# Glossary of Industrial Relations and Related Terms and Concepts for Trade Unionists

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International Labour Office Caribbean

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# Preface

The work environment of today is a rapidly changing one and as a consequence new concepts and terms are emerging and becoming part of the everyday language of industrial relations. Trade unionists (leaders, educators, negotiators and shop stewards) therefore, need to be conversant with these developments if they are to represent their members effectively. Workers should also have a thorough understanding of these terms and concepts.

This glossary, compiled by Mr. Ulric Sealy, Principal of the Barbados Workers' Union Labour College, includes some of these new terms and concepts as well as those well-established and frequently used ones with which trade unionists and industrial relations practitioners are familiar.

This publication must therefore be seen as a quick reference for those who use it. It is not intended to be exhaustive in the range of concepts and terms covered nor in its depth of the definitions. It will, however, prove to be a useful guide.

Its preparation was commissioned as an output from the ILO/DANIDA (International Labour Organization/Danish International Development Agency) Project for strengthening trade unions in selected Caribbean countries.

Funding for the printing of the Glossary was co-shared by the Workers' Activities Bureau (ACTRAV) of the ILO and by PROMALCO (Programme for the Promotion of Management/Labour Cooperation) at the enterprise level - a US Department of Labour Project - which is being managed by the ILO Caribbean Office.

There can be no doubt that this publication will also evoke interest among participants in trade union and in management training courses, students at Labour Colleges, industrial relations practitioners, students in our secondary schools and in our Community Colleges and other persons whose work require a clear understanding of these terms and concepts.

This publication is one of a series of Workers' Education Manuals which have been developed under the guidance of Mr. Evelyn Greaves, Senior Specialist, Workers' Activities and produced by the ILO Caribbean Office.

Mr. Willi Momm, the Director, ILO Caribbean Office (1997–2002) gave every encouragement possible for the development of the series.

Luis Reguera Director a.i. ILO Caribbean Office

# Introduction

Industrial relations, as an area of specialized study and practice, is to a great extent characterized by specific terms and concepts. However, perusal of a typical glossary on the discipline exposes a number of terms and concepts which are shared with other disciplines. This is a manifestation of the highly interdisciplinary nature of the subject. As such, terms and concepts in this glossary will be drawn from the areas of Economics, Finance and Accounting, Law, Trade Unionism and Collective Bargaining, Human Resources Management, Business, Political Science, Sociology, Occupational Health and Safety and Environmental Studies, among others.

Industrial relations is not only a specialized discipline; it is also an extremely complex area of academic pursuit and occupational practice. Of significance too, is the fact that it is a discipline which is fashioned by the dynamics of social forces. This latter point is best reflected in the frequently-changing nature of the terms and concepts which are to be considered in the construction of any meaningful glossary on the subject. Changing times and trends often give rise to new words and phrases, and where the jargon is not so new, the interpretation and emphasis is very much revised.

This new glossary is a manifestation of these dynamics. It is also a reflection of that interdisciplinary dimension that was alluded to. It should be noted that some of the more familiar and traditional words and phrases are missing and that many new ones are now prominent. In cases where some of the more familiar and traditional words and phrases remain, their emphasis is now somewhat refocused.

The compilation of this glossary grew out of a desire to have at hand, suitable reference material to facilitate meaningful discussion on

industrial relations issues. Suitable in the sense of being appropriate, in that terms and concepts are reflective of the current language of the practitioners and students. Also, it reflects a need to have material that is relevant to the Caribbean and Latin American area. Hence the inclusion, though lengthy at times, of information on such matters as 'regional economic and political groupings'.

The compilation of this glossary has been partly as a result of browsing through the current writings, and of interfacing with the practitioners and academics in the field. Its publication is not to be seen as a replacement for others in existence. Rather, it seeks to complement. Of necessity therefore, and because of the dynamics spoken of earlier, the task of updating it will be a constant one.

Ulric Sealy, Barbados Workers' Union Labour College Mangrove, St. Philip Barbados.

# **GLOSSARY**

# **Adult Population**

This comprises all persons who are of the minimum age for admission to employment, or over. The "minimum age for admission to employment" is to be taken as being not less than that age for the completion of compulsory education. As such, this would be legally determined from country to country. The adult population would therefore consist of the labour force (the employed population and the unemployed population), and persons not in the labour force.

#### Affiliation

The association of a labour organization (trade union or trade union grouping) with a larger umbrella or 'blanket' labour organization (trades union grouping). Examples of this would include the membership of national unions into the national centre/federation (trades union congress/council), and the membership of national unions or federations into international federations, such as the ICFTU and the ITS's. The smaller organizations which relate to the larger 'blanket' organization are known as the 'Affiliates'.

#### **Affirmative Action**

This is an effort made by an employer, usually as a set of measures, to increase employment opportunities for groups which appear to be under-represented in a company's workforce.

Such action has as its objectives, the need to remedy alleged past discrimination, to prevent future discrimination, and to project the corporation as the finest image of what a 'corporate citizen' should be. Affirmative action must be an integral aspect of "Gender" studies and "Equal Opportunity Policy" programmes.

# Agency Shop

An industrial relations situation where all employees who fall under the **bargaining unit** must pay dues to the union, whether they are

members of the union or not. The 'dues' paid by the non- member is known as the 'agency fee'. In some countries, the non- member has the right to make the payment to a charity of his/her choice and not to the union.

# Alternative Work Arrangements/Atypical Forms of Work

A collective labelling for the range of non-traditional ways of deploying labour. It includes activities such as **contracting out**, **home-centred employment**, **job/labour flexibility**, **multi-skilling**, **job/work sharing and flexi-time**. The concept 'Atypical Forms' is particularly used by the ILO. In working on its 'Contract Work' labour standard, and addressing such related issues, the ILO is seeking to have a comprehensive term to cover these forms of employment originally termed 'Atypical Forms of Work'. In particular, the ILO recognized that the term 'contract work' did not enjoy universality of usage.

# **Andean Pact/Community**

This is a South American sub- regional organization, with an international legal status, which groups Bolivia, Colombia, Ecuador, Peru and Venezuela, and the Andean Integration System (AIS) – a number of bodies and institutions. Its aims are to:

- promote the balanced and harmonious development of its member countries;
- boost members' growth through integration and economic and social cooperation;
- enhance participation in the regional integration process, with a view to the formation of a Latin American Common Market; and
- strive for a steady improvement in the standard of living in the member countries.

The Andean Pact is often regarded as a representation of Latin American strategy, which speaks to the need for trading blocs and associations for the purpose of protecting South American markets from outside competition, while forming larger internal markets for South American goods.

# **Apprentice**

One, who in the process of learning a craft, is attached (bound or contracted) to another who is skilled at that craft. This attachment or apprenticeship is usually for a stated number of years.

Apprenticeship, though a good method to effect the transfer of skills, can sometimes be a method by the 'master craftsman' to control the entry of persons into the profession. As such, governments in their vocational training programmes have paid special attention to the vulnerable position of apprentices. Indeed, the institutionalization of vocational training within the formal education system is a way of ensuring that apprentices are not left solely to master craftsmen. The idea of formalized vocational training and other systems for apprentices is very much encouraged by the ILO.

# **Appropriate Technology**

Technology which is suitable (appropriate) for the spread of factors of production in the country where it is being utilized. From a developmental viewpoint, it would be that type of technology which facilitates meaningful economic development through the enhancement of existing factors of production. As an example, appropriate technology for a labour- surplus economy would have to be technology which is relatively labour intensive.

#### Arbitration

A way of settling disputes by the use of a third party. This method of dispute settlement is different from that of **conciliation** or **mediation**, in that decisions arrived at are binding on the parties to the dispute. Arbitration may be of two types – voluntary and compulsory.

With voluntary arbitration, the disputing parties, recognizing that there is an impasse, agree among themselves to the use of a third party of their choice, with a view to finding a solution. In this form of arbitration, the arbitrator is usually selected from a list of well-known, competent and neutral persons. In some countries, legislation may permit for the parties to refer the matter to the state for arbitration.

In the case of compulsory arbitration, the disputing parties, on reaching an impasse, are bound, usually by legislation, to subjecting the dispute to an arbitrator. In most cases of compulsory arbitration, the arbitrator is a tribunal or industrial/labour court.

#### Asia-Pacific Economic Cooperation (APEC)

In response to a growing interdependence among Asia-Pacific economies, this grouping of twenty-one "Pacific Rim" economies was established in 1989. APEC is viewed as the primary regional/international vehicle for promoting open trade and practical economic

cooperation. Its goal is to advance Asia-Pacific economic dynamism and sense of community. Current members are Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, (Hong Kong 1989), Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States and Viet Nam.

APEC's decision-making bodies, in order of importance, are: the Economic Leaders Meeting, which are annual meetings of the Heads of State or government of the member economies; the Senior Officials Meeting (SOM); the Committee on Trade and Investment (CTI); the Economic Committee, as well as Sub-committees. The Secretariat, which provides administrative assistance, is located in Singapore. Providing advice to the leaders, from a public sector perspective, is the APEC Business Advisory Council (ABAC). This council is composed of up to three businessmen from each member economy. Furthermore, the Pacific Economic Cooperation Council(PECC) as well as the Pacific Basin Economic Council (PBEC) provide an economic and business input.

#### Assets

These include all the things of value that are owned by, or due to a business. Alternatively, they represent the business' use of funds. Assets are of the following types:

- Current Asset An asset, temporary in character, which in the normal course of business would readily be converted to cash or consumed in the production of income, usually within a year.
   Examples include cash, prepayments, accounts receivable and inventories.
- Fixed Asset A tangible long-term asset which is held for use rather than for sale in the normal course of business. Fixed assets would include items such as land, buildings, machinery, furniture and fixtures, and vehicles.
- Intangible Asset An asset which has no physical substance. Examples are goodwill, patents and copyrights.

#### Association of Caribbean States (ACS)

A regional sub-grouping of Caribbean, Central American and South

American countries, constituted to act as a forum for consultation, concerted action and cooperation among the territories of the Caribbean basin. It is a free trade organization, also created for the purpose of lowering tariffs, increasing economic integration and encouraging trade.

Its stated objectives are to:

- harness, utilize and develop the collective capabilities of the Caribbean region to achieve sustained cultural, economic, social, scientific and technological advancement;
- develop the potential of the Caribbean region through interaction among member states and with third parties;
- promote an enhanced economic space for trade and investment with opportunities for cooperation and concerted action, in order to increase the benefits which accrue to the peoples of the Caribbean from their resources and assets, including the Caribbean Sea;
- establish, consolidate and augment, as appropriate, institutional structures and cooperative arrangements responsive to the various cultural identities, developmental needs and normative systems within the region.

The idea of an ACS was first agreed upon at a special conference of CARICOM Heads of Governments in Trinidad, in October 1992. This was seen as a mechanism to advance both economic integration and functional cooperation with the other Caribbean basin countries. At subsequent CARICOM and Central American Ministerial Conferences and Technical Meetings, the idea was further clarified, with the Convention to set it up being signed in Cartegena, Colombia on 24 July 1994.

The first conference of ACS Heads of State was held in Trinidad and Tobago from 16-18 August 1995.

The membership of the ACS is comprised of the countries of the Caribbean Community and Common Market (CARICOM) and other Central, South American and Caribbean countries which border the Caribbean Sea. Membership includes Antigua and Barbuda, The Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago and Venezuela.

#### Association of Southeast Asian Nations (ASEAN)

ASEAN is an Asian regional grouping, comprised of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, The Philippines, Singapore, Thailand and Vietnam. It was established in August 1967, and was originally intended to stave off the spread of communism in Southeast Asia.

Its objectives, as stated in the Bangkok Declaration (1967) were to accelerate economic growth and promote regional peace and stability. In January 1992, its member states agreed to establish a free trade area, and to cut tariffs on non-agricultural goods over a fifteen-year period. ASEAN is committed to promoting liberalization in trade, investments, industry and services. It is however, not too keen on developing into a common market or an economic union such as the European Union.

In 1977, ASEAN established a forum with Japan, and a cooperation agreement with the European Community in 1980.

Since the formation of ASEAN, the economic fortunes of many of its members have been turned around, particularly in the first half of the 1990's. This was evidenced, among other things, in high growth rates and the diversification of their economies into electronics manufacturing and heavy industrialization. Because of this rapid economic upsurge, some ASEAN countries were referred to as the "Asian Tigers".

#### Attrition

The planned and deliberate practice of not replacing employees who have left the firm for whatever reason. This is a popular method used when employers are downsizing the labour force.

#### **Automation**

This is the development of high-speed complicated mass production techniques. At the centre of such techniques would be the new electronics technology and 'robotics' (use of robots).

#### **Balance of Payments**

A country's record of all the transactions which take place in a year between itself and all other countries. It records the import and export trade of the country and this is done under the headings of "visible trade" and "invisible trade".

Visible trade relates to the exchange of actual goods, while invisible trade is the exchange of such items as services and capital flows (investments, etc.).

# **Bargaining Agent**

In an industrial relations context, the bargaining agent is that trade union organization which has the right to represent workers' interests at a particular workplace.

To become the bargaining agent, the process entails

- · organizing (mobilizing) the workers;
- communicating with management, the union's intention to represent the workers and obtaining such permission (seeking and obtaining recognition);
- submitting proposals to management, for the basis of a collective agreement; negotiating the collective agreement;
- · policing the collective agreement; and
- representing the workers in disputes with management.

# **Bargaining Unit**

This is a group or combination of workers within a workplace who are eligible for trade union representation. Such a grouping is usually determined during the collective bargaining exercise, and will be indicated in the collective agreement. From time to time, bargaining units may expand or shrink.

# **Benchmarking**

This is a **strategic management** approach which recognizes that "the most effective way to implement change is by learning from the positive experiences of other organizations".

Essentially, this process entails a company's study of 'top companies' in a similar line of business and with similar work processes, identifying the practices behind their success, and then adapting such practices to its own. In benchmarking, the emphasis is on adaptation and innovation as opposed to adoption and imitation.

In the past, benchmarking focused more on the "benchmarks" – actual measures of comparative performance. Today, emphasis is more on the "enablers" – the actual processes and activities that bring about exceptional performance and allow maximum achievement.

Benchmarking has erroneously been linked to manufacturing concerns only. It can also be usefully applied to non-manufacturing organizations and for processes other than production, distribution and the like.

Effective benchmarking necessitates the setting up of a benchmarking team. This team will, among other things, plan the study, find benchmarking partners, observe and document the partners' processes, identify performance gaps and their root causes, and choose the best practices that are then adapted and implemented.

# Biodegradable

An environmental description of any material which can be broken down by living organisms into matter which re-enters the biological cycle.

# **Biological Diversity/ Biodiversity**

This is the collective terminology for the diverse varieties of the earth's animal and plant life.

# Biotechnology

New techniques which use live processes for manufacturing, or that manipulate biological processes to produce things that would not occur naturally.

#### Bonus

This represents payments made above basic wages and salaries. Such payments may be made for shift work, working under particularly bad conditions, good attendance and at Christmas time. A specific bonus may be related to increased output and is referred to as an incentive bonus, a piecework bonus or a production bonus.

#### **Breach of Contract**

A breaking of the terms of the contract, or failing to meet the obligations which are imposed by the contract. Where the contract is legally binding, the breach can cause the injured party to have a right of action for compensation (damages).

In cases of fundamental breach, the injured party can treat the contract as having come to an end. A fundamental breach of the **contract of employment** by a worker usually leads to **dismissal**.

#### **Bretton Woods Institutions**

In 1944, towards the end of World War 2, representatives from some 44 nations met at Bretton Woods, New Hampshire in the United States to lay the foundations of the post-war international economy. The driving thought for this conference was that "greater economic cooperation between nations could promote stability and economic growth". Three institutions were proposed:

- The International Monetary Fund (IMF), to provide support for nations with balance of payments problems, whilst working to remedy their deficits.
- The International Bank for Reconstruction and Development (IBRD)/World Bank, to provide loans for the reconstruction of the war-torn industrialized countries.
- The International Trade Organization (ITO) to address the world's unequal trading system.

However, only the IMF and the IBRD were actually established in 1944 at the "Bretton Woods Conference". The ITO came into being some years later (1948) as the General Agreement on Tariffs and Trade (GATT) and was reformed in 1995 as the World Trade Organization (WTO). As such, only the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD)/World Bank are collectively known as the "Bretton Woods Institutions" or "BWIs".

# **Budget / Budgetary Proposals/Budgeting**

This can have either of two meanings, depending from whose perspective it is viewed. An economist and government financial planner will see it one way and the accountant and business person will see it another way.

The economist and government financial planner will see it as that statement by the government, which outlines its proposed revenueraising measures, as well as its intended patterns of spending. To such a person, it is in reality, the government's **fiscal policy**; in that it is pursued with a view towards the effective management of the economy.

Such budgets are usually of two types: **Balanced** and **Unbalanced**, with the main revenue-raising measure being **Taxation**. The **Balanced Budget** is one in which expected revenue is equivalent to intended spending. An **Unbalanced Budget** is one in which expected revenue

is not equivalent to intended spending. Where expected revenue is greater than intended spending, the budget is said to be in **surplus**. When the expected revenue is less than intended spending, the budget is said to be in **deficit**. The deficit is usually corrected through government borrowing and the issuing of instruments such as bonds and debentures.

To the accountant and business person, the budget is that formal statement of future plans, usually expressed in monetary terms. Such a budget may be of the following types:

- Capital Expenditures/Plant and Equipment A listing of plant and equipment to be purchased in anticipation of a proposed production programme.
- Cash A forecast of cash receipts and disbursements.
- Manufacturing A statement of the estimated costs for raw materials, direct labour and manufacturing overheads associated with producing the number of units estimated in the production budget.
- Master Budget A comprehensive plan for the business that typically includes budgets for sales, expenses, production, equipment, cash, and also a projected income statement and balance sheet.
- **Merchandise Purchases** An estimate of the units (or cost) of merchandise to be purchased.
- Production An estimate of the number of units to be produced during a budget period.
- Sales An estimate of goods to be sold and revenue to be derived from sales. It is this aspect of budgeting which is usually the starting point in the overall budgeting process.

# Capital

This term has two distinct but related meanings, depending on whether it is being defined in the discipline of economics, or the discipline of accounting/finance.

To an economist, it means the stock of 'producer goods', which have been created by human effort, and are used in the production of goods and services for sale. Such would include machinery, factories and inventory.

To an investor, accountant or financial analyst, it would mean the financial assets invested in stocks, shares, equities, bonds and debentures.

# Capital Flight

The deliberate leakage of financial resources from a country by its citizens and /or resident corporations. This practice is mostly pursued in anticipation of an economic or a political crisis.

# Caribbean Basin Initiative (CBI)

A policy which was implemented by the United States Government in 1983, that attempts to stimulate private-sector business in the Caribbean and Central America through tariff reductions and other incentives.

The CBI has been viewed as a measure to improve the economic conditions of the U.S's allies in the region, and a means to ensuring their support for U.S. political policies. It can be seen as a free trade policy and not a restriction on trade.

# Caribbean Community and Common Market (CARICOM)

A Caribbean regional integration grouping which was established by the Treaty of Chaguaramas on 4 July 1973. Its objectives are, for:

- · economic cooperation through a Caribbean common market;
- coordination of foreign policy among the independent member states; and
- common services and cooperation in functional matters such as health, education, culture, communications and industrial relations.

It has a membership of fifteen countries. These are Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

CARICOM can be seen as an outgrowth of earlier attempts at Caribbean regional integration, beginning with the short-lived West Indies Federation (a political union), and leading to the Caribbean Free Trade Association (CARIFTA). CARIFTA, the actual forerunner to CARICOM, was signed into existence in 1965 with its goal being: firstly the creation of a free trade area, and later to evolve into a Caribbean common market. The decision to transform CARIFTA to a common market was taken in Guyana in1973, when the Heads of Governments of member states signed the "Georgetown Accord" as a precursor to the Chaguaramas conference.

In 1989, CARICOM member states committed themselves to:

- deepening the integration process and strengthening the Community for the challenges and opportunities in the global economy;
- work towards the establishment of a CARICOM Single Market and Economy (CSME) in the shortest possible time; and
- the free movement of skilled and professional personnel, as well as seasonal and contract workers.

Successive decisions of CARICOM have resulted in a comprehensive "free movement" policy. This policy, aspects of which have been implemented, has as its main elements:

- the free movement of university graduates and other professional, skilled persons;
- freedom of travel elimination of the need for passports, facilitation of immigration points, and elimination of the requirement of work permits; and
- supporting measures harmonization and transferability of social security benefits, establishing accrediting institutions for academic and other qualifications, compilation of a skills register, coordination of social policy, and a public informational/educational programme on the "free movement" policy.

To effectively execute its mandate, CARICOM has a network of institutions (councils and committees). Government Ministers from member states sit on these, and they are responsible for the formulation of policies related to cooperation in services such as education, health, labour matters and foreign policy. Additionally, there is the Secretariat which oversees the daily activities of the Community.

Regional institutions associated with CARICOM are:

- Caribbean Development Bank (CDB)
- Caribbean Law Institute/Caribbean Law Institutional Centre (CLI/CLIC)
- University of Guyana (UG)
- University of the West Indies (UWI)
- Secretariat of the Organization of Eastern Caribbean States

# Caribbean Congress of Labour (CCL)

This is a regional grouping of national trade union centres and trade unions from across the English and Dutch-speaking territories of the

Caribbean. It has as its objectives:

- the full organization of workers in the Caribbean;
- to fight for the recognition of trade unions;
- to secure educational, social, cultural, eonomic and other benefits for workers;
- to support other aims "in conformity with democratic principles of Free Unionism";
- to encourage the formation of national groupings and/or centres of trade unions;
- the defense of free trade unions, against infiltration and subjugation by totalitarian forces; and
- to build and strengthen ties between free trade unions of the Caribbean and those of the rest of this hemisphere and the world.

The CCL was inaugurated during the period 14-15 September 1960, at a specially convened meeting of Caribbean Trade Union leaders in Grenada. This was the culmination of a series of attempts at establishing a regional trade union movement:

- The British Guiana and West Indies Labour Conference of 1926 to discuss economic and political matters (particularly federation).
- The Trinidad Conference of 1938 to discuss a regional position to be placed before the Moyne Commission which investigated the causes of the 1930's disturbances.
- The third British Guiana and West Indies Conference (1944) which coincided with the silver jubilee of the British Guiana Labour Union.
- The Barbados Conference of 1945, at which a Caribbean Labour Congress (CLC) was formed (to be dissolved in 1952 over ideological differences).
- The Barbados Conference of 1952, to establish a Caribbean Area Division of the Inter-American Regional Organization of Workers (CADORIT) - an instrument of the International Confederation of Free Trade Unions (ICFTU) to project democratic western principles in the Caribbean area.
- The third conference of CADORIT (Trinidad, April 1958), which passed a resolution for the early establishment of a Caribbean Congress of Labour.

The main administrative mechanisms of the CCL are the Triennial Conference of Delegates, the General Council and the Administrative

Committee. Day-to-day administrative support is rendered by the Secretariat, which is currently located in Barbados.

# Caribbean Employers' Confederation (CEC)

A Caribbean regional grouping of employers' organizations. Established in 1960, it "is dedicated to the development and promotion of good industrial relations practices at the enterprise and macro-level" and "is committed towards achieving productivity and prosperity for member countries and the region as a whole". Presently located in Trinidad and Tobago, its objectives cover:

- promoting "the interests of employers in the Caribbean, in all matters affecting their relations with their workers and other social partners";
- providing for "consultation between employers' organizations";
- cooperating with or becoming a member of "any employers' organization whose objectives are consistent with" its own; and
- the compiling of data relevant to labour-management relations.

# The founding members of the CEC are the:

- Antigua Employers' Federation
- · Barbados Employers' Confederation
- Belize (British Honduras) Employers' Association
- · Jamaica Employers' Federation
- St. Lucia Employers' Federation and the
- Employers' Consultative Association of Trinidad and Tobago.

#### Other members are the

- Bahamas Employers' Confederation
- Belize Chamber of Commerce and Industry
- Bermuda Employers' Council
- Cayman Islands Chamber of Commerce
- Consultative Association of Guyanese Industry Ltd.
- Dominica Employers' Federation
- Grenada Employers' Federation
- St. Vincent Employers' Federation
- Suriname Trade and Industry Association and
- Confedertion Generale des Petites et Moyennes Enterprises (CGPME), Martinique.

The CEC, in carrying out its work, collaborates with the International Labour Organization (ILO), the International Organization of Employers (IOE), CARICOM and the Caribbean Congress of Labour (CCL).

#### Cartel

A grouping of producers of a product, who come together to monopolize the market for that product. This is done to maximize their gains through the fixing of prices and quantities. The Organization of Petroleum Exporting Countries (OPEC) is perhaps the best known cartel today.

#### Casual Work/Workers

This is work of an irregular or intermittent nature, at times seasonal in character, when workers may work for a few days or weeks but without the expectation of continuity. In some situations, casual workers are designated 'permanent casual' or 'temporary casual'.

The 'permanent casual' is one who may not be employed for the full work period, but is given work for some part of the work period, on a regular basis. Such workers will have different contractual arrangements and entitlements. The 'temporary casual' is one who is not kept on a regular basis but is called only when there is work.

#### Check-off

An agreement between the employer and the trade union, to have union dues deducted from employees' earnings, and forwarded to the union. The arrangement would be similar to that for P.A.Y.E. and Social Security/National Insurance payments. To effect this arrangement, the union will have its members sign the authorization forms, which will then be forwarded to the employer/management.

# **Civil Society**

Also referred to as the 'Voluntary Sector' or the 'Third Sector', this is the collective term for that aspect of society which is comprised of such institutions as **Trade Unions**, Cooperative Societies, Non-Governmental Organizations (**NGO's**), Advocacy Groups, Social Movement Agents, Human Rights Organizations, and other sectors explicitly involved in action for social change. Political parties or similar groupings for the purpose of obtaining political power, are not included.

Civil Society is perceived to have the features of self- help, voluntarism and mutuality; upholding self- organization, democratic participation and community control. It is regarded as:

· the means to strengthen the underlying social cohesion and self-

organization of people and communities outside of the **state** and the **corporate world**;

- an alternative to all-embracing state provision;
- the underlying democratic culture that lies around us, which we
  often take for granted and which is an essential precondition of a
  democratic society;
- an essential element of sustainable development, the platform upon which democratic culture and good governance depends.

Civil society organizations are viewed as promoters of democratic ideas, the voice of the oppressed, expressing discontent and revolt and the enemies of autocracies. In essence, civil society is seen as expressing "the people" and the "popular will".

# **Closed Shop**

A situation in industrial relations, where all employees who fall within the bargaining unit are mandated to become members of the trade union forming the bargaining agent within that workplace.

# **Collective Agreement**

This is an agreement arising from the collective bargaining process, which clearly defines the procedural and substantive dimensions to the workplace industrial relations.

With respect to the procedural dimensions, it will indicate those procedures for the regulation of relationships between the parties and the treatment of individual workers. Procedural dimensions would include matters such as discipline, grievance handling, appointment of shop stewards, and re-negotiation of the agreement. The substantive dimensions of the agreement would relate to terms and conditions such as wages, hours of work, overtime, and paid holidays and special leave.

In some countries, collective agreements are strict legal documents, fully enforceable by the courts. In other countries, though 'binding', they are not legal documents and are therefore not enforceable by the courts. In this case, they are said to be 'binding in honour' or to be 'gentlemen's agreements'.

A collective agreement may be written and formal or unwritten and informal. Industrial relations 'best practices' however, dictate that the collective agreement should be written and formal.

# **Collective Bargaining**

This is the negotiation exercise between a trade union or group of trade unions on one hand and an employer or association of employers on the other hand. It is embarked upon to reach an agreement regarding wages and other conditions of work, as well as set guidelines for the general conduct of workplace labour-management relations.

Types of collective bargaining may include:

- Local bargaining where one union bargains with one employer.
- **Industry-wide bargaining**, where one union or federation bargains with many or most of the firms in a particular sector/industry.
- **National bargaining**, where the union or federation bargains with the dominant employer in the society, usually the state.

The collective bargaining exercise involves meetings between trade union leaders and employers, as well as the use of conciliation, mediation and arbitration.

The principal document emanating from collective bargaining is the **collective agreement**.

#### Common Market

A **customs union** which additionally allows freedom of movement of capital and labour between its member states. The idea of a common market is all part of the thinking on **"regional economic integration"**, and is associated with the concept of a **"free trade area"**.

Some examples of a common market are the Caribbean Community and Common Market (CARICOM) and the European Union (EU).

#### Company/Corporation

A group of persons coming together and pooling their economic resources, for the purpose of doing business (engaging in economic activity) under the name of the grouping/association.

Such an entity, which is normally incorporated by registration under the law, is a legal entity and is distinct from its shareholders.

Companies may be limited or unlimited, depending on whether the liability of the shareholders is limited. The limited type company can either be public or private, with the distinction being indicated in the name. 'Limited' or 'Ltd.' as the last part of the name will suggest a

private company, whereas 'Public Liability Company' or 'PLC' will suggest a public company.

#### **Comparative Advantage**

An economic concept from "international trade" theory, which states that a country will specialize in the production of those goods or services in which it has a greater advantage over another country, and leave another country to produce those in which it has a lesser advantage.

As such, each country, having an absolute advantage in certain areas of production, will specialize, thus increasing the overall supply available to mankind. As a consequence, one country will export those goods and services in which it has a greater advantage, and import those where it has a lesser advantage. This is the basis for international trade.

# **Competitive Advantage**

The characteristic of a firm which enables it to be more cost efficient, earn higher revenues or realize lower risks than its competitors.

For example, a firm can have a competitive advantage in labour, capital/technology, fuel/energy or raw materials.

#### **Concessionary Bargaining**

An aspect of collective bargaining, where the nature and outcomes of the negotiations reflect requests by one party, to have the other forego prior rights and gains. It can be viewed as a situation of negotiating to "qive back".

#### Conciliation

A method of settling disputes by the use of a third party. It is a process where a third party or conciliator enters the dispute, on the invitation of the parties, to pacify the parties in the hope that they will discuss differences in a reasonable and dispassionate manner.

In most countries, the conciliator is an employee of the state, usually from the labour department. Generally, the conciliator makes no suggestions as to how the differences can be adjusted; his or her role is one of peacemaker and a facilitator for the problem-solving process.

#### Congress

A formal meeting of trade union delegates or members, convened at a specific time (annually, biennially or triennially), to discuss the affairs of the union and to effect decision-making. In trade unionism, the term is also used alternatively with "council" to mean a **federation**.

#### Conservation

The maintenance of a desired combination of materials, plants, animals and minerals; to keep them from changing, being damaged or lost. In so doing, it is said that we "conserve" these resources.

#### **Constructive Dismissal**

A situation where an employee is forced to resign because of the employer's attitude and actions. In such cases, the employee must demonstrate that the employer acted in such a manner as to indicate that he no longer intended to be bound by any or all of the terms of the contract.

#### **Contract for Services**

This is the case of a self-employed person, who by definition, does not work under a **contract of employment/contract of service**.

In this employer – worker relationship, the worker is somewhat of a private contractor. As such, this worker does not enjoy those normal 'employee rights', and is less controlled by the employer in the job function.

# Contract of Employment/Contract of Service

This is the legal contractual relationship between the employer and the employee. It is normally formed when the employer offers remuneration and other benefits to the employee, in exchange for the performance of specified work. The contract may be written and formal or unwritten and informal, and the terms can be expressed or implied. 'Best practices' in industrial relations, however, demand that the contract be written and formal. In many cases, the 'job offer letter' is the extent of the written formal contract.

In whatever form the contract might exist, the courts, in seeking to ascertain its legality, will seek to establish the employer's obligation to pay wages and maintain a safe system of work, and the employee's

obligation to obey the employer's lawful instructions, to be faithful and honest in service, and to exercise care and skill while performing work.

#### **Contract Labour**

This is the term which is generally used to refer to the various ways of employing labour other than under a normal employment contract. Conceptually, it is viewed more in the nature of a commercial relationship and less of an employment relationship.

In the case of a commercial relationship, the contractual relationship is deemed to be between independent contracting parties placed on an equal footing, neither of which is in a position vis-a-vis the other that justifies special protection by law, beyond the normal support for the principle of the sanctity of the contract. On the other hand, the normal employment relationship is based on the contract of employment, under which the worker agrees to perform work for and under the authority of an employer.

Two other terms which are often used as synonymous with contract labour are "contracting" and "subcontracting". In some countries, these terms often carry a fine distinction, reflecting such matters as skills, white—collar functions, construction work, and the sequence of the contracting arrangement. However, the term subcontracting is more frequently used in labour law and practice.

#### Contracting Out

A management practice, where workers are made redundant and their jobs are given out to a private contractor.

This contractor would be responsible for the provision of his own labour and other resources, which he usually brings into the firm to perform the tasks. Sometimes the nature of the task is such that it is performed away from the employer's premises.

The idea of contracting out is associated with the concepts of "core business" activities and "peripheral business" activities. Core business activities as the term suggests are those activities which are central to the purpose of the business. Peripheral business activities, though they facilitate and enhance core business activities, are by definition not central to the purpose of the business. What happens

therefore, is that when the business embarks on a downsizing programme, its first inclination will be to shed those peripheral business activities.

# Copenhagen Declaration

A declaration adopted by world leaders at the conclusion of the World Summit for Social Development, which was held from 6-12 March 1995 in Copenhagen, Denmark. This summit of world leaders (perhaps the largest ever – some 117 Heads of State), adopted a Declaration and a Programme of Action to put people at the centre of development. They pledged the following as their overriding objectives:

- · conquer poverty;
- · achieve full employment; and
- foster stable, safe and just societies.

Specifically, within the Declaration they made the following commitments to:

- eradicate absolute poverty by a target date to be set by each country;
- · support full employment as a basic policy;
- promote social integration based on the enhancement and protection of all human rights;
- · achieve equality and equity between women and men;
- accelerate the development of Africa and the Least Developed Countries;
- ensure that structural adjustment programmes include social development goals;
- · increase resources allocated to social development;
- create "an economic, political, social, cultural and legal environment that will enable people to achieve social development";
- attain universal and equitable access to education and primary health care; and
- strengthen cooperation for social development through the United Nations.

#### Corporate Culture

The sum total of those characteristics which are distinctive to a particular corporation. It would include behaviour patterns, values, organizational institutions and management styles.

#### Culture

A sociological concept, which generally refers to the socially transmitted behaviour patterns, values, customs and institutions, that are distinctive to a community, region or country.

# Cost of Living Allowance (COLA)/Escalator Clause

An amount which is periodically paid to an employee by the employer, to dampen the effect of inflation. It is also referred to as a "cost of living bonus", since by design, it seeks to maintain some consistency in the level of real wages. In calculating the COLA, movements in the retail price index are taken into consideration. The formula for the payment of the COLA is usually the subject for discussion between the trade union and the employer.

# Cost of Living Index/Retail Price Index/Consumer Price Index (CPI)

This is a statistical mechanism which is used to measure changes in the general level of prices of consumer goods and services purchased by private households. An economic tool, it determines the effect of changes in prices on the disposable income of the average household, as well as how changes in the cost of living can affect wages and other negotiated prices.

A statistical representation of the changes in prices, construction of the CPI entails determining the "basket of goods" or "market basket", affixing relative weights to the various expenditure groupings to reflect spending levels, identification of a base period to facilitate comparisons, and the calculation of movements in prices from one period to the other in terms of the base period.

The "basket of goods" attempts to cover the goods and services people buy for a living, covering such items as food, clothing, rent, furniture, fuel, medicines, transportation, entertainment, etc. These items are then divided into sub-components and assigned to a major expenditure group.

#### **Customs Union**

A regional economic integration concept, where there is unrestricted trade among the member countries, as well as a harmonized trading policy with outside countries.

# Cyclical Unemployment

This refers to unemployment which is associated with economic cycles of "booms" and "slumps". "Booms" and "slumps" are periods of economic prosperity and economic depression respectively. During periods of "boom", demand for goods and services is at a high, resulting in increasing production and more persons being employed. In times of a "slump", the opposite obtains.

#### Decent Work

An ILO-originated concept which implies access to employment in conditions of freedom; the recognition of basic rights at work, guaranteeing the absence of discrimination or harassment; an income enabling one to satisfy basic economic, social and family needs and responsibilities; an adequate level of social protection for the worker and family members; and the right to participation and a voice at work, directly or indirectly through self-chosen representative organizations.

#### Deforestation

The clearing or cutting of the forest for the purpose of utilizing the wood for fuel or construction, or using the land for grazing animals, growing crops or mining.

# Depression

An economic concept which refers to a serious and extended economic slump, characterized by declining production, high unemployment and falling wages and prices. In this state of affairs, some significant consequences are high rates of business failures and the collapse of financial institutions.

The "Great Depression," which shook the economic and social foundations of North America and Western Europe in the 1930's, is perhaps the most severe depression in economic history. The United States of America was hardest hit, with massive business failures, collapsed financial institutions, and hundreds of thousands of persons out of work. Though occurring in 1929, the "Stock Market Crash"(USA) is an integral aspect of the "Great Depression". It was indeed a symptom of that "economic earthquake".

#### Deregulation

A reduction in the regulatory or supervisory role which the state exercises in social and economic activity.

Policies for "deregulation of the economy" are usually recommended to countries by the International Monetary Fund(IMF), World Bank and World Trade Organization (WTO). Deregulation is an important pillar in the trade liberalization policies of the 'new market-driven economics'.

#### Desertification

The loss of productive lands to desert. This can be the result of non-human and human factors. Some principal non-human factors are declining soil quality and moisture content, and climatic changes. Human factors would involve overgrazing of animals and intensive farming.

#### Devaluation

A reduction in the value of the national currency, relative to other currencies. It is designed to improve the balance of payments situation, by making imports less attractive and exports more price competitive.

# Disclosure of Information/Sharing of Information

The sharing of critical information on the firm, particularly of a financial, economic and social nature, with the workers and their bargaining agent.

Trade unions constantly call for this, since it would ensure that there is more equity in the collective bargaining process. This information would include: market share and market trends, sales volume, export sales, new products launched over time (roughly a two-year period), net sales, operating income, cash flow, net profits, investments, advertising costs, research expenditure, dividend payments, profit sharing payments, structure of the workforce (numbers and categories), total wage costs, total social contributions, hours worked, absentee rate, safety and health statistics, deployment of new technology and plans for new technology, and education and training statistics(planned and actual).

# Disguised Unemployment/Underemployment

A situation where and when workers are engaged in occupations which do not utilize their skills and energies to the fullest.

#### Diversification

This is the case of a firm moving into other activities which are outside of its traditional business. This may be in the form of a different product, process, or market.

#### **Divestment**

The exercise in which a private or public enterprise systematically disposes of its investments and any corporate equity /share of ownership it possesses.

# **Downsizing**

A systematic scaling down of the operations (economic or social), of a private or public enterprise. It may be viewed as a 'trimming of the fat' process.

This is pursued with a view to focusing on and enhancing those areas where efficiencies can be realized, and to abandon those, where not to do such, would be imprudent.

An almost inevitable consequence of the process is the shedding of labour. Within the public sector, another consequence would be a substantial reduction in welfare and other state services.

# **Dumping**

The trading action of an exporting country, where it sells its goods at an unfairly low price in the importing market. Two other dimensions of dumping are selling below the cost of production and selling below the price in the domestic market.

Countries engage in this practice to wipe out competitors and secure export markets.

# Ecology

The study of the relationships between living things and their environment.

#### Economic

Pertaining to Economics, the social science concerned with the production, distribution, exchange and consumption of goods and services.

#### **Economists**

Persons who make a profession of studying and explaining economic phenomena. They focus on the way in which individuals, groups, business enterprises and governments seek to effectively achieve selected economic objectives.

# **Economic Development**

This is not the same as economic growth, in that economic growth is basically an increase in the per capita production of goods and services in a country. It may be seen as a function of economic growth, though being more wide-ranging and bringing a qualitative dimension to the concept. An eminent Caribbean Economist, the late William G. Demas defined **Economic Development** as:

"Economic growth which is generated from within a country and resulting in economic diversification which creates more interdependence or linkages between the different industries and activities within the country; as well as producing:

- ·a satisfactory level of employment;
- ·a fairly equal distribution of income; and
- •the greatest possible participation by the people of the country in the economy."

When viewed from this perspective, it can be seen as sustained economic growth, not only of a quantitative nature, but of a qualitative nature as well.

#### **Economic Integration**

The grouping of a set of countries, for the purpose of harmonizing and maximizing their economic goals. Usually, these countries would have such characteristics in common as geographic location, history and culture.

Associated concepts would include: **common market, customs union, economic union, free trade area** and **regional economic integration**. Some cases of economic integration are the European Union (EU), Caribbean Community (CARICOM), Association of Southeast Asian Nations (ASEAN) and the Andean Community.

#### **Economic Union**

A common market arrangement, which additionally seeks to have a harmonization of the fiscal and monetary policies of the member states. The best example of this would be the European Union (EU).

#### **Economies of Scale/Scale Economies**

These are the economic advantages to be gained by a business entity, because of its operating size. In this concept, "scale" means "size".

Economies of scale may either be 'internal' or 'external', and they are sub-divided into technical, administrative, financial, marketing, research, and welfare areas.

# **Employed Population**

This consists of those persons within the adult population, who:

- performed some work for pay or profit during the reference week;
- having already worked in their present job, were temporarily absent during the reference period because of illness, injury, industrial dispute, vacation or other leave of absence, or temporary disorganization of work due to such reasons as bad weather or mechanical breakdown;
- · are self- employed;
- are unpaid family workers currently assisting in the operation of a business or farm, working for at least a particular number of hours per week; and
- are apprentices.

The **reference week** is that week immediately preceding the date of **enumeration** (collection of data and statistics). This week can vary, since enumeration in a given period usually covers thirteen (13) weeks.

# Employee Share Ownership Plan (ESOP)

An arrangement which provides an affordable way for employees to obtain an equity stake in the company for which they work.

The method used is to establish a trust which will purchase shares on behalf of the employees. The funds for this activity will be borrowed from a financial institution, and the earnings from the shares will be used to pay off the loan. When the loan is paid off, the shares will be gradually released to the employees.

#### Entrepreneur

The person within a firm who does the investing, establishes ownership, and is in charge of decision-making and control/management. The entrepreneur is often euphemistically referred to as the "risk taker".

Some economists no longer regard the entrepreneur as a distinct factor of production, but rather as an "organizer of production".

#### **Environment**

Everything that surrounds mankind. It includes the air, the seas, rivers, lakes and other bodies of water; the vegetable and animal world; the earth; the dwelling place; the workplace; social relationships and even the general conditions of life.

# **Environmental Accounting**

The attempt to devise balance sheets to measure economic activity in terms of the costs to the environment.

# **Environmental Auditing**

A comprehensive review and testing of all the operational aspects and the state of affairs of an enterprise or organization to ascertain the impact of its presence and activities on the environment.

This exercise is pursued with a view to ensuring that the entity is 'environmentally-friendly' and pursues policies which are in keeping with 'sustainable development'.

# **Equal Opportunity Policy (EOP)**

An established workplace policy which aims to ensure that no employee or job applicant is discriminated against on the basis of sex, race, colour, ethnic or national origins, or because of conditions and requirements which cannot be justified.

A corporation pursuing an equal opportunity policy is referred to as an 'equal opportunity employer'.

#### Ergonomics

Also known as "human engineering", it is the science of thinking and planning work, so that it is organized to suit the abilities and needs of the people doing it. It is also defined as "fitting work to people" or making work "worker-friendly".

# Ethnocentrism (Ethnocentric Organization)

A general description of the behaviour patterns and decision- making styles within multinational enterprises, where parent country/company attributes are reflected at the level of the subsidiaries/host countries.

This would be the opposite to what obtains in a polycentric organization.

# European Union/European Community (EU)

An association of European countries, dedicated to increasing economic integration and the strengthening of cooperation among its members. It was established on 1 November 1993, with the ratification of the 'Treaty on European Union' (the Maastricht Treaty) by the twelve members of the original European Community (EC). These were Belgium, Denmark, France, Germany, United Kingdom, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. Austria, Finland and Sweden were to come on board in 1994.

Through ratification of the treaty, the EC countries became the EU countries, with the former EC machinery becoming the decision-making body of the EU. The Treaty on European Union allows for:

- · European citizenship to be granted to citizens of each state;
- the enhancement of customs and immigration agreements to allow European citizens greater freedom to live, work and study in any of the member states, and
- the relaxation of border controls.

Since 1 January 2002 most of the EU member states have adopted a single currency – the *euro*.

The EC, which preceded the EU, was a 1957 merger of the European Coal and Steel Community(ECSC), European Economic Community (EEC) and the European Atomic Energy Community (Eurotom). The EC has eliminated most tariffs among members, established a common external tariff, harmonized some fiscal and monetary policies, and broadly increased economic integration among the member states.

The EU has signed trade agreements with other countries, in many cases granting trading concessions to them. Such an agreement would be the "EC/ACP Lome" where the more developed EU countries granted concessions to their former colonies (now trading partners) in the African, Caribbean and Pacific (ACP) regions.

#### EU-ACP Lome/Cotonou Partnership Agreement

A cooperation agreement defining the relations between the fifteen (15) member states of the European Union (EU) and seventy-one (71) countries of Africa, the Caribbean and the Pacific (ACP). This agreement has long been acclaimed as a unique model for North-South cooperation. It is a partnership based on the principle of political equality between the two groups of countries with unequal economic

development levels. The agreement offers stability through the contractility of the rights and duties on each side, and predictability through pre-allocated resources.

The original agreement, signed at Lome in 1975 and renewed several times, combines a trade regime of preferential access to the European market for ACP products, together with a financial and technical aid package. The fourth Lome Convention of 1990 and revised in 1995, came to an end in February 2000.

The new partnership agreement of the EU-ACP to replace Lome, was signed on 23 June 2000 in **Cotonou**, Benin. This agreement, which covers the next twenty (20) years of the relationship, is committed to:

- setting up of a new trade arrangement characterized by the progressive abolition of trade barriers, in accordance with WTO rules;
- maintaining, in the interim, of the current non-reciprocal preferences and the regimes of the various protocols; and
- assisting ACP countries with their gradual and harmonious insertion into the world economy - to increase production, supply and the competitive nature of their products and to attract inward investment. This is being done against the background of speeding up regional integration in their regions.

# Export Processing Zone (EPZ)/Free Trade Zone

A designated area within a country, usually close to an international port, into which foreign capital goods, components and materials are brought in exempt from custom's duties and are processed and then exported elsewhere.

**EPZ's** are recommended to developing countries as a means to generate employment and foreign exchange.

#### Factors of Production

Also referred to as economic resources, these are the inputs to the production process. They are categorized as **land**, **labour and capital**. The entrepreneur is also seen by some persons as a factor of production, but should be viewed more as an "organizer of production".

The three factors respectively attract income of **rent**, **wages** and **interest**, with the efforts of the entrepreneur being rewarded with **profit**.

#### Federation

In industrial relations, this refers to a number of unions which have joined together for certain purposes, yet retaining their individual autonomy and independence for other purposes.

Types of federations can vary from the "national federation" which can be a "national union" with its autonomous local branches (unions), to a grouping of national unions in the same country, or to a "national centre" – an affiliation of all or most of the unions in a country.

The national centre is best known as a "Trades Union Council or Trades Union Congress (TUC). Some better known TUC's are the AFL-CIO of the USA, the CLC of Canada and the British TUC.

#### **Financial Statements**

A financial data report on a corporation or organization, detailing among other things, the:

- Balance Sheet A statement showing the nature and amount of a company's assets, liabilities and owner's equity or net worth on a given date. It is often referred to as a snapshot of the company's financial standing at an instant in time.
- Earnings Statement/ Profit and Loss Statement A statement of revenues and costs over a financial period.
- Retained Earnings Statement A record of the profits that have been kept in the business year after year.
- Statement of Changes in Financial Position A statement of the source of funds and the use of those funds during a financial period.

## **Fiscal Policy**

This is government's policy which relates to revenue raising and spending. It is enunciated in the budgetary proposals, and is also intended for the correcting of macro-economic imbalances such as **unemployment** and **inflation**.

#### Flexitime/Flexible Work Hours

An arrangement with management, where workers select their times of arrival and departure from work. This is usually done with an understanding that the worker will be present for a "core period" in the day and work for a specified number of hours each week or month.

Dimensions of flexitime are:

- Flexitour: An arrangement where employees select specific starting and quitting times, maintaining a full work day for a specified period.
- Gliding Time: An allowance for variation in starting and quitting time, yet maintaining a full work day.
- Variable Day: A system which allows workers to vary the number of hours worked in a day, without affecting the total for the overall period.
- Maniflex: A similar arrangement to the variable day, without a core period being mandatory for each day.

## Foreign Sales Corporation (FSC)

This is a foreign company which exports for a company domiciled in another country. This arrangement can allow for the company to show its export profits in the FSC books, avoiding taxation in the domiciled country until such profits are remitted.

## Franchising

An intra- company contractual relationship, where one company (the franchiser) allows another (the franchisee) to use its good name and often some product and process, in return for compensation.

#### Free Trade Area

A regional economic grouping of countries, allowing for unrestricted trade among themselves, while leaving each member free to have its own policy with non-member countries.

#### Free Trade Area of the Americas (FTAA)

An initiative taken at the 'Summit of the Americas' in Miami, in December of 1994, by the Heads of State of thirty-four (34) democracies within the 'Americas' region, to unite the economies of the western hemisphere into a single free trade arrangement. The Heads of State also committed themselves to completing negotiations for the agreement by 2005, and to achieving substantial progress toward building the FTAA by 2000. Their decisions are to be found in the Summit's 'Declaration of Principles' and 'Plan of Action' which speak to a "Partnership for Development and Prosperity: Democracy, Free Trade and Sustainable Development in the

Americas" as well as addressing such issues and concerns as the need to:

- Preserve and Strengthen the Community of Democracies of the Americas;
- Promote Prosperity through Economic Integration and Free Trade;
- Eradicate Poverty and Discrimination in the Western Hemisphere;
- Guarantee Sustainable Development and Conserve the Natural Environment for Future Generations.

The efforts made by the Heads of State in Miami to create a 'free trade area', was significantly advanced by the San Jose Declaration of 19 March 1998. Agreed to by the thirty-four democracies in the FTAA process, this Declaration served as the basis for the launch of the Hemispheric trade negotiations by Heads of State in Santiago, Chile in April 1998. The Declaration represents:

- 1. A commitment by the participating countries to the most ambitious undertaking for trade liberalization; and
- The largest regional integration effort ever undertaken involving both developed and developing countries in a common objective to realize free trade and investment in goods and services, on a basis of strengthened trading rules and disciplines.

Negotiations set in place by the San Jose Declaration encompass all of those areas which fall within the ambit of the WTO. It will also deal with areas not presently under the WTO, such as a common investment regime, government procurement and competition policy.

Within the negotiations, there are provisions for elements of civil society to make their views known on issues to be negotiated, as well as on the important relationship between trade and the environment and on labour issues as they may effect trade.

With a view to furthering the 2005 commitment, the hemispheric leaders met in Quebec, Canada in the month of April 2001. At this meeting an agreement was signed, the principal provisions being to:

- open their markets by December 2005;
- exclude undemocratic nations from the free trade area;
- express concern over flawed elections in Haiti and urge President Aristide to resolve the crisis;
- support the Colombian peace plan of President Pastrana;

# Glossary of Industrial Relations and Related Terms and Concepts for Trade Unionists

- combat poverty and inequality;
- improve access to quality education;
- promote internationally-recognized labour standards;
- respect human rights and fundamental freedoms;
- combat global drug problem and related crimes;
- combat HIV/AIDS and its consequences;
- take steps to protect the environment and pursue renewable energy initiatives;
- ensure safe and healthy working conditions for migrants, and
- share knowledge to spread the technology revolution.

## Frictional Unemployment

This is unemployment of a temporary nature. It relates to a situation such as persons moving from one job to another.

## Gain sharing/Payment By Results

A plan or scheme which links worker income to performance in accordance with some predetermined set of rules (a formula). Gain sharing is a productivity- centred concept.

Some widely-used gain sharing plans are the **Impro Share**, **Scanlon**, **Multi-factor** and **Rucker**.

#### Gender

The collective reference to those learned social differences and relations between women and men, which vary widely among societies and cultures, and also change over time.

In industrial relations and developmental studies, this concept is much wider than the biologically exclusive notion, "sex". An understanding of gender from this broader perspective, permits for an easier analyzing of roles, responsibilities, constraints, opportunities and needs of women and men in any given social context.

## **Global Warming**

The increase of certain gases in the atmosphere, resulting in the world becoming warmer.

#### Globalization

The contemporary international economic and political reality, which is manifested in the intensification of economic activity across national borders and the integration of nation states into one 'borderless' and 'global' economy. The principal factors in the creation of this reality are:

- the rapid growth in multinational/transnational corporations;
- revolutionary developments in communication and information technology;
- the partial surrendering of nation states' sovereignty to international trading and economic organizations; and
- the proliferation of economic and trading 'mega blocs'.

From an economic perspective, the concept is seen as threedimensional:

- Globalization of production, where for example, the components of a particular product may be produced in several countries.
- Globalization of finance, where capital is transferred across national borders with amazing rapidity and a minimum of restrictions.
- Globalization of markets the exposure of consumers across the globe to an identical array of products from which to choose.

### Greenhouse Effect

The process whereby heat from the earth cannot escape back into space, because growing amounts of chemicals (like carbon dioxide) are trapping it high in the atmosphere. The heat being sent back to earth raises the earth's temperature. This has the effect of causing ocean levels to rise, and disrupting plant, animal and human living conditions.

#### Grievance

This is any complaint, usually by workers against management, relating to a breach or violation of the collective agreement, the common law and legislation as they pertain to labour – management relations, or the established workplace customs and practices.

Grievance handling as an activity is synonymous with trade union problem-solving. It is seen as one of the most dominant trade union functions, with the other being collective bargaining. As a problem-solving activity, grievance handling is governed by a "grievance"

**handling procedure**". Such a procedure is usually set out in the collective agreement.

A typical grievance handling procedure would have the following steps:

- 1. The worker raises the issue with the shop steward/delegate, and they discuss it with the immediate supervisor.
- 2. Failing a settlement at (1), the shop steward/delegate takes up the issue with the departmental manager.
- 3. Failing a settlement at (2), the shop steward/delegate takes up the issue with higher management.
- 4. Failing a settlement at (3), an official of the trade union secretariat will arrange a meeting with the senior management of the company, to discuss the matter.
- 5. Failing a settlement at (4), the parties will subject the dispute to conciliation, mediation or arbitration, as the industrial relations system permits.

In many cases, industrial action may be resorted to. This at times occurs before and after step 5.

### **Gross National Product (GNP)**

The market value of all final goods and services produced by a country during a given year. It can also be seen as a measure of the spending patterns of consumers, businesses and government. Because of this angle, it is also known as the **national income**.

GNP or national income has a sub-division known as the **Gross Domestic Product (GDP)**. GDP is production within the national boundary, while GNP is GDP plus any production from beyond the national borders, but on behalf of the country.

#### **Gross Profit**

Normally found in the income statement/profit and loss statement, this is the "profit" before operating expenses are deducted. It is determined by subtracting cost of goods sold from the sales revenue.

## Holding Company/Parent Company

A corporation which has either controlling interest, or owns a significant share of a large number of diverse companies. The holding company is not always a producer of goods and services, but in many cases is a

vehicle to consolidate and control capital - corporate power. The company which is controlled by the holding/parent company is known as the **subsidiary company**.

### **Home-Centred Employment**

This is an aspect of 'contracting out', in that it is work being performed by non-employees of the firm. Also known as outwork, it is a situation where the 'outworker' performs the task(s) from his or her home. The outworker/home-worker relates to the firm on an individual basis and not through a subcontractor. This practice was prevalent in the garments sector, but is now more so in the information technology sector.

## Human Resources Management/(HRM)

The management function performed in organizations, which seeks to facilitate the most effective use of people (employees) to achieve organizational and individual goals. It is concerned with the effective management of people at work; examining what can or should be done to make people both more productive and more satisfied with their working life. Some of the activities inherent in the HRM function are:

- · Job analysis
- Human resources planning
- Employee recruitment, selection and orientation
- · Career development and counselling
- · Performance evaluation
- Training and development
- · Compensation and benefits
- Safety and health
- Industrial relations
- Discipline
- · Work scheduling

John M. Ivancevich and William F. Glueck in "Foundations of Personnel/ Human Resource Management (1986), identify the following goals of HRM:

- 1. helping the organization to reach its goals;
- 2. employing the skills and abilities of the work force efficiently;
- 3. providing the organization with well-trained and well-motivated employees;

- 4. increasing the employee's job satisfaction and self- actualization to the fullest;
- 5. developing and maintaining a quality of work life that makes employment in the organization a desirable personal and social situation;
- 6. communicating HRM policies to all employees;
- 7. helping to maintain ethical policies and behaviour; and
- 8. managing change to the mutual advantage of individuals, groups, the organization, and the public.

## Impro Share Plan

A time-based productivity sharing plan, where output is measured against hours of input.

## **Incomes Policy**

A national programme (usually detailed in the budgetary proposals) which seeks to impose controls on the income levels accruing to the various **factors of production**.

In most cases, the incomes policy is ostensibly a 'wages freeze policy', where the emphasis is on limiting or controlling workers' wages.

An incomes policy is usually pursued to control the rate of inflation.

#### Industrial Action

A general term referring to all the forms of collective action which may be taken by workers against the employer in pursuit of their grievances. Industrial action would include the strike or cessation of work, work to rule or giving of the minimum accepted output, and the overtime ban – refusing to work overtime. It can also cover equivalent action by management, such as the lockout or mass dismissals of workers.

#### **Industrial Conflict**

A collective term for the range of behaviours and attitudes which are a manifestation of the opposing and divergent positions between workers (labour) and employers (management). Opposing and divergent positions can be seen in such scenarios as:

(a) Management wanting higher profits while the workers are demanding pay increases and better working conditions. A

- situation where pay and working conditions represent costs, which work against profits.
- (b) Management demanding the "right to manage" (which to the workers can mean the right for management to behave as it pleases), while the workers are fighting for the right to be treated with dignity. This will certainly lead to a clash.

Industrial conflict is manifested in such behaviours as strikes and lockouts, output restrictions, removal of plant, labour turnover, absenteeism, autocratic supervision, unnecessary dismissals and unofficial speed-ups.

#### Industrial Relations/Labour Relations

An area of specialized study and practice which is mainly concerned with the relations between labour (the workers) and management (the employers) and the state (governmental institutions) as such relations relate to the industrial setting (workplace). It can also be viewed as the art and science of seeking to understand industrial conflict, and to develop rules, arrangements and institutions for its effective management. Some academics see it as being "The study of the various aspects of job regulation", while others view it as "The study of certain regulated or institutional relationships in industry".

Also called labour and management relations, this specialist pursuit embraces the work of the trade union officers, personnel/human resources managers, labour economists, labour lawyers, mediators, conciliators, arbitrators, safety and health specialists, governmental labour specialists, and a variety of other specialists and professionals who deal with the world of work.

An industrial relations system can be described as being of the voluntaristic type or the legalistic/regulatory type. With the voluntaristic model, there is no preponderance of legislation and state regulations to dictate workplace industrial relations. As such, labour and management to a great extent set the rules and fashion the relationships. In such a model, the collective agreement is not enforceable by law.

In the case of the legalistic/regulatory model, there is by definition a preponderance of labour legislation and state intervention in the process. Such systems are dominated by labour laws and labour

codes as well as industrial courts and tribunals. In this system, the collective agreement is a legal document.

## Inflation

A situation of continuously rising prices, with the resulting falling value of money. It is that factor which makes the distinction between a **nominal wage** and a **real wage**.

Determination of the inflation rate is achieved through the compilation and analysis of the **cost of living index/retail price index/consumer price index**.

#### Informal Sector

Also known as the unorganized sector or the informal economy, this concept was first mooted by the International Labour Organization (ILO) in 1972. The term is used by the ILO to "....refer to very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low irregular incomes and highly unstable employment to those who work in it.

They are informal in the sense that they are for the most part unregulated and unrecorded in official statistics; they tend to have little or no access to organized markets, to formal credit institutions, to formal education and training institutions or to many public services and amenities; they are not recognized, supported or regulated by the government; they are often compelled by circumstances to operate outside the framework of the law, and even where they are registered and respect certain aspects of the law, they are almost invariably beyond the pale of social protection, labour legislation and protective measures at the workplace".

The ILO also notes, that "Informal sector producers and workers are generally unorganized ... and in most cases beyond the scope of action of trade unions and employers' organizations ... [And] ... they generally live and work in appalling, often dangerous and unhealthy conditions..."

The ILO has noted that the persistence of the informal sector is due to the inability of the other sectors of the economy - agriculture or other rural activities on the one hand and modern industry and services on the other - to provide adequate incomes or employment to a rapidly growing labour force (ILO 1991 in Mhone 1996).

#### Infrastructure

The fundamental substructure which sustains an economy or business system. Components of this substructure (the infrastructure), would include roads and transportation networks, accessible electric power, telephone service and other utilities.

## International Confederation of Free Trade Unions (ICFTU)

This is the representative organization at the international level, of free labour organizations (trade unions) throughout the world. To put another way, it is the pinnacle of the international labour movement.

The ICFTU was established in 1949, by the non-communist members of its predecessor, the World Federation of Trade Unions (WFTU). This was occasioned by a split in the WFTU, where its non-communist members were of the view that the communist members were dominating.

Membership in the ICFTU is open to bona fide trade union organizations which:

- · are independent of any outside dominating influence;
- · derive their authority only from the members;
- have a freely and democratically-elected leadership; and
- voluntarily accept the aims and constitution of the ICFTU.

The motto of the ICFTU is Bread, Peace and Freedom. Its aims are to:

- 1. promote the interests of working people throughout the world;
- work for consistently rising living standards, for peace, full employment and social security;
- 3 reduce the gap between rich and poor, both within and between nations;
- 4. work for international understanding, for disarmament and the establishment of peace;
- 5. help workers everywhere to organize themselves and secure recognition of their organizations as free bargaining agents;
- 6. fight against oppression and dictatorship everywhere and against

discrimination of any kind on the grounds of race, colour, creed or sex; and

7. defend the fundamental human and trade union rights.

Apart from its secretariat, the day-to-day international work of the ICFTU is carried out through its following regional organizations:

- APRO the Asian and Pacific Regional Organization
- AFRO the African Regional Organization
- ORIT the Inter- American Organization of Workers

## International Labour Organization (ILO)

A United Nations (UN) specialized agency which is mandated to address labour issues. Established in 1919 along with the League of Nations, its mandate is rooted in the **Treaty of Versailles**, and its main objectives are to improve labour conditions, promote productive employment and social progress, and raise living standards. The ILO became part of the UN system in 1946.

In 1944 at its Philadelphia conference, the ILO reaffirmed its mandate by adopting the **Declaration of Philadelphia**. This declaration states in part that labour is not a commodity, that freedom of association and expression are essential to sustained progress, that poverty anywhere is a threat to prosperity everywhere and that a war against it should be waged by all nations.

The ILO is an unique organization within the United Nations system, because of its tripartite (**tripartism**) nature. Tripartism is the practice where governments, workers(labour) and employers(capital) are joint actors in the organization's decision-making process.

Among its many activities in pursuit of its objectives, the ILO is perhaps best known for the generation of **International Labour Standards**. Such standards are of two types: the ILO Convention and the ILO Recommendation.

An **ILO Convention** is a body of minimum acceptable standards, relative to the protection of workers, and the improvement of working conditions. They are like international treaties relating to the field of labour law, and they are subject to ratification.

The ILO Recommendation, on the other hand, is a body of guidelines

to assist in the proper implementation of a convention. They often supplement a convention and spell out its provisions in greater detail. ILO Conventions and Recommendations are grouped under the headings:

- Freedom of association
- Prohibition of forced labour
- Equality of opportunity and treatment
- · Employment and human resources
- Labour administration
- Industrial relations
- Wages
- · Weekly rest and paid leave
- · Occupational safety and health
- Social security
- Employment of women
- · Employment of children and young persons
- Migrant workers
- Plantations
- · Hours of work.

Ratification of an ILO Convention implies obligations of the state to:

- take such action (particularly legislation) as may be necessary to make effective the provisions of the convention;
- consult with workers and employers in setting up machinery to give effect to the provisions; and
- · be willing to be subjected to the ILO's monitoring systems.

With respect to monitoring, the ILO has a rigorous mechanism in place, in the Committee of Experts on the Application of Conventions and Recommendations.

The ILO offers technical assistance to member States to facilitate the adoption and enforcement of its standards. Additionally, technical assistance is offered in employment promotion, worker and management education and training, labour administration, improving industrial relations, developing social security systems, enhancing working conditions, and the promotion of occupational safety and health and environmental awareness. It is also a printing house, providing information on a constant basis, in both printed and electronic formats. Apart from the Secretariat in Geneva, the day-to-day work of the ILO is

also executed by ILO regional and sub-regional offices located in North America, Latin America and the Caribbean, Europe, Africa and Asia.

## International Monetary Fund (IMF)

The IMF is a one of three main institutions created by the Bretton Woods Agreement (1944), the other two being the World Bank or International Bank for Reconstruction and Development (IBRD), and the General Agreement on Tariffs and Trade (GATT), which was replaced by the World Trade Organization (WTO) in January 1995.

The IMF was specifically created to act as a monitor of the world's currencies by helping to maintain an orderly system of payments between all countries. It also provides short-term financial lending to countries with balance of payments difficulties. As such, it can be viewed as a provider of temporary overdraft facilities to countries experiencing foreign exchange cash flow problems.

When a country joins the IMF, it is assigned a quota in Special Drawing Rights (SDR's). This is the fund's unit of account. The quota allocation reflects the country's relative position in the world economy, determines its voting strength and the amount of foreign exchange it may withdraw from the fund, as well as the quantity of SDR's it will receive in periodic allocations.

## International Organization of Employers (IOE)

This is the internationally-recognized organization which represents the interests of business in the labour and social policy fields. Created in 1920, it now has a membership of 135 national employers' organizations from 131 countries from all over the world. Its mission is to promote and defend the interests of employers in international fora, particularly at the ILO, where it acts as the secretariat to the employers' group at the International Labour Conference, Governing Body and other related meetings.

#### ISO 9000 Standards

The International Organization for Standardization (ISO) is a worldwide federation founded in 1946 to promote the development of international standards and related activities (including conformity assessment) to facilitate the exchange of goods and services worldwide. ISO is composed of member bodies from over 90 countries, the U.S. member body being the American National Standards Institute (ANSI).

In 1979, ISO formed the Technical Committee (TC) 176 on Quality Management and Quality Assurance to address the worldwide trend towards increasingly stringent customer demands with regard to quality, combined with growing confusion in international trade resulting from differing national and sub- national quality system requirements. In 1987, based on the work of TC 176, ISO published the ISO 9000 Standard Series on quality management and assurance. These standards were based on considerable input from a number of countries, especially the United States (U.S.), Canada, and the United Kingdom (U.K.). In particular, the ISO 9000 standards were based in large part on the British Standards Institution's BS 5750 Series, Quality Systems.

## International Trade Secretariats (ITS's)

These are international 'federations' of national unions and national trade union centres, with each one (ITS) having as its affiliate, industry or sector-specific labour organizations. As such, ITS's are representatives of such industrial and sectoral groupings as agriculture, food, hotels, restaurant and catering; building, woodworkers and construction; clerical, commercial and technical; metalworkers; telecommunications; transport and mining.

By definition, each ITS is primarily concerned with issues pertaining to its sector. For its affiliates, it provides research and information, representation from an international perspective, education and training, and some degree of technical and financial assistance.

ITS's are associated with the International Confederation of Free Trade Unions (ICFTU), constituting a powerful alliance which mounts a formidable lobby within the ILO and international circles.

#### Internet

A computer–based, worldwide information network. It is composed of a large number of smaller interconnected networks called internets. These may connect thousands of computers, allowing them to share information.

The internet has revolutionized communication between people across the globe. It allows for persons to publish ideas, research issues, pursue leisure activities, communicate (e-mail), obtain education and training (distance learning), and buy and sell goods

and services with a minimum of overhead costs (e-commerce). Such activities are said to be "online".

The internet was, until the early 1990's, a communication and research tool exclusively used for academic and military purposes. This however changed with the introduction of the World Wide Web (WWW). The WWW is a set of programmes, standards and protocols governing the way in which multimedia files are created and displayed on the internet.

## Job Analysis

The systematic examination of a specific job, with a view to determining its content, the personnel having responsibility, and the requirements to effectively execute the job.

There are two facets of job analysis:

- Job Description: A statement of the various duties and responsibilities regarding a specific job. Job description relates to job content.
- Job Specification: A statement of the various requirements, with regards to the person who is to perform the job. Job specification relates to the worker.

#### Job Evaluation

A systematic measurement of jobs, with a view to ascertaining their relative worth. In the exercise, jobs are measured in terms of importance, duties, responsibilities, working conditions and the value to the firm. The exercise is pursued with a view to devising sound wages/salaries and reward systems.

The four main techniques of job evaluation are:

## 1. Job Ranking:

The rank ordering of whole jobs, from the simplest to the most challenging. It does not evaluate parts of a job.

## 2. Job Classification/grading

The grouping of a set of jobs into a grade or classification and the ranking of those jobs in levels of difficulty and sophistication. Each grade of jobs has a general definition differentiating it from other grades, on the basis of skills, effort, working conditions and the like.

#### 3. Points Assessment

This involves the breaking down of a job into elements, and the quantifying of the value of each element. Through exercises such as interviewing job occupants and consulting job descriptions, the various compensable factors required to do a job are ascertained. These are then assigned points in varying degrees.

## 4. Factor Comparison

This is similar to the points system, in that the evaluation is done on a factor-by-factor basis. However, it differs in that jobs are evaluated against a benchmark of key points. A factor comparison scale rather than a points scale is used. Factors widely used are responsibilities, skill, physical effort, mental effort and working conditions.

## Job/Labour Flexibility

This is a multidimensional concept, which seeks to collectively define those management practices employed in adapting labour to the workplace against a constantly changing economic scenario of "stabilization and structural adjustment programmes" and "global competition".

Economists and labour market analysts have identified the following four dimensions to this concept:

- 1. Functional Labour Flexibility measures to ensure that employees can be deployed quickly and smoothly between activities and tasks, from department to department, and from one geographic location to another. Also called technical- organizational flexibility, this is usually a consequence of such changes and developments as multi-skilling, job rotation, retraining, upgrading and multi-tasking.
- Numerical Labour Flexibility measures which would allow for a
  quick and easy increase or decrease in the number of employees, in
  line with short term changes in the level of demand for labour. This
  ushers in the notion of temporary workers, contract workers and
  home workers.
- 3. Financial Labour Flexibility a system, where pay and other payroll costs reflect the state of demand and supply for labour, developing into a remuneration system that facilitates functional or numerical labour flexibility. This system would include such wage fixing mechanisms as performance- based payment schemes, and incentive bonuses.

4. Working Time Flexibility – adapting work schedules, and restructuring working time, to accommodate changing conditions such as flexitime, overtime staggered work and split shifts.

# Job or Work Sharing/Full-time Equivalents/Part-Time Options

Any arrangement, whereby full-time employees are required to share the work period among themselves, and /or with part-time employees.

## **Job Security**

The trade union philosophy and practice of ensuring that workers are kept in jobs. As such, this thinking and position is foremost in any trade union interaction with the other social partners.

#### Jobless Growth

A situation where total income in the economy is increasing while employment is on the decline.

### Joint Venture

A joint business initiative, resulting in a company that is partially owned by at least two parent companies.

#### Labour

That human component, both physical and mental, which is utilized in the production of goods and services.

The supply of this factor/resource depends among other things, on the total labour force available, the skills level, and the prevailing wage rate.

#### **Labour Force**

All persons of the adult population who are engaged in, or willing and able to be engaged in the production of goods and services. It includes employees, employers, self-employed persons, unpaid family workers and apprentices.

The labour force can also be seen as the sum total of the **employed population** and the **unemployed population**.

## Labour Force Participation Rate

The labour force expressed as a percentage of the adult population is known as the Labour Force Participation Rate or the Participation Rate.

#### Labour Market

The nature and behaviour of persons within the workforce, as it relates to the supplying of labour within a society. An understanding of the labour market must take into consideration such factors as the characteristics of the labour force; the incidence of supply and demand for the various categories of workers; means by which workers obtain employment; and factors affecting turnover and the mobility of labour.

#### Liabilities

These are the debts of a corporation or organization. They are usually divided into **current liabilities**, being those which are due and payable within one year; and **long-term liabilities**, those payable beyond one year.

Current liabilities would include such items as accounts, taxes and dividends payable; bank overdraft; accrued expenses; and the current portion of long-term debt. Long-term liabilities would include bank loans, mortgages, bonds and debentures.

#### Mediation

This is the process of intervening in a dispute between labour and management for the purpose of reconciling them. The mediator is somewhat like the conciliator, performing similar functions. However, the major difference is that the mediator, after calming both sides and achieving some understanding of the issues, may retire and emerge later with a formal plan which seeks to adjust the differing points of view. In an effort to reach an agreement, the mediator may privately meet with both sides.

#### MERCOSUR

The Spanish acronym for the **Southern Cone Common Market/ Common Market of the South,** which is a South American regional economic integration of Argentina, Brazil, Paraguay and Uruguay.
Associated Member/ observer status has been accorded to Bolivia and Chile.

MERCOSUR was formally constituted by the Asuncion Treaty, signed in 1991. Its objectives are :

1. to create a common market aimed at trade liberalization between member states for all goods and services; and

2. the introduction of a common external tariff for third countries.

Though the Treaty did not contain specific provisions relating to labour issues, there was consensus from the beginning "to accelerate growth with social justice". Sub–Working Group No. 11, which was not provided for in the Treaty, was set up to evaluate the promotion and harmonization of legislation in member states on labour relations, employment, training, security and health, social security and labour costs.

An additional protocol to the Treaty was signed in 1994 in Brazil, which closed the working groups and created an Economic and Social Consultative Forum. This forum, which is constituted of representatives of workers', employers' and consumers' organizations from member states, can only make recommendations to the Common Market Group, which is the executive organ of MERCOSUR.

However, in 1995 a decision was made to reopen the Sub-Working Group to deal with labour, employment and social security matters. Appropriate committees were constituted to advance recommendations and studies for labour relations, migration, employment, training, security and health, social security and labour inspection.

#### Merger

The coming together or amalgamation as one, of two or more trade unions or trade union centres. This is usually undertaken to enhance trade union strength and resources and to bolster membership. This concept is also applicable to the coming together of business entities.

#### Method Study

The systematic recording and critical examination of existing and proposed ways of doing work, with a view to developing more effective methods. It is closely allied to **motion study**, and is sometimes used to mean the same.

## **Monetary Policy**

A part of the government's economic policy, which regulates the level of money (liquidity) in the economy. It has the desired objective of controlling inflation, improving the balance of payments, reducing unemployment and raising the gross national product. This policy is

primarily executed through the Central Bank, and employs the methods of:

- Open Market Operations The buying and selling of securities.
   Here, the government trades in the stock market/securities exchange.
- The Discount Rate The interest rate at which the Central Bank advances money to the commercial banks.
- The Reserve Ratio The quantity of money which the law requires commercial banks to deposit with the Central Bank.
- Selective Credit Controls A set of 'credit measures', which are designed to control consumer spending.
- The Interest Rate The rate at which commercial banks lend money to the public.
- Moral Suasion The act of government appealing to the citizenry, for 'restraint' in practices which can negatively impact on the economy.

## Money Laundering

The action, whereby persons seek to channel money earned through illegitimate means into formal financial and commercial activities. This "dirty" money may be earned through activities such as drug-dealing, bribes and organized crime, then to be "laundered" through activities such as banking and the setting up of enterprises.

#### Moratorium

A period, usually stipulated by a social agreement or law, during which the settlement of debts or the meeting of an obligation may be postponed. Considered as a "grace period", the moratorium is often resorted to in bipartite and tripartite negotiations.

#### **Motion Study**

A detailed study of all the physical movements carried out in the performance of a task, with a view to determining the most effective types and sequence of movements.

#### Multi-factor Plan

A cost –based productivity sharing plan which relates output to those inputs which are strategic to the process. This may be seen as a

variant of the **Total Factor Plan**, where all identifiable inputs are taken into consideration.

# Multinational Enterprise/ Transnational Corporation (MNE/TNC)

Any corporation which conducts its business across national boundaries, through the ownership and control of subsidiaries in several countries.

A traditionally common feature of such an arrangement was a scenario where the parent company was domiciled in a developed country, while the subsidiaries were to be found in developing and under – developed countries. This is so to a lesser extent today, in that some transnational companies are headquartered in lesser developed countries.

The MNE/TNC by definition, is usually an extremely complex entity. Its capital base, is in many cases, larger than the GDP of many underdeveloped and developing countries, putting in a good leverage position to obtain concessions when seeking to operate in such countries. Among other things, it is also known to engage in transfer pricing, and the shifting of activities, assets, and profits.

In 1990, at the ICFTU/ITS's Elsinore, Denmark Conference, the following observations were made on Transnational Corporations:

- They have the ability to and often shift production to countries where labour legislation is less effective, working conditions are less regulated, and labour costs are lower.
- Information gathering on them is difficult because of the size and complexity of the company structure, and the way that national reporting and accounting requirements vary from country to country.
- Apart from developed countries, many TNC's are now being based in such countries as Singapore, Hong Kong, South Korea and Taiwan.
- 40% of world trade was then between subsidiaries of TNC's.
- The largest 600 industrial corporations accounted for nearly 25% of the value added in the production of goods in the world's market economies.

## Multi - skilling/Cross Training

The management practice of having workers competent in more than one task or job. By this, fewer workers are required for the production process.

Having multi-skilled/cross- trained workers can facilitate that aspect of labour flexibility, where a worker is called upon to perform several jobs.

## National Vocational Qualifications (NVQ's)

These are qualifications which reflect the skills, knowledge and understanding which a person possesses in relation to a specific area of work. They are work-related, competence—based qualifications.

NVQ's are designed around occupational standards set by each industry. They respond to the changing needs in business and industry, and are accessible to anyone at any age or stage of their career.

To achieve an NVQ, an individual does not need to follow any particular training, thereby making it more flexible and accessible to more people. They are achieved and monitored through a system which involves:

- national inspectors reporting on the efficiency and effectiveness of the training;
- accrediting and awarding bodies to ensure that occupational and assessment standards are met; and
- · training providers.

NVQ's are usually awarded at the following five levels:

Level 5 Chartered, professional and senior management occupations.

Level 4 Technical and junior management occupations.

Level 3 Technician, craft, skilled and supervisory occupations.

Level 2 Semi- skilled occupations.

Level 1 Entry level occupations.

The concept of the NVQ is in keeping with the "liberalization" of traditional education systems. The new thinking is that Technical and Vocational Education and Training (TVET) must be treated with the same dignity as the Arts and Sciences.

## Net Assets/Net Worth/Owners Equity

These are the total assets of a corporation less its liabilities. They are reflected under such items as **shareholders' capital** and **capital surplus**, **retained earnings** and **reserves**.

#### Net Profit/Net Income

That part of a corporation's profits remaining after all expenses and taxes have been paid, and out of which dividends are payable.

## New Technology/Technological Change

The introduction of new and improved equipment/machines, techniques and work processes within the company.

This concept is synonymous with the deployment of micro- electronics (high- tech) gadgetry, with the computer being prominent in this regard. Indeed, when persons speak of "the new technology", they are referring to micro-electronics/computer-based technology.

## **Nominal Wage**

This is the money value or 'face value of the currency' wage. It simply says that a dollar received last week is the same as a dollar received this week, when taken at 'face value'.

## Non-Governmental Organizations (NGO's)

These are organizations, apart from corporations and political parties, which are not established by governmental initiative nor under the influence of governmental control. They are a subset of **civil society**.

NGO's can be based locally, nationally or internationally; operating out of developing and developed countries, and working on a wide range of activities, ranging from the dissemination of information to providing assistance for needy people, to lobbying for a variety of social, economic and political causes.

Some prominent areas in which they are active would be poverty alleviation programmes, environmental awareness, women's issues, defense of marginalized peoples, programmes for the disabled, disaster preparedness and relief assistance, provision of health services, food and nutrition programmes, education (particularly adult education) and economic support programmes.

NGOs operate with support from private citizens and foundations, volunteer workers and government grants and soft loans. They can boast of an effective and efficient 'networking' system, at the national, regional and international levels, and they have a United Nations (UN) platform.

## North American Free Trade Agreement (NAFTA)

A free trade agreement which binds the United States, Canada and

Mexico. In 1992 it was announced by President George Bush of the United States that the leaders of the three countries had approved such an agreement, which was subsequently to be ratified by each one. It was ratified by the US Congress in November 1993. The first step towards the NAFTA was taken on 4 October 1987 when Canada and the United States of America signed the substantial elements of the Canada – United States Free Trade Agreement (CFTA).

NAFTA was primarily conceptualized to help North American countries compete against the growing Free Trade Zones of Europe and Asia. Its stated objective is to lower or eliminate tariffs among its member states.

## Occupational Safety and Health (OSH)

This is the workplace principle and practice of ensuring that the workers are at all times maintained in "the highest state of mental, physical and social well-being". It recognizes that a healthy worker is a most productive worker, and always recommends a preventative approach rather than a curative approach. In many OSH programmes, the guiding principle is always "prevention is better than cure".

OSH is primarily concerned with the elimination or minimizing of risks and hazards within the workplace. With this aim, it focuses on such issues as accidents, dangerous machinery, chemicals, heat and cold, lighting, noise, workplace layout, job scheduling, job content, stress, ergonomics and related labour legislation.

## Organization of American States (OAS)

A regional organization for countries of the western hemisphere which was established in Bogotá, Colombia in 1948. Its broad objective is to facilitate cooperation between member countries on matters of security and economic and social development. Membership is of all countries in the western hemisphere, with the exception of Cuba which was excluded in 1962 for Marxist- Leninist principles.

The OAS administers and extends to its members, the collective defense guarantee as indicated in the 1947 Rio Treaty, where members are required to assist each other against armed attack.

#### More specifically, the OAS:

· seeks to prevent military disputes within the hemisphere by pursuing

- the peaceful settlement of conflicts among its members;
- promotes respect for human rights and representative democracy; and
- supports regional efforts that encourage economic, social, and cultural development within the hemisphere's poorest nations.

### Organization of Eastern Caribbean States (OECS)

A sub-regional grouping of Eastern Caribbean countries, agreeing to cooperate with each other and to promote unity and solidarity among themselves. It came into being on 18 June 1981 in St. Kitts and Nevis, when they signed the 'Treaty of Basseterre' to that effect. As indicated in the treaty, the specific objectives of the OECS are to:

- promote cooperation among the member states and to defend their sovereignty, territorial integrity and independence;
- assist the member states in the realization of their obligations and responsibilities to the international community with due regard to the role of international law as a standard of conduct in their relationships;
- establish and maintain wherever possible arrangements for joint overseas representation and common services;
- promote economic integration among the member states; and
- pursue these through its respective institutions by discussion of questions of common concern and by agreement on common action.

The functions of the Organization are coordinated by the Secretariat, which is under the direction and management of the Director General. To meet the challenges of a rapidly changing economic environment, the Secretariat was restructured. It consists of four main divisions - External Relations, Functional Cooperation, Corporate Services and Economic Affairs. These oversee the work of a number of specialized institutions, work units or projects located in some of the member states, and the international community.

To achieve its mission, the OECS works along with a number of regional and sub-regional agencies and institutions. These include the Eastern Caribbean Central Bank (ECCB); the Caribbean Community (CARICOM) Secretariat; the CARICOM Regional Negotiating Machinery (RNM), and the Caribbean Development Bank (CDB).

Its membership comprises Antigua and Barbuda, the Commonwealth of

Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines. Anguilla and the British Virgin Islands are Associate Members.

# Organization for Economic Cooperation and Development (OECD)

An organization of industrialized, developed and developing countries, which provides a setting for them to discuss, develop and perfect economic and social policy. More importantly, they work to coordinate domestic and international policies, with a view to ensuring that in today's globalized world, there is a web of even practice across nations.

The OECD came into existence in 1961 to build strong economies in its member countries, improve efficiency, develop market systems, expand free trade, and contribute to development in industrialized and developing countries. It succeeded the Organization for European Economic Cooperation (OEEC), which was set up to administer North American aid under the Marshall Plan for the reconstruction of Europe after World War II.

Interactions within the OECD may lead to agreements to act in a formal way. Such would be legally binding codes for the free flow of capital and services, and agreements to crack down on bribery or to end specific subsidies.

The work of the OECD Secretariat comprises data collection, monitoring trends, analyzing and forecasting economic development. It is also engaged in research on such issues as social changes or evolving patterns in trade, environment, agriculture, technology and taxation. Much of this research and analysis is published.

The OECD is considered a 'rich man's club', in that its member countries produce about two thirds of the world's goods and services. However, it does not consider itself an exclusive grouping, since being a member is limited only by a commitment to the market economy and a pluralistic democracy. Today it has a membership of thirty countries - Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States of America.

# Organization of Petroleum Exporting Countries (OPEC)

An international organization of eleven developing countries which are heavily reliant on oil revenues as their main source of income. OPEC is a well-known **cartel**, with membership being open to any country which is a substantial exporter of oil, and sharing the ideals of the organization. Current members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela.

The aim of OPEC is to bring stability and harmony to the oil market. Members, as in any other cartel, seek to do this by adjusting their oil output to help ensure a balance between supply and demand. Twice a year or more frequently if required, Oil and Energy Ministers from member states meet to decide on output levels and to consider adjustments necessary in light of market developments.

#### **Overhead**

The ongoing general and administrative expenses of a business. It includes such items as rent, maintenance, insurance, wages, property taxes and depreciation.

# Participative Management/Industrial Democracy

An organizational culture which allows for the fullest involvement of labour in the decision-making process. It is viewed as an organizational/ workplace culture where 'democratic leadership' is the guiding managing principle.

# Per Capita Income (Per Capita GDP/GNP)

This is the national income or GDP/GNP of a country divided by its population. Per Capita means "per head of the population" and is a measure of the average citizen's wealth. This concept is used by the World Bank and other international development lending agencies to "graduate" certain economies from developmental aid. Statistically, it is a flawed technique, in that it looks at the **mean** (arithmetic average) and not the **mode** (largest grouping in the population).

# Performance Appraisal

A systematic and objective assessment of employees' performance and capabilities, against set criteria. It is normally carried out by superiors, but increasingly, it is also done by peers, subordinates and self.

Performance appraisal is normally undertaken for developmental purposes and reward, but far too many employers utilize it as a tool for punishment.

Progressive appraisal methods include the interview, assessment of performance against objectives, varying tests and group exercises.

#### Persons not in the Labour Force

Persons in the adult population, who are neither employed nor unemployed. They do not have jobs nor are they looking for work. Such persons may be students, housewives, pensioners, or the disabled. Also included in this category are those persons who have no jobs and are unwilling to work. These are often referred to as the "voluntary idle". A sub- grouping of the voluntary idle would be the "discouraged workers", those not seeking work because they believe that they will find none.

## Perquisites (Perks)

These constitute any incidental profit from service, beyond salary or wages; hence any privilege or benefit claimed as due. These would include such things as overseas travel, usage of a company maintained automobile, payment of utilities, usage of "executive" dining and restroom facilities, etc. "Perks" for the most part, are viewed as income by the Inland Revenue Service and the monetary values are assigned for purposes of calculating the pay as you earn (PAYE) taxes.

#### **Political**

This is 'of politics', where politics is all about power; who wields it and the ways in which it is used. The concept of politics and the political is not to be limited to the 'ruling of the state'. This 'political science' notion, though a fundamental aspect of the study of politics, is not all there is to politics and the political.

Indeed, wherever there is a social grouping, the dynamics of power will emerge. Sub-groups and individuals will attempt to impose their will on other members of the grouping. To accommodate this dimension, a more 'sociological' notion of politics could be "...the process by which groups make collective decisions" – Rod Hague and Martin Harrop (1991). Here, the size of the group can vary from a single family at one extreme to the international community at the other.

**Portability** 

This is the right of an employee to transfer pension credits accrued, from one employer to another.

Against a background of 'regional integration' and the call for 'single markets and economies', the idea of 'portability' can also be extended to embrace the transfer of pension credits from one territory to another.

#### **Privatization**

The relinquishing of state ownership and control of economic activity to the private sector. This takes the form of selling off nationalized industries and state corporations, and departments of government which have the potential to earn income.

Privatization is prescribed by the IMF and the World Bank as a means for cash strapped developing countries to obtain cash and foreign exchange. Like downsizing, it can impact negatively on public sector employment, and social and welfare services.

## **Productivity**

The output of goods and services of a given quality, in relation to the inputs or resources used. It is an efficiency ratio for the use of resources.

Productivity is a function of production, but they are not one and the same. **Production** simply means output.

# **Productivity Bargaining**

An aspect of collective bargaining, where pay and benefit demands are negotiated against improvements in productivity.

For this type of bargaining to be effective and meaningful, it must be undertaken in an organizational climate of **industrial democracy** and **information sharing**.

# Polycentric Organization

A multinational corporation, in which decision-making is distributed among the geographically diverse units, allowing each one to make decisions which reflect its own values, knowledge and beliefs. This would be the opposite of an **ethnocentric organization**.

## **Profit Sharing**

A plan or scheme which provides workers with a bonus that is based on a percentage of company profits, or a level of profits beyond some minimum. Profit sharing is based on profitability.

## **Psychological Testing**

The measurement of some aspect of human behaviour by procedures consisting of carefully-prescribed content, methods of administration, and interpretation. Test content may be addressed to almost any aspect of intellectual or emotional functioning, including personality traits, attitudes, intelligence or emotional concerns. Such tests are usually administered by qualified clinical, school, or industrial psychologists, according to professional and ethical principles. Interpretation is based on a comparison of the individual's responses with those previously obtained to establish appropriate standards for the test scores.

The usefulness of psychological testing depends on its accuracy in predicting behaviour. By providing information about the probability of a person's responses or performance, testing aids in making a variety of decisions.

In industrial and organizational settings, psychological testing is used primarily for **selection and classification**. Selection procedures provide guidelines for accepting or rejecting candidates for jobs. Classification procedures, which are more complex, aim to specify the types of positions for which an individual seems best suited. Intelligence testing is usually supplemented by methods devised expressly to meet the needs of the organization.

Another area in which psychological testing is widely used is education. In educational settings, intelligence and achievement tests are administered routinely to assess individual accomplishment and to improve instruction and curriculum planning. In clinics or hospitals also, psychological tests are administered for purposes of diagnosis and treatment planning.

# Ratio Analysis

A comparison of selective and different sets of financial data to evaluate a firm's performance and financial condition. It is used to ascertain the level of profitability, the volume of liquidity, the debt to equity leverage,

and the effectiveness of its key activities.

Analysis is broadly under the headings of:

- **liquidity** to measure the company's capacity to pay debts as they are due;
- safety to indicate the company's vulnerability to risk;
- profitability to measure the company's ability to make profit; and
- **efficiency** to indicate how efficiently the company manages its assets.

## Some important ratios are:

#### Liquidity

- **Current** current assets divided by current liabilities, to ascertain the general level of liquidity.
- Quick (Acid Test) current assets less inventory divided by current liabilities, to ascertain a more specific level of liquidity.

#### Safety

- **Debt to Equity** funds provided by lenders divided by owners invested capital, to establish how the business is financed.
- **Debt Coverage** net profit plus non-cash charges divided by debt, to show how much of profits is available to repay debt.

## **Profitability**

- Sales Growth current year's sales minus last year's sales divided by last year's sales, to arrive at a percentage increase (or decrease) in sales between the two time periods.
- Cost Of Goods Sold (COGS) to Sales cost of goods sold divided by sales, to know the percentage of sales used to pay for expenses which vary directly with sales.
- Gross Profit Margin sales minus cost of goods sold (to get Gross Profit) divided by sales, to give an indicator of how much profit is earned to cover selling and administration costs.
- Net Profit Margin gross profit minus all other expenses and taxes (to get Net Profit) divided by sales, to ascertain how much profit comes from every dollar of sales.
- Return on Equity (ROE) net profit divided by shareholders' funds, to determine the rate of return on shareholders' investments in the business.
- Return on Assets (ROA) net profit divided by total assets, to determine how effectively the assets were used to generate a return.

## **Efficiency**

- Inventory Turnover cost of goods sold divided by average inventory, to see the number of times that the inventory has been turned over(sold) during the year
- Accounts Receivable Turnover net sales divided by the average accounts receivable, to tell the number of times that trade receivables turnover during the year
- Accounts Payable Turnover cost of goods sold divided by the average accounts payable, to find out the number of times trade payables turnover during the year

**Rationalization/Restructuring/Business Process Re-engineering (BPR)**The process of fundamentally reorganizing the organization, for the purpose of cutting costs and increasing productivity and profitability.

It often involves some hidden intention of "increasing management control over unions" and the "strengthening of capital". Normally associated with the process are such issues as **new technology**, **relocation**, **downsizing/rightsizing**, **redundancy**, setting up of a **holding company**, and the introduction of **alternative work arrangements**.

## Real Wage

This relates to the purchasing power of the wage from one period to another, taking into account the effects of inflation.

Unlike the **nominal wage**, the dollar received yesterday is not the same as the dollar received today. Usually, and because of inflationary pressures, today's dollar will purchase fewer goods and services than yesterday's dollar.

#### Recession

This is a condition within the economy, where the level of goods and services produced remains constant or declines. Some economists define it as at least three successive quarters (nine months) with zero growth. It can be viewed as a mini-depression.

## Recycling

The retrieval of materials or products for re-use in their original form or for reprocessing into other products.

#### Renewable

The description for resources that can be regenerated relatively quickly.

### **Red Circle Rate**

This is a rate of pay which an employee enjoys, even though it is recognized to be higher than for that type of job. This situation arises out of a job reclassification exercise, where a job may be downgraded to a rate lower than that which a long- standing incumbent is already receiving to perform it.

In such a situation, any newcomers to the job will receive the true rate. What some organizations do, is to negotiate a **'buy-out'** with the person already in the job. This they do by agreeing on a lump-sum payment to the worker, in return for the worker accepting the true rate.

## Redundancy

A situation where management deems the workers to have become excessive or superfluous to the workplace. Simply put, the jobs no longer exist.

## Relocation

The movement of the company's plant, or parts of it, from one geographical location to another.

This usually brings about the redeployment of workers, sometimes to other jobs within the remaining plant or at the relocated plant. Another consequence of relocation is worker redundancy, where the relocated plant may be out of the reach of the workers.

# Rightsizing

The stage in the downsizing process where the business entity has reached its optimum (efficient and effective) operating level. It is a reaching of "the right operating size".

#### Rucker Plan

A cost–based productivity sharing plan, where workers are rewarded whenever a 'value added' gain is realized.

#### Scab Labour

Also known ar strikebreakers, this is the term for those workers who

continue to work when a strike or other form of **industrial action** has been called.

#### Scanlon Plan

A cost–based productivity sharing plan, where workers are rewarded when the ratio of payroll costs to sales or production can be reduced against an historical standard.

#### Seasonal Worker

A worker whose employment varies with seasonal fluctuations in the demand for labour. This pattern of employment is common in sectors such as agriculture and tourism. This concept is associated with atypical workers and casual workers.

#### Sexual Harassment

This is defined by the British Trades Union Council (TUC) as any "repeated and unwanted verbal or sexual advances, sexually explicit derogatory statements or sexually discriminating remarks made by someone in the workplace which are offensive to the worker involved, which cause the worker to feel threatened, humiliated, patronized, or harassed or which interfere with the worker's job performance, undermine job security, or create a threatening or intimidating environment". It is somewhat of a complex concept, hence the need for this wide-ranging and comprehensive definition.

## Shop Steward/Steward/Delegate

A trade union member at a particular workplace, who is elected by the other trade union members in that workplace, to be the link between themselves and management and the wider trade union, and even the community. The shop steward is seen as the "frontline" of the trade union and "the trade union at the workplace". In some trade unions, the term delegate may be used exclusively for that member who is elected to represent the others at the annual or other general congress.

The position of shop steward is enshrined in the collective agreement. In that section, there will be words to the effect, that workers from among themselves will be elected to represent their interests before management. The section will also say that such elected workers will be called shop stewards, stewards or delegates, and that their names

shall be intimated to the management in writing. Because of this formalized arrangement, the shop steward is to be accorded the same respect as the highest ranking trade union official.

So important is the position of the shop steward in industrial relations, that ILO Convention No. 135 and its accompanying ILO Recommendation No. 143 speak to the need for "protection of workers' representatives in the undertaking," and of the "facilities to be afforded them".

Within the workplace, the shop steward performs the following roles:

- represents the trade union, and keeps members informed on the trade union;
- ensures that all workers within the bargaining unit are mobilized into the trade union's membership;
- ensures that all members are in good standing with the trade union;
- speaks on behalf of the membership;
- represents the members in grievances, complaints and other issues with management;
- keeps members and unior officials informed about management's plans and workplace developments.

To effectively carry out his or her responsibilities, the shop steward must know among other things, the trade union; workplace membership; the collective agreement; employer's policies and workplace rules; workplace customs and practices; labour legislation; working conditions; supervisors and management, and his or her own strengths and weaknesses.

Additionally, to be further able to function effectively, the shop steward should be knowledgeable and competent; able to guide and support; just and fair; trustworthy; convincing; courageous, and a 'model employee'.

## Sick Building Syndrome

A phrase used to attribute the complaints of office workers of eye, nose and throat irritation, and mental fatigue and headaches, to particular buildings. Air conditioning and water systems in buildings are also blamed for some diseases.

#### Social

A central theme in **sociology** (the study of society or persons living in groups), which refers to "having to do with the group or society".

### **Social Capital**

This refers to the institutions, relationships and norms that shape the quality and quantity of a society's social interactions. Social cohesion is critical for societies to prosper economically and for development to be sustainable; therefore, social capital is to be seen as not just the sum of the institutions which underpin society, but the "glue" that holds them together.

Key sources of social capital are:

- Families The main source of economic and social welfare for its members, the family is the first building block in the generation of social capital for the larger society.
- Communities Interaction among neighbours, friends and groups generate social capital and the ability to work together for a common good.
- **Firms** Creating and sustaining efficient firms demand trust and a common purpose, i.e. social capital.
- Civil Society Providing opportunities for participation and a voice to those who may be locked out of more formal avenues to affect change.
- **Public Sector** The state and its institutions, being central to the functioning and welfare of any society.
- Ethnicity Actors who share common values and culture can band together for mutual benefit.
- Gender Social networks between members of the same sex or among the sexes, can foster economic and social development within groups.

#### Social Clause

A concept which has been developed and promoted by the international trade union movement (the International Confederation of Free Trade Unions and the International Trade Secretariats) and the International Labour Organization (ILO) to have international trading agreements reflect a commitment to the ILO core labour standards.

The ILO core international labour standards (key ILO Conventions) are:

- Convention No. 29 Forced Labour (1930) requires the suppression of forced or compulsory labour in all its forms. Certain exceptions are permitted.
- Convention No. 87 Freedom of Association and Protection of the Right to organize (1948) – establishes the right of all workers and employers to form and join organizations of their own choosing without prior authorization.
- Convention No. 98 Right to Organize and Collective Bargaining (1949) – provides for protection against anti –union discrimination, for protection of workers' and employers' organizations against acts of interference by each other, and for measures to promote collective bargaining.
- Convention No. 100 Equal Remuneration (1951) calls for equal pay and benefits for men and women for work of equal value.
- Convention No. 105 Abolition of Forced Labour (1957) prohibits
  the use of any form of forced or compulsory labour as a means of
  political coercion or education, punishment for the expression of
  political or ideological views, workforce mobilization, labour
  discipline, punishment for participation in strikes, or discrimination.
- Convention No. 111 Discrimination (Employment and Occupation)
   (1958) calls for a national policy to eliminate discrimination in
   access to employment, training and working conditions, on grounds
   of race, colour, sex, religion, political opinion, national extraction or
   social origin and to promote equality of opportunity and treatment.
- Convention No. 138 Minimum Age (1973) aims at the abolition of child labour, stipulating that the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling.
- Convention No.182 Abolition of the Worst Forms of Child Labour(1999).

#### **Social Compact**

A coming together of the social partners to address critical issues of national, social and industrial relations significance, resulting in the drawing up of an agreement or protocol. This document, in essence, defines their expected levels of conduct during the life of the agreement and also enunciates the various measures and actions to be taken to effectively deal with the issues.

## Social Dialogue

As enunciated by the **ILO**, this concept covers all types of joint and collaborative relationships (such as negotiations, consultations and exchanges of information), between the tripartite and bipartite **social partners**, on issues of common interest such as industrial relations, economic and wider social concerns, either by formal or informal means.

## **Social Partners**

The three internationally-recognized agents of national development, namely labour – particularly organized labour, capital – management and owners of enterprises, and the state. This concept is behind the ILO's principle of 'Tripartism' which is widely employed in its decision-making machinery.

Increasingly, other social developmental institutions are recognizing this concept.

## Social Security (National Insurance)

A national social scheme which provides security for the citizens (mainly the workers) in times of sickness, maternity leave, unemployment, old age and other situations occasioned by the general hazards of life.

Social security schemes are normally administered by the state, and are complex undertakings. Apart from state funding, workers and employers must contribute to the scheme.

# Social Wage

This denotes those social benefits available to all individuals, which are funded wholly or partly by the state through taxation, and which are received free or at a subsidized cost. Such benefits would include free education, national health care and welfare grants.

# Speed-Up

The expression used to describe the series of methods and tactics used by management in gradually increasing the pace of work, or otherwise increasing labour output without any resulting gains to labour.

#### State

The term used in political science (the study of politics) to refer to the authoritative decision-making institutions for an entire society, to which all other groups, institutions and persons are legally subject. It is legally sovereign, and is the ultimate regulator of the legitimate use of force within its territory.

### Strategic Management

A management approach, which seeks to generate a comprehensive and long-range plan for the organization, by utilizing the techniques of:

- mission and major goals determination;
- internally analyzing the organization to ascertain its strengths and weaknesses;
- analyzing the organization's external environment to ascertain what opportunities and threats there may be;
- choosing strategies that align the organization's strengths and weaknesses with the external environmental opportunities and threats: and
- adopting organizational structures and control systems to facilitate the chosen strategy.

In strategic management, the analysis (internal and external) phase is known as the "SWOT" analysis, where the word SWOT is the acronym of strengths, weaknesses, opportunities and threats.

#### Stretch Out

The management practice of forcing the worker to tend more and more machines, or to perform many tasks simultaneously, without any resulting rewards.

# Structural Adjustment Programmes (SAP's) or Economic Recovery Programmes (ERP's)

Economic policies recommended by institutions like the **World Bank** and the **IMF** to assist countries in overcoming balance of payments problems, meeting debt obligations and developing a foundation for sustainable economic growth.

The programme is embodied in the "Letter of Intent", which refers to measures aimed at reducing public expenditure, the promotion of

domestic spending, export promotion, promotion of private foreign investments, a reduction in the state's economic role, and the liberation of the economy through such measures as devaluation, abolition of exchange controls, removal of controls on imports, prices and distribution.

## Structural Unemployment

Unemployment which is related to the actual nature and structure of the economy. It has to do with the productive and distributive base of the economy being inadequate to sustain jobs.

Inadequacies can be the result of factors such as a lack of natural resources, insufficient capital, limited markets and lack of human resources skills.

### Sustainable Development

An "environmental awareness" related concept of development, where present day development practices are pursued to meet the needs of today's generation, without compromising the abilities of future generations to meet their own needs.

It recognizes that we should be concerned with the manner in which we now exploit our natural, physical and social environment(surroundings), since this can have serious consequences for the survival of future generations.

#### Tariffs

These are taxes imposed on imported goods. They are "trade barriers" used as an instrument of economic policy to protect domestic industry. Alternatively, some countries use "non-tariff barriers" such as licensing requirements, prior deposits, quotas and bureaucratic delays.

#### Taxation/Tax

A compulsory and systematic transfer of wealth (usually in the form of money) from individuals and firms to the government. Such transfers may be direct or indirect. A direct tax would be such as what is levied on income, and an indirect tax would be for example, a surcharge on prices.

#### Telework

A home-based working arrangement also known as 'networking', where

the worker is linked to a central office through a telecommunications network. It is a form of 'home-centred' employment. Teleworkers would be persons with some degree of computer skills.

## Time Study

The timing of a worker by any means, in order to set the required time for the performance of a specific job.

# **Total Quality Management (TQM)**

An organizational management culture, where policy, functions and processes are designed and focused with a view to achieving continuous quality improvements of goods and services. Its ultimate goal is customer satisfaction.

TQM is known by several other terms, such as **Total Quality Culture**, **Employee Involvement**, **Japanese Production Management**, **Lean Production**, **Quality Improvement Process**, **Shared Governance and Service Excellence**.

#### **Trade Union**

A continuous and democratic association of workers, voluntarily created by themselves to improve and protect their economic and general social conditions. Sidney and Beatrice Webb in 1920 defined a trade union as:

"a continuous association of wage earners for the purpose of maintaining and improving the conditions of their working lives".

The trade union is essentially a creature of conflict, and will always be on fertile ground in an environment of **industrial conflict**.

Primarily, the trade union represents its members in determining wages and working conditions and in addressing their day-to-day problems (grievances) with management. This representation is effected through the **collective bargaining** and **grievance handling** processes.

Generally, trade unions in a country must operate within the confines of some form of 'Trade Union" legislation. This legislation will, among other things, set out the rights and obligations, and offer some insights into what form (s) the union can take. In many countries, the legislation permits for persons other than 'workers' to form trade unions. Because

of this, there can be the following three broad categories of trade unions:

- Workers' Union an association of 'workers'
- Employers' Union an association of employers
- Professionals' Union an association of professionals

There are various types of workers' unions, some important ones being the:

- Craft Union a particular craft or skilled grouping.
- Industrial Union a particular industry or sector grouping.
- General Union not restricted to any particular grouping.
- Company Union/Enterprise Union restricted to employees of a particular company.

### Transfer pricing

This is the pricing of products, components and the like, traded among units within the same multinational enterprise:

This practice can allow for the multinational to shift profits from one location to another, and also to have a reason for the shifting of production and other activities from one location to the other.

The way transfer pricing works is that subsidiary A will sell to subsidiary B at an above normal price, when it is required to show a handsome profit in A, or a dismal loss in B.

Though a common feature of multinational companies, this practice can also be found among the subsidiaries of national companies.

### Tripartism

A specific aspect of **social dialogue**, as promoted by the **ILO**, which seeks to encourage joint and collaborative relationships (particularly consultations and exchanges of information) between the **social partners** (government, workers and employers), on issues of common interest relating to economic and wider social concerns.

As a dimension to the operations of the ILO, it relates to the mechanisms whereby the social partners (actors within the ILO's framework) are each able to effectively contribute to its decision-making.

## **Unemployed Population**

This consists of those persons in the adult population, who:

- are available for employment and whose contract of employment had been terminated or temporarily suspended and who were without a job and were seeking work for pay or profit during the three-month period immediately preceding the date of enumeration;
- were, except for minor illnesses, available for work during the reference week and who were seeking work for pay or profit during the three-month period preceding the date of enumeration;
- were never previously employed or whose most recent status was other than that of employee;
- are without a job and currently available for work provided that they
  had made arrangements to start a new job at a date subsequent to
  the date of enumeration; and
- are on temporary or indefinite lay- off without pay.

The **Unemployment Rate** is the number of persons unemployed expressed as a percentage of the labour force.

The various dimensions of unemployment are cyclical, structural, frictional, and disguised.

#### **Unfair Dismissal**

This is dismissal without just cause. Statutory provisions are usually in place to protect workers from this form of dismissal, since under the old English common law the employer only had to give adequate notice.

Under unfair dismissal legislation, the employer would now have to show reason. Suitable reasons would be such as: relating to the conduct or capability of the worker, redundancy, breaching a statutory requirement through continuing to employ the worker, or "some other substantial reason(s)". Unfair dismissal is a concept relating more to substantive issues.

### **Union Density**

The proportion of workers or potential workers who are actually in the trade union.

## **Union Shop**

A workplace condition, agreed to between the employer and the

accredited trade union, where all workers are to be members of that union. Like the closed shop, this is a controversial area. Some workers argue that the practice is correct, since other workers must not be allowed to ride on the backs of those who pay union dues. Other workers argue that it is undemocratic to force persons to join an organization.

## **United Nations (UN)**

A symbol of international order and global identity, the UN is an international organization of countries created to promote world peace and cooperation. It was established in 1945 at the end of World War II. Its mission is to maintain world peace, develop good relationships between countries, promote cooperation in solving the world's problems and encourage respect for human rights.

The UN brings together countries that are rich and poor, big and small, and having different political systems. Each has an equal voice and vote. It allows countries to cooperate to solve world problems, such as poverty, disease and environmental degradation. It also promotes and coordinates economic and social progress in developing countries.

To effectively carry out its international mandate, the UN has created several specialized agencies. These include the International Labour Organization (ILO) – labour matters, United Nations Educational Scientific and Cultural Organization (UNESCO) – education matters, Food and Agricultural Organization (FAO) – agricultural matters, and World Health Organization (WHO) – health issues.

The decision- making and administrative structure of the UN is confined to the General Assembly, the Security Council, the International Court of Justice, and the Trusteeship Council.

# **UN Universal Declaration of Human Rights**

A declaration which was adopted and proclaimed by the General Assembly of the United Nations on the 10 December 1948. This declaration speaks eloquently to the need for individual rights and freedoms, including the right to a decent standard of living, access to healthcare, housing, education and a social safety net. It also opposes slavery, torture, and racial, gender, religious and other forms of discrimination.

With a view to ensuring that the world's citizens are aware of this declaration, the General Assembly has called upon all member countries to publicize the text of the Declaration and "to cause it to be disseminated, displayed, read and expounded principally in schools and other educational institutions, without distinction based on the political status of countries or territories."

#### Value Added

This is the net wealth created by an enterprise. It is in essence, the value of production and other economic activity, less the bought-in goods and services.

#### Value Added Tax

This is a sales tax on goods and services consumed, and is calculated and collected at each stage of production where value added is realized. It is essentially a final consumer tax, in that it is charged along the production process, with its cumulative effect being passed down to the final consumer. This is so since intermediate consumers are able to pass it on at point of sales to final consumers and claim tax credits.

## Vesting

The right of employees to participate in a pension scheme.

# Wage Freeze

This is a component of an incomes policy, which is only concerned with limiting wages and other financial benefits for workers. Such a policy is highly recommended to countries by the IMF, during periods of structural adjustment programmes.

#### **Work Measurement**

The application of techniques designed to establish the time for a qualified worker to carry out a specified job at a defined level of performance. It has a close relationship with **time study**.

#### **Work Study**

The term given to those principles and techniques which are used in the examination of human work in all its context, with a view towards improved efficiency. It is also referred to as "time and motion study", and has a direct relationship with productivity. Work study has as its main techniques: method study and work measurement.

## **Worker Enterprise**

This is an economic venture which is owned and controlled by the workers (trade union members). Invariably, it is an initiative of the trade union, usually coming about under such situations as downsizing/rightsizing, contracting - out, privatizing and redundancy.

In these situations, the union will, among other things, see the need to have its members in continued employment, and also the uninterrupted production or provision of some vital goods or service.

The mechanics of setting up such an entity would involve the members utilizing some portion of their redundancy payments to capitalize the business, and also the setting up of a board of directors from among themselves. Statutory requirements would also have to be met.

## **Worker Participation**

An arrangement which allows for workers to be collectively and effectively involved in the decision-making process of the firm. Some allied concepts are **Total Quality Management** and **Participative Management/ Industrial Democracy**.

# **Working Capital**

This is the net of current assets and current liabilities. It shows the company's ability to meet its short-term debts, to expand its production volume and to take advantage of opportunities for profit as they arise. Working capital analysis is a measurement of liquidity, and is connected with the **current** and **quick (acid test)** ratios.

#### **Works Council**

A joint committee of workers and employers which acts as the principal machinery for decision-making within the enterprise, particularly as it relates to issues pertaining to the workers and work. Provisions are normally made for this in the collective agreement or labour code in some countries.

Where such a council or committee is mandated to address occupational safety and health matters, it is known as the **safety and health committee** 

# World Bank/International Bank for Reconstruction and Development (IBRD)

This is a lending institution whose aim is to promote long-term economic growth that reduces poverty in developing countries. The IBRD like the International Monetary Fund (IMF) and the now defunct General Agreement on Tariffs and Trade (GATT) was created at the Bretton Woods Conference (1944), and is referred to as a "Bretton Woods Institution".

Unlike the IMF, the IBRD lends only to developing countries. It is not a provider of 'stop gap' funding, but as the name suggests, for 'reconstruction and developmental' funding. Developmental projects which were/are funded by the IBRD include installing electric power lines; building of roads, bridges and railways; modernization of farms; improving teachers' skills; building classrooms; providing business know-how to small entrepreneurs, and assisting national governments on the best way to utilize and channel their scarce resources.

Membership in the IMF is a prerequisite for joining the IBRD.

# World Trade Organization (WTO)

The WTO is the main organizational and legal foundation of the global multilateral trading system. It was conceptualized in April of 1994, when the Uruguay Round of its predecessor, the **General Agreement on Tariffs and Trade (GATT)** came to a close. The previous GATT agreements were codified under a new institutional framework to be known as the WTO and was formally established on 1 January 1995. It became operational on 1 January 1997.

Unlike the somewhat informal and less-structured GATT, a "Bretton Woods" idea materializing in January 1948 to facilitate negotiations with respect to the reduction of trade barriers among nations, the WTO is endowed with greater powers and a broader mandate, including binding procedures for settling trade disputes.

The GATT possessed no enforcement mechanisms, no codified rules, and no substantial administrative structure. Despite its provisional status and inauspicious beginnings, the GATT evolved into something of a central facility for the regulating and maintaining of a fairly open international trade regime, reducing many of the more notable and absurd trade barriers around the world.

Progressive achievements of the GATT included the "most favoured nation" concept - a non-discrimination principle in international trade, and a significant reduction in tariffs across the globe. Even with these achievements, the GATT was deemed not to be competent to deal with the extraordinary task of regulating the rapidly-expanding global economy. A fundamentally restructured regime was thought necessary, if the rules for fair and open trade are to be effectively enforced in an increasingly interdependent and complex world. The WTO was created to perform this role.

To satisfy this requirement, the WTO among other things, has in place the following mechanisms:

- The Dispute Settlement Body (DSB), which has authority to exercise surveillance over individual members' trade policies, as well as an enhanced ability to respond to, and punish trade violations.
- The placing of existing and new obligations of world trade administration under one internationally-recognized organizational structure. Such obligations include the General Agreement on Trade in Services (GATS), and the agreement on Trade Related Aspects of Intellectual Property Rights (TRIP's).

The WTO is seen by many as the principal agent of trade liberalization and a facilitator of the globalization process.

# Wrongful Dismissal

This is a dismissal in breach of contract, where the necessary contractual procedures were not adhered to. An example would be that of the management not giving the period of notice required by law.

Wrongful dismissal is a concept which relates more to procedure.

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