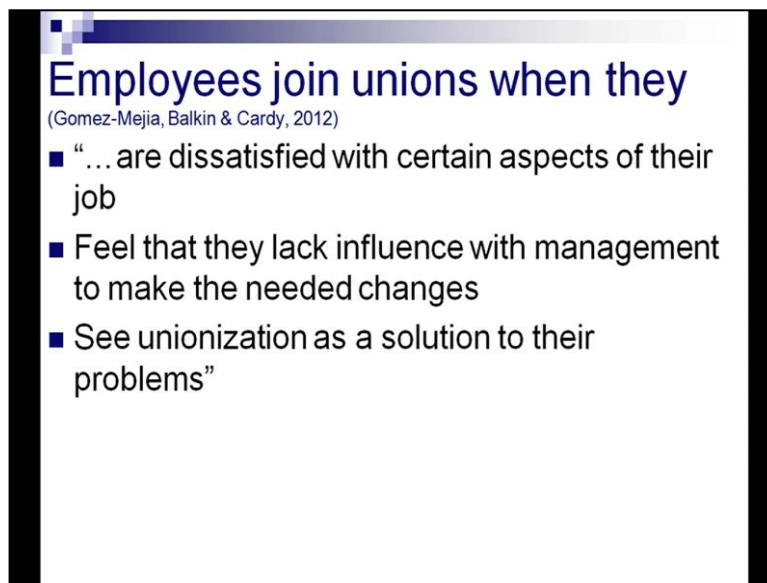
- “A union is an organization that represents employees’ interests to management on issues such as wages, work hours, and working conditions.”
- *Union dues* are fees union members pay for the services provided by the unions they are a part of.

Today, we will talk about, organized labor. Now, what is organized labor? Organized labor means, when the workforce of an organization, is gets together, collectively, and tries to put forth its needs and requirements, and tries to ensure, the welfare of its member’s, through bargaining, through discussions, with the top management. Some forms of organized labor are unions.

A union is an organization, that represents employee's interests, to management on issues, such as wages, work hours, and working conditions. These are, some of the core issues, that unions talk about. If a union, is not talking about, these issues, if they are not addressing, these issues, that means, they are up to some. I mean, they are, you know, this is something, that is very, very essential for them. So, this is the main reason, why people get together, and form unions.

Union dues are the fees, that you pay, to become a member, to ensure the administration, to take care of small expenses, incurred by unions, in organizing meetings, etc. So, for the services, that they provide, you pay a fee to them. Union dues are collected. And, i am not sure, if this is applicable, to all unions, in India. But then, it is a done thing. So, there is nothing strange about, a union collecting, some minimal fees, from its members.

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Employees join unions when they
(Gomez-Mejia, Balkin & Cardy, 2012)

- "... are dissatisfied with certain aspects of their job
- Feel that they lack influence with management to make the needed changes
- See unionization as a solution to their problems"

When do employees, join unions. Employees join unions, when they are dissatisfied, with certain aspects of their jobs. Obviously, if a job, if an organization, is taking care of its employees. The employees do not need, to get together, and go as a collective, go as a group, to the management, to request them, for some basic needs. It is only, when they are dissatisfied. When things are not going, as they should, that people decide to get to.

And, when their voice is not being heard, by their immediate superiors, and people above them. Do they join, unions? Do they join, with make groups, and go as a collective body, to

seek the needs, that they desire. Okay. Or, to fulfil the needs, that they have. People join unions, when they feel, they lack influence with management, to make the needed changes. Now, if people are dissatisfied, they want some change, to come about in the organization. So, people's needs may be heard.

But, for some reason, no action is being taken, on their voicing, of these needs. That is when, the employees get together, and go and try, and get some action taken, on their communication, of their needs. When we talk about change, we talk about a shift, from the status quo. We talk about, a shift from the current situation.

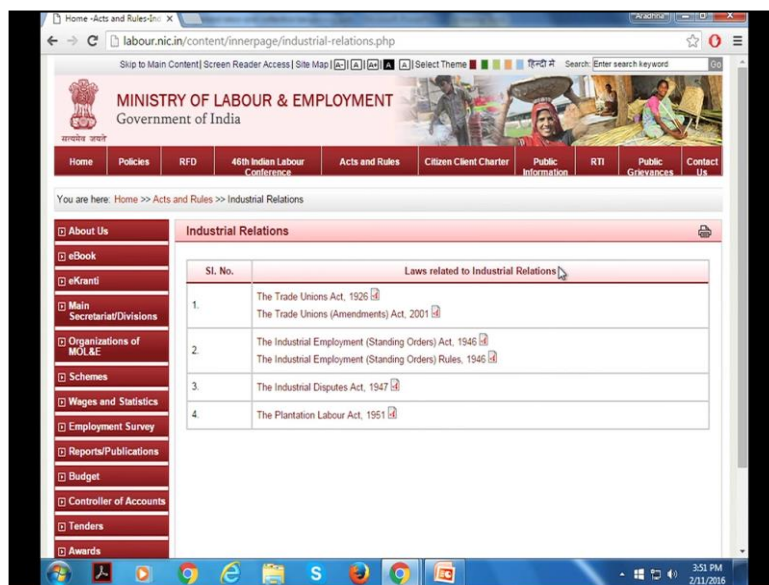
So, when we talk about making changes, employees, who lack influence with management, to make the necessary changes. you request your boss, to do something. You request your boss, for leave. You request your boss, for some flexibility. Boss says, yes, i understand, but, i cannot do anything about it. Because, the system is such. Now, when employees go together as a collective body, the management is forced to listen to them.

The management is forced to, take care of them, and make the necessary changes. Okay. Employees join unions, when they see unionization, as a solution to their problems. When people have problems, when number of people have similar problems, that can be categorized. And, they want these problems, to be taken care of. And, people are not acting, on their requests. People are not taking care, of their needs.

Their basic needs, are not being fulfilled. That is when, they go and join, unions. And, that is when, they get, you know, go as a collective body. And, that is, when they see it, as a last resort. Nobody wants to join a group, that is seen as a group, that is working against, or in competition, with the organization. It is only, when they feel, they have lost their voice, or, when they feel, that they are not being heard, that they decide to go and join, unions. Okay.
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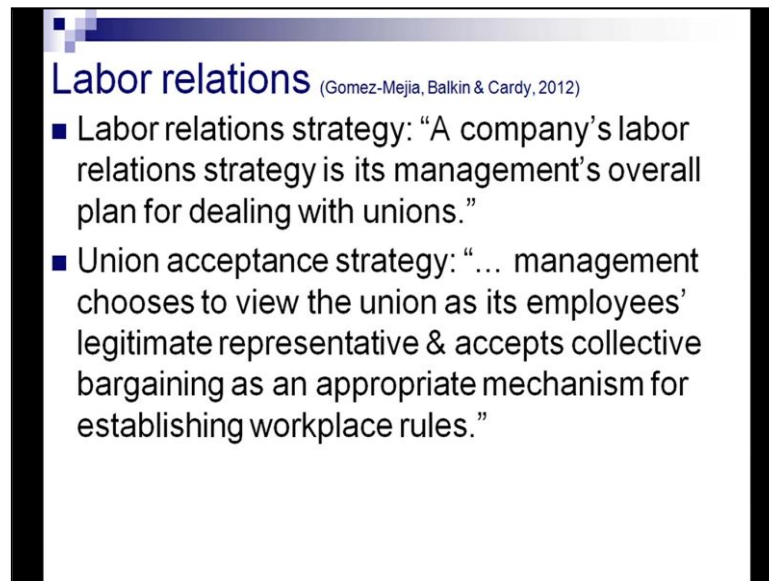


Some Indian laws, related to, Industrial Relations and Unionization, can be found, on this page. So, let us see, here. I will just show you. Okay.
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So, we have, various laws related to, industrial relations. We have, various laws, that talk about, how the relationship, or, between the employees, the employee bodies, and the organization, and the administrative bodies, in the organization, should be. So, there are various laws in India. We have, the trade unions act. We have, the trade unions amendments. Then, there are some amendments to this act, that were made in 2001.

This document, can be found on the official website of the, Ministry of Labor and Employment, Government of India. Again, we have these, Industrial Employment Standing Orders Act and the Rules. We have, Industrial Disputes Act. We have the, Plantation Labor Act. So, these are some standard rules, and policies, or laws, that govern, how the relationship between, these employee bodies, these collective bodies of employees and the organization, the administrative bodies of the organization, should be maintained. Okay. (Refer Slide Time: 07:05)



Labor relations (Gomez-Mejia, Balkin & Cardy, 2012)

- Labor relations strategy: “A company’s labor relations strategy is its management’s overall plan for dealing with unions.”
- Union acceptance strategy: “... management chooses to view the union as its employees’ legitimate representative & accepts collective bargaining as an appropriate mechanism for establishing workplace rules.”

Labor relations. Labor relations refer to, this is the term, that refers to, the overall relationship between the, organization's administrative body, and the organizations, the body of the organization's, workforce. So, people, who actually do the jobs, that are required to be done. And people, who ensure the implementation of rules, they ensure, that the jobs are done, the right way. Administrators are people, who look at the implementation of rules and policies, in an organization.

So, they make sure, they take care of the, how of jobs. Okay. So, this is the, labor relations means, we are talking about, the connect between the people, who actually do the jobs, and people who ensure that, people who are doing their jobs, are doing them right, and within the boundaries of the rules and policies, of the organization, and the law of the land. We, then, some ways of looking at labor relations.

We have labor relations strategy. A company’s labor relations strategy, is its management's overall plan, for dealing with union. So, organizations come up with their strategies. They

come up with their idea. They come up with their, with ways of dealing with, collective bodies of employees. And, that is known as the, labor relations strategy. How do we view unions, as an organization?

Do we, want them, there. Do we not, want them, there. If, we want them, there, how much of input, do we want, from them. All of this, is covered in the, labor relations strategy. Union acceptance strategy is, when the management, chooses to view the union, as its employee's legitimate representative, and accepts collective bargaining, as an appropriate mechanism, for establishing workplace rules.

So, we assume that, the unions will be there, in the organization. How much, I mean, we accept them, as a part of the organization's design. We will have, an administrative body, and we will have unions, who are looking after the welfare, of the organization's. So, of the specific organization. So, when we, if we have, if our strategy is to accept unions, as an integral part of the organization. Then, we build our human resources strategy, around the union acceptance, belief of accepting unions.

So, we say, okay. If, there is already a body in place, that is working for the welfare, of the employees. And, that is looking at things, from the perspective of the employees. We can always bank on their support to do, whatever, we needs to do, in order to ensure, the welfare of our employee. So, we integrate the union, and make it an integral part of the organization. Knowing fully well, that they can question the decisions, taken by the organization, also, at some point.

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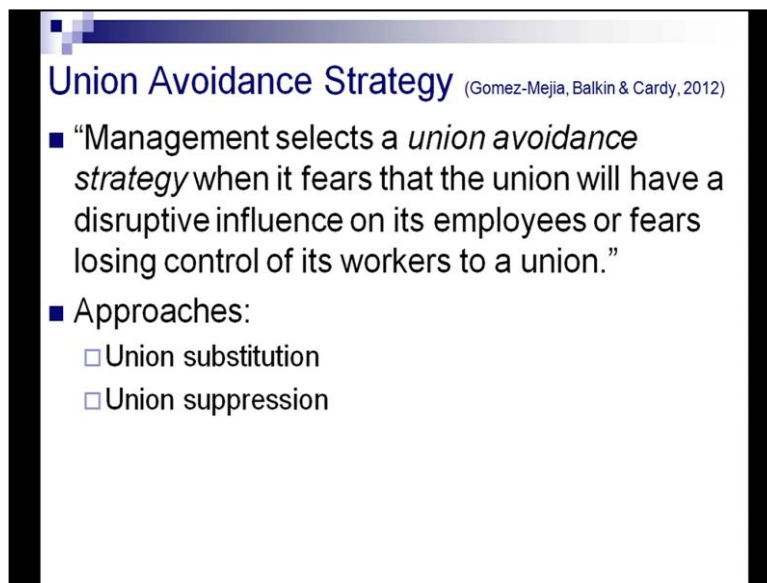
Example of union acceptance strategy
(Gomez-Mejia, Balkin & Cardy, 2012, p. 514)

"Our objective is to establish a labor policy that is consistent and fair. The purpose is to develop an agreeable working relationship with the union while retaining our full management rights. The rationale behind our labor relations policy is consistency, credibility, & fairness to union representatives, & the workers who are in the union. In order to make our policy effective, the Company will:

- Accept union representation of employees in good faith, provided the union represents the majority of our employees
- Maintain the right of management to manage
- Adopt procedures by which top management continuously supports the positions of its representatives in implementing the firm's policies and practices in the area of industrial relations
- Enforce disciplinary policies in a fair, firm, and consistent manner
- See to it that union representatives follow all Company rules except those from which they are exempted under specific provisions of the labor contract
- Handle all employee complaints fairly, firmly & without discrimination
- See that every representative of management exercises a maximum effort to follow Company policies fairly & consistently, and
- See to it that all decisions and agreements pertaining to the present contract are documented in writing."

Again, I will give you the slides. You do not need to, you know, try to read, whatever is written here, on the slides. But, this is an example, of a union acceptance strategy. How is the strategy written down, in the form of a policy, or, in the form of a document, of the organization? Whenever, you have time, this is directly taken from this book, by Gomez-Mejia, Balkin & Cardy. And, is a very nice way of, you know, informing the employees, in the organization, that we understand and accept, that a union is in place.

And, we will do, whatever we can, knowing that, it is going to be, a part of our organization. So, you know, there is some sort of mutual support, involved, in this case. Whenever you get the slides, please go through, the details of this strategy. But, you do not need to bother about, pausing your screens, and reading it on the screen. It since, smaller font. I wanted to get the whole thing, on one slide, in one place. So, you would know, that something like this, exists. (Refer Slide Time: 11:27)



Union Avoidance Strategy (Gomez-Mejia, Balkin & Cardy, 2012)

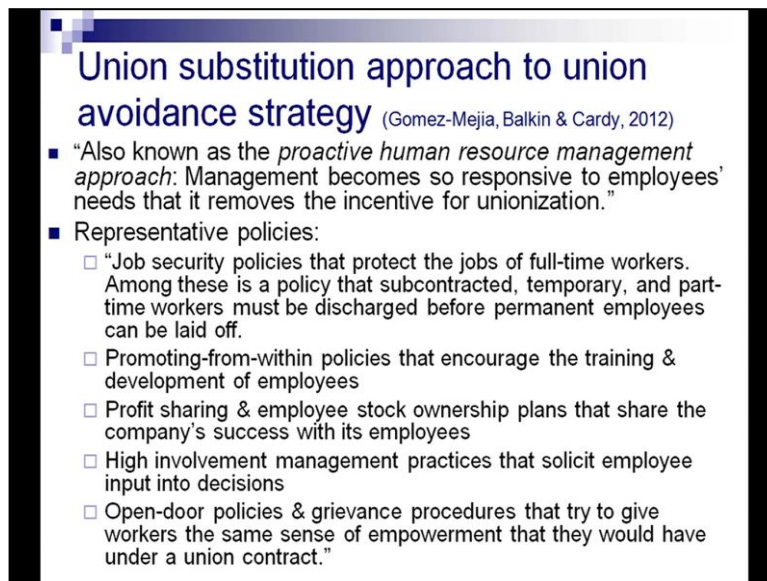
- “Management selects a *union avoidance strategy* when it fears that the union will have a disruptive influence on its employees or fears losing control of its workers to a union.”
- Approaches:
 - Union substitution
 - Union suppression

Okay. Union avoidance strategy is, another aspect of, labor relations strategy. We have the, you know, union acceptance means, we accept unions, as an integral part, of the organizational setup. When we say, union avoidance strategy, we choose. We select, a union avoidance strategy, when we fear, that the union will have, a disruptive influence on our employees, or, fear, losing control of our workers, to a union. So, we are not sure, that we are doing, the right thing. Or, when we feel that, our workers, do not listen to us, that much.

And, if a union is formed, there could be a strike. They could go, against the organization. They could put, unnecessary pressure, on the organization. Because, we ourselves, are not strong enough. That is the time, when an organization, might decide to avoid unions, altogether. But, that is a very tricky situation. That is a very tricky situation. Because, in principle, a union helps, look after the employee's interests. In principle, ideally, a union does not work, against the organization.

Its primary purpose, is to support the organization, that the employees are working for, through ensuring, the welfare of the employees, who are working for the organization. So, it acts as a champion. The body, acts as a champion, for the employee interests. But, its main goal, is not to fight the organization. Its main goal, is to ensure, a balance, fair treatment of employees, within the organization. When we decide, upon a union avoidance strategy, we could do it, in two ways. We could either do it, by through, union substitution, or, we could do it through, union suppression.

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Union substitution approach to union avoidance strategy (Gomez-Mejia, Balkin & Cardy, 2012)

- “Also known as the *proactive human resource management approach*: Management becomes so responsive to employees’ needs that it removes the incentive for unionization.”
- Representative policies:
 - “Job security policies that protect the jobs of full-time workers. Among these is a policy that subcontracted, temporary, and part-time workers must be discharged before permanent employees can be laid off.
 - Promoting-from-within policies that encourage the training & development of employees
 - Profit sharing & employee stock ownership plans that share the company’s success with its employees
 - High involvement management practices that solicit employee input into decisions
 - Open-door policies & grievance procedures that try to give workers the same sense of empowerment that they would have under a union contract.”

Okay. Union substitution approach to union avoidance strategy, is also known as, the proactive human resource management approach. When we talk about, a union substitution strategy, we say, okay. We are scared of unions. But, we would not tell the unions, that we are scared of them. Since, the primary purpose of having a union, is to protect, the interests of the employees. We will build it, within our policies, to ensure. We will build, systems and procedures, within our existing framework, to ensure that, the employees are looked after, as well as possible.

So, they do not feel, the needs to join a union. They do not feel, the need to even form a union. Because, they are so happy, with the way, that the organization is treating them. Like we said, in the beginning of this presentation, beginning of this lecture, that people decide, to join a union, when they are dissatisfied, as an organization, committed to ensuring the welfare of our employees. We do not give them, a chance to be dissatisfied. We take care of their needs, better than, they expect us to.

They do not feel, the need to join a union. They do not feel, the need to form a union. This is called the, union substitution approach to union avoidance strategy. Management becomes, so responsive to employee's needs, that it removes the incentive for unionization. Why should, anyone join, another organization. Right. Now, some representative policies, that help us do this are, we have job security policies. we say, okay, your job will be protected.

We give our employees, this security, the sense of security, about their jobs. We build it in our systems, to have, you know, halftime-off, paid vacations, flexi time. So, people do not feel, that they do not fear, that they will lose their job. If in case of a real emergency, they are not able to come to work, for several days on end, or, maybe a longer period of time. We build it into the policy framework. We build it into our systems, into the way, we do our things, that their jobs are ensured.

And, that is one big incentive for people, to not form a union. Then, the other way, we can do it is, promoting from within, instead of getting people from outside the organization, to supervise the employees. We have the system of promotions, from within. Pool of employees, is there. When the position above them, comes open. These, one of the these people, the most deserving candidate, is promoted, and put into that, senior positions. So, people do not want, to join a union.

They know that, if they work hard enough, everybody could have an equal chance, of becoming a senior employee, of the organization. Then, we have profit-sharing and employee stock ownership plans. What is profit-sharing? We have talked about this, when we talked about, employee benefits. The organization shares, a part of whatever it makes, with the employees. Stock ownership plans, have a risk. There is a risk involved in, employee stock ownership plans.

If the stocks go down, if the value goes down, you end up, losing money. But, if the value of the stocks goes up, and you decide to sell your stocks, you end up making, a lot of money. So, it is like having, a part of the organization. You own, a very tiny fraction of the organization. So, it is yours. So, you are invested in the organization. You work, very, very hard, to make the organization, succeed. Because, you will end up getting, a part of the profit. You will end up getting, a piece of the pie, that is generated.

Because, the organization is making a lot of money. So, that is another incentive for people, to not join a union. Everything is fair game. And, they see, these many profits, you know, this is the profit, that the organization has made. This is my share. And, i am going to get my, fair share. So, they do not feel, the need to join a union. They feel satisfied, and how the organization is treating them. High involvement management practices, that solicit employee input, into decisions.

Many times, we as employees feel, that the decisions are made, at some higher level, and are imposed on us. Many times, in many organizations, employees feel that. However, in order to avoid unionization, it is always a good idea, to solicit employee feedback, to solicit employee inputs, on decisions. Especially, on decisions, that are going to affect them. And then, include this feedback, and make it a part, of the decision-making process, include their inputs, in forming, in making decisions, that affect them.

When employees know that, their feedback is being, actively, genuinely, considered, then they feel respected. They feel valued, by the organization. And, they do not want to, they do not feel the need, to join a union. Open door policies and grievance procedures, that try to give workers, the same sense of empowerment, that they would have, under a union contract. If an organization, looks after the welfare of the employees, i know, i am repeating myself. But, i am saying this, again, and again.

If the organization ensures, that any time, they have a grievance, anytime they feel, that they have not been treated fairly, they are able to go up the ladder, they are able to go up the hierarchy, and approach people, who will be able to help them. Which is something, that the union would do for them. Then they, do not feel the need, to join a union. There is an open-door policy. Anybody can walk into, anyone's office, at any point of time.

If employees feel that, then they do not feel the need, to join a union. They do not feel the need to, you know, go into another body, outside of their organization. Because, they know, that the organization is accepting them, as part of the organization's family. You are part of one big family. That is the organization. And, you can talk to your superiors, anytime. And, you will be heard. When you have that assurance, you do not want to join a union.

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Union suppression approach to union avoidance strategy (Gomez-Mejia, Balkin & Cardy, 2012)

- “Management uses the union suppression approach when it wants to avoid unionization at all costs & does not make any pretense of trying ‘to do the right thing’ for its employees.”
- Can backfire and cause employee-employer conflict, loss of reputation, and high turnover

The other strategy of avoiding unions, is the union suppression approach. Management uses the union suppression approach, when it wants to avoid unionization, at all costs, and does not make any pretense, of trying to do the right thing, for its employees. Union suppression approach refers to, you doing everything, in your capacity, to stop the formation of unions. And, organization is so scared of unionization, that it does, everything in its power, to stop the formation of union.

So, it could have policies like, you cannot collect, you know, more than 5 people, cannot be sitting in one place, at the same time. More than 4 employees, cannot go out, to have their lunch, at the same time. So, you stagger things. You do not give employees, a chance to get together, during their office hours. And, a lot of employees, do not want to do this, outside of office hours. Because, they have their family responsibilities.

So, you stagger their lunch times. You do not have common areas, where they can stand and talk to each other. You monitor their e-mails. You make it known to them, that the LAN connections will be monitored. And, even a whiff, of any unionization, any collective

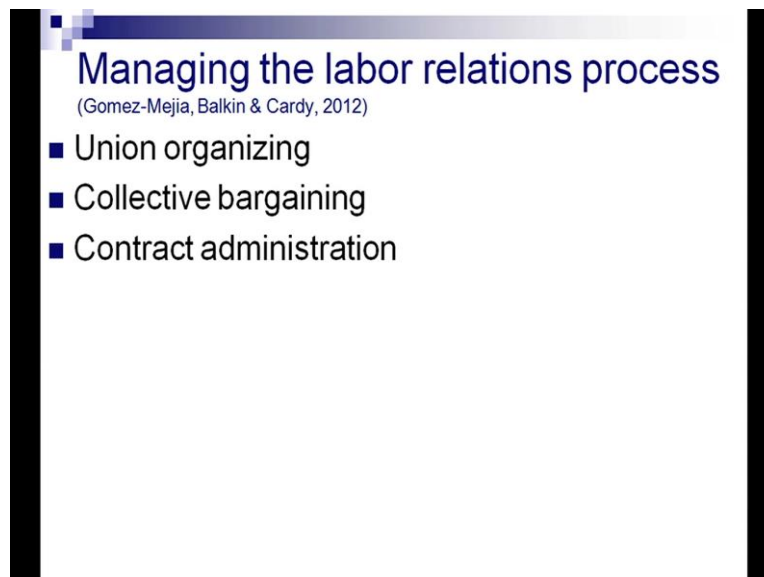
activity, is immediately snubbed. You do not have parties. You do not have get-togethers. You do not have meetings. So, that people, do not get a chance, to get together and talk. You try everything in your capacity, to stop, the formation of unions. Okay.

So, this is called the, union suppression strategy. Now, one big risk of this is, when people know, that their basic right, basic human right, of talking to, of connecting with others, who are of the same opinion as they are, other like-minded individuals, is being suppressed, then, they might revolt. This strategy has, a very high chance of backfiring. Union substitution strategy, on the other hand, is a very nice strategy of, keeping your employees happy, and avoiding the formation of unions.

Because, unions, if they are formed, with the sole purpose of creating trouble, which is in very rare cases. But, it has been known to happen. In that case, of course, you cannot do anything. But, and they can be suppressed, very easily, through legal measures. But, otherwise, if you keep your employees happy, they do not feel, the need to get together. And, you know, go, i mean, stop their work, which they enjoy. And, you know, go against the organization, or go as a collective body, to the organization, to argue for their needs.

If, they do not have any impending needs from, or, if they do not have any, they are not dissatisfied in any manner, then, they will not go and join, a union. Okay.

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Managing the labor relations process
(Gomez-Mejia, Balkin & Cardy, 2012)

- Union organizing
- Collective bargaining
- Contract administration

How do you manage the, labor relations process? You can manage the, labor relations process, through three different methods. You could do this, through union organizing. You could do this, through collective bargaining. And, you could do this, through contract administration. We will deal, with these three, in the next lecture. Thank you.